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How Endogeneity Matters in Framing Legalization: A Case Study of Urban Self Help Groups in Ethiopia

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How Endogeneity Matters in Framing Legalization: A Case Study of Urban Self Help
Groups in Ethiopia

Thesis

Presented in Partial Fulfillment of the Requirements for the Degree of
Master of Arts in International Development and Social Change in the Department of
International Development, Community, and Environment of
Clark University

By

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March 2016

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DEDICATION

I dedicate this thesis work to my wife, Tsion Girma Mulat, who has been a constant voice of encouragement and support throughout my studies at Clark University, and my son, Christian Lemessa Bisrat, who let me use most of his time to work on the research rather than play with him.

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LIST OF ACCRONYMS

CLA – Cluster Level Association

CSO – Civil Society Organization

EKHC – Ethiopian Kale Heywet Church

EKHDCDC – Ethiopian Kale Heywet Church Development Commission

FGD – Focus Group Discussion

FLA – Federation Level Association

GoE – Government of Ethiopia

IGA – Income Generation Activity

IUDD – Integrated Urban Development Department

MFI – Micro-Finance Institution

MSE – Micro and Small Enterprise

NGO – Non-Governmental Organization

SHG – Self Help Group

WDGs – Women’s Development Groups

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ABSTRACT

The future of an estimated 20,000 Self Help Groups (SHGs) in Ethiopia is uncertain because they lack legal status and, therefore, are unable to access funds and service for their members. The Government of Ethiopia (GoE) does not recognize the SHGs as unique development groups, but only offers to register them as Micro and Small Enterprises (MSEs) or cooperative societies, which are solely economic entities that serve more narrow functions than SHGs do. There has not been any coherent explanation for why the SHGs need a formal status, but should not register as anything but SHGs. From May to August 2015, I examined 181 SHGs organized by the Ethiopian Kale Heywet Church in Jimma, Hawassa, and Adama towns. My mixed research method approach finds that the SHG approach is an endogenous development model. As endogenous development groups, the SHGs need a legal status in order to mobilize resources towards their development. Were SHGS to register as MSEs or cooperatives, as recommended by the GoE, they would compromise their endogenous development principles. Therefore, Ethiopian policy makers should expand the existing registration framework to recognize SHGs' endogeneity, which would permit them to operate freely without compromising their endogenous features. This study has implications for SHG-related research and implementation by locating SHG within a coherent theoretical framework.

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CHAPTER ONE: INTRODUCTION

SHGs in Ethiopia are at a crossroads. Since 2002, they have increased in number and mobilized hundreds of thousands of poor women and men against poverty, discrimination, and dependency. However, the ability of the SHGs to scale up their interventions and sustain their impacts is uncertain due to conceptual and policy gaps. The main challenge lies in the Government of Ethiopia's policy framework that does not recognize SHGs as unique development groups and provides inadequate options for their registration. Although SHG members and promoters tried to negotiate the recognition of the SHGs, their failure to conceptualize the SHG approach as an endogenous development model has weakened their case. In this paper, I will explore the endogeneity of SHGs and justify the case that SHGs need endogenous-oriented formal recognition by the Government in order for them to carry out their endogenous development processes.

I became interested in studying the endogeneity of the SHGs several years ago during my professional involvement in SHG programs in Ethiopia. As a monitoring and evaluation expert, I worked with statistical and qualitative data to determine how the SHGs addressed their individual and group development needs. In general, the SHGs recorded impressive results according to their own expectations and project plans. However, one thing consistently stood out as an actual and potential challenge to SHG interventions. SHG members complained that they could not access critical development services, mainly workspace and credit, from government and non-government actors. In response to their

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requests, government officers suggested that the SHGs register either as a Micro and Small Enterprise (MSE) or cooperative society, of which SHG leaders were skeptical. I wanted to know if registering with the government by virtue of a concrete SHG definition was critical for their success.

Based on a literature review on the SHG approach, I learned that there has not been any successful attempt to draw a comprehensive theoretical framework of the SHG approach. Efforts made to link the approach to any theoretical framework were limited to conceptualizing SHG as a women's empowerment model, which fails to represent the essential futures of SHGs as gender-neutral, local territory-based, and autonomous development groups. As many agree, the SHG approach needs a concrete and broader conceptualization of its principles and practices (Deko, Shibiru and Chibsa, 2014b). In this case a consistent conceptualization would present a strong case to the GoE to create a separate registration category that recognizes SHGs as unique entities that qualify for their own registration. I carried out this study to seek a practical solution to this registration problem. In so doing, I also engage in theoretical debates about endogeneity. As I reveal how SHG members experience development through their participation, I inherently demonstrate what makes SHGs an endogenous form of development.

The SHG approach, introduced in Ethiopia in 2002 by the German donor Kindernothilfe and two local NGOs, the Ethiopian Kale Heywet Church (EKHC) and Jerusalem Children and Community Development Organization, is one of the most successful grassroots level mobilizations in the country (CoSAP, 2015). SHG is a rights-

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based development approach that regards poverty as the denial of rights and poverty alleviation as a process of reclaiming one's denied rights. In order to address with equal emphasis the economic, social, and political needs of people, it provides a framework and guidance for establishing community-based institutions at various levels. These institutions offer a context for trust and cooperation in which individuals come together to achieve their common economic, social, and political goals as they define them. In the SHG approach, people organize themselves into Self Help Groups (SHGs), which are village and membership-based organizations established by economically homogenous, mostly unemployed women, who agree to practice regular saving and collective leadership as a way to meet their needs (Desai & Joshi, 2013; Eiden, et al., 2014). Currently, there are more than 20,000 SHGs, representing an estimated 400,000 members and over 1.6 million individuals in their households, operating in Ethiopia (Deko, Shibiru, and Chibsa, 2014a).

Despite the impressive results of the SHG programs described above, the fate of the SHGs in Ethiopia is uncertain due to their lack of recognition by the Government. The country's legal framework does not recognize SHGs, and, thus, most of the SHGs operate without legal personalities. As a result, they are unable to sufficiently access local and external resources. Currently, the Government is offering to allow SHGs to register as MSEs or cooperative societies. Neither of these categories adequately represents what SHGs do and how they work (Deko, Shibiru and Chibsa, 2014b; Venton, Tesegay, Etherington, Dejenu and Dadi 2013).

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A deeper look into the above challenge reveals that policy-makers have failed to understand the SHG approach as a unique form of development and SHGs do not fit in the country's existing categories of registration. SHGs are endogenous development models, which serve broader objectives than the MSEs and cooperative societies. Endogenous development is a process of change based on local knowledge, learning processes, strategies, values, institutions, and resources. It is a desirable change from within as defined by the local people and considers their material, social and spiritual aspects (Millar, Apusigah, & Boonzaaijer, 2008; COMPAS, 2010; Apusigah, 2011). The from-within notion of endogenous development makes needs, priorities and goals different between any two communities or from those assumed by external agents. It builds on people's views, life styles, and livelihood strategies as the critical starting point for a change process (Millar, et al., 2008; Rwabyoma, 2014; Boonzaaijer & Apusigah, 2008; Pieterse, 2010). It assumes that existing social, cultural, and economic systems provide the foundation and direction for decisions people make in the process of development, and, thus, it 'suggests that there are at least as many notions of 'development' as cultures' (Compas, 2007: 2; also Margarian, 2013). Endogenous development is based mostly, but not exclusively, on locally available resources. Any external support is, therefore, limited to improving and complementing local knowledge and practices towards local capacity building. The process facilitates networking and strategic partnerships with stakeholders at regional, national, and international levels by promoting synergy and partnerships instead of dependence, manipulation, homogenization, and external control. It is open to outside

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knowledge, which it considers, modifies, and integrates with existing traditional knowledge. Endogenous development ensures that the local communities retain benefits within the local community (Compas, 2007). In this study, I use the terms ‘endogeneity’ or ‘endogenous’ in a way different from their use in mainstream economics, in which they refer to economic growth through investment in human capital, innovation, and knowledge.

In general, individuals in the lower social and economic classes lack the power to exercise their rights as members of their society. Without their formal recognition by decision-makers, these people cannot achieve tangible development, as they cannot negotiate access to resources critical for addressing their problems. As explained above, endogenous development takes place when people are able to mobilize internal and external resources, retain the benefits of their development, and make decisions about their development without interference from external actors. All these aspects of endogenous development require the ability of local people to communicate with government and non-government actors who regulate access to resources or have the capacity to support the local people with their development challenges. In this regard, a local community pursuing endogenous development should have a legal status to represent its members’ interests and needs in the formal socio-economic and political systems. However, legality is problematic by itself, as it allows the government to control and interfere in the activities of the endogenous development groups. Therefore, the legalization framework needs to be based on the principles of endogeneity so that it embraces the notions of autonomy and independence in the leadership of the SHGs.

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I have not found any studies that associate the SHG approach with the endogenous development theory. Yet, my literature review suggests that the SHG approach and the endogenous development theory have significant overlapping features. For instance, they are both rights-based and founded on the principles of self-determination and autonomy, as the means and results of a development process. They seek to catalyze localized change initiated from within and led by the local people by mobilizing local knowledge and resources. They are open to selected external resources and seek to ensure that the local communities retain benefits of their development. They both focus on building the capacity of the locals; view development as defined by the local people; and focus on all aspects of a community, including economic, social and environmental (COMPAS, 2010; Pieterse, 2010). However, the above similarities are not sufficient to establish the SHGs' endogeneity. Based on literature review I conducted, there are 10 essential principles¹ that constitute the endogenous development theoretical framework. Determining the endogeneity of the SHGs requires examining the extent to which SHGs practice each of the 10 principles. In this thesis, I show how SHGs in Ethiopia are a form of endogenous development. I will analyze the extent to which a sample of SHGs organized by the Ethiopian Kale Heywet Church practice each of the 10 endogenous development principles.

My thesis seeks to answer the question *'To what extent is the SHG approach, as currently implemented in Ethiopia by the Integrated Urban Development Department*

¹ Please see Appendix A for the 10 broad endogenous development principles.

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(IUDD) of the Ethiopian Kale Heywet Church (EKHC), an endogenous development

model? In order to answer this question a number of sub-questions are needed such as

- a) To what extent do the SHGs organized by IUDD practice endogenous development?
- b) How do the SHGs help their members achieve endogenous development as both individuals and groups?
- c) What are the effects of not formally recognizing the SHGs or registering them as other forms of community-based associations, such as MSEs and cooperative societies on their endogeneity?
- d) What important lessons about endogenous development framework can we draw from the SHG experience in Ethiopia?

By establishing SHGs as groups pursuing endogenous development, I seek to

a) Explain why the formal recognition of the SHGs is critical for achieving their development goals. Formal recognition of the SHGs, which are perceived as endogenous development initiatives, is critical in advancing their development process by facilitating access to local and extra-local resources and operating freely in the broader socio-economic and political systems.

b) Strengthen the argument that SHGs are unique development organizations for which the Ethiopian legal framework should create a means to formally recognize SHGs without compromising their endogeneity. It justifies the case that SHGs should not register

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as organizations, particularly MSEs and cooperative societies, whose provisions are not based on the endogenous development principles, which are the building blocks of the SHG approach. The structures of MSEs and cooperative societies disregard the endogeneity of the SHGs by limiting them to narrowly defined economic or social interests, and, technically obstruct their endogenous development.

c) Contribute to the wider literature as the first comprehensive theoretical explanation of the SHG approach. It will expand the present narrow perspective of SHGs as women's empowerment groups to a broader understanding of SHGs as community-based initiatives that pursue a particular model of development – endogenous.

d) Assist researchers elsewhere to study the SHG approach in a conceptually consistent and comprehensive manner.

e) Contribute to discussions surrounding the practical aspects of the endogenous development approach by drawing lessons from the experience of SHGs in Ethiopia.

I organized my thesis in five chapters. The background information on SHGs and their lack of recognition, along with my thesis statement and research questions, in Chapter 1 defines why it is significant to determine the endogeneity of the SHGs. Chapter 2 presents a literature review on endogenous development and discusses its historical background, the principles that constitute its theoretical framework, and the ongoing debates. Chapter 3 covers a detailed explanation of the SHG approach as implemented in Ethiopia and the feature of the country's policy framework in terms of the SHGs' option to gain a legal recognition. Chapter 4 covers the methodology of the study and discusses the

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research design, the methods, and the ethical aspects of the research. Chapter 5 presents the analysis of the quantitative and qualitative data and my findings organized by the 10 principles of the endogenous development theory. Lastly, in Chapter 6, I consolidate my findings and present my recommendations for policy makers, researchers in the fields of SHGs and endogenous development, and SHG promoters. Following a list of reference, the thesis contains my sample data collection instruments, participant recruitment scripts, and consent forms in the annex section.

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CHAPTER TWO: LITERATURE REVIEW

This chapter has three sections. In the first section, I present the historical backgrounds of endogenous development and the factors that contributed to its emergence. In the second section, I discuss the definition and principles of endogenous development, which form the conceptual framework of my study. In the third section, I explore the debates and controversies around the concepts of endogenous development.

EMERGENCE OF ENDOGENOUS DEVELOPMENT

Different writers associate the origin of endogenous development with different periods of time and causes. One explanation for the rise of endogenous development is that it is the response of marginalized groups to pressures for their integration into the wider social and economic systems. Various community groups articulate their differences from the wider society and, thus, seek to incorporate these differences into their economic behavior and reaffirm themselves (Slee, 1993). Another explanation is that endogenous development experiences tended to materialize after the 1980s with the abandonment of centralized import substitution policies and emergence of democratic institutions driving local development initiatives in Latin America and Asia (Vazquez-Barquero, 2015). On the other hand, Bartos, Kusova and Tesitel (1998) and Steffensen (1994) refer to the 1970s as the period when endogenous development discussions emerged in regional development

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policies. They proposed the consideration of the area as a whole instead of a particular sector, participation of the local populations in decision-making processes, and the development of territorial endogenous potentials. Millar, Apusigh, and Boonzaaijer (2008) offer a more value-laden explanation for the origin of endogenous development, as a response to several decades of development aid and project-based interventions that failed to bring about substantial change among poor community members mostly due to disregarding local potentials, lack of local participation and control of the development process, and imposition of development ideas designed in foreign settings without analyzing local contexts. In general, whether it was a proposal of policy-makers or marginalized communities, all scholars agree that endogenous development emerged as an alternative to centralized, top-down, and exogenous approaches to development.

CONCEPTS AND PRINCIPLES OF ENDOGENOUS DEVELOPMENT

Endogenous development is a phenomenon that occurs in a particular local territory and requires ‘an organized society whose institutions and cultural forms determine processes of structural change, which are subsequently influenced by the conditions in which development has taken place’ (Vazquez-Barquero, 2002, pp. 30). Institutions are critical in initiating and carrying out endogenous development. They consider and utilize economic, social, cultural, political, and environmental norms and rules that exist in the local setting. They coordinate the local community to initiate, carry out, control, and own the process of the development.

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Margarian (2011) notes that endogenous development is synonymous with locally based development. The concept of locally based development goes further than the location where development takes place. As Muhlinghaus & Walty (2001) imply, the concept also refers to what is ‘internal’ to the community concerned. Unlike conventional development concepts, the locale is not simply a place where resources and economic activities are situated; it is rather an agent of transformation by itself (Vazquez-Barquero, 2015). The locale determines the options of development it seeks to pursue based on its value systems and resources.

The idea of the locale may appear vague without its active agents – the local people who are the initiators, implementers, sponsors, and beneficiaries of the development process. Muhlinghaus & Walty (2001) note that potentials and abilities exist in local communities that development policies often fail to recognize. In endogenous development, communities mobilize these potentials and abilities, which are the ‘totality of development opportunities in a limited space and time,’ including natural resources, human skills, and social abilities (pp. 237). In order for endogenous development to take place, communication, collaboration, and the willingness of these local people to accept change and participate in local initiatives are therefore important (Muhlinghaus & Walty, 2001; Steffensen, 1994).

Endogenous development has a number of distinctive principles, which relate to one another and serve to determine the endogeneity of a particular development process. I present the 10 most common principles below:

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- a. *Development based on local initiatives, criteria, values, and strategies.*** It is a process of development from within a local community. Local community members agree on problems, formulate the methods of addressing the problems, and determine the options of development they want to pursue (Slee, 1993; Vazquez-Barquero, 2002). Thus, local actors are significant (Muhlinghaus & Walty, 2001; Steffensen, 1994; Millar, Apusigh, and Boonzaaijer 2008).
- b. *Holistic approach to addressing group needs.*** Community needs to be addressed through development are not pre-defined, but open to the local people's definitions and selection (Margarian, 2011; Muhlinghaus & Walty, 2001; Steffensen, 1994). In general, the needs fall in the broad economic, social, cultural, spiritual, and environmental categories, or material, social and spiritual, as Millar, Apusigh, and Boonzaaijer (2008) put.
- c. *Revitalization of traditional knowledge, experience, and values.*** Traditional social, cultural, and spiritual structures and ways of operating are significant and a development process should build on them and integrate them with external knowledge, values, and experiences (Seffensen, 1994; Vazquez-Barquero, 2015; 2002; Muhlinghaus & Walty, 2001).
- d. *Development based on local resources.*** Local community members' entitlement and protection of local resources needs recognition (Vazquez-Barquero, 2015), including local ownership of physical and intangible resources and the sense of choice in how to employ those resources (Margarian, 2011; Bodnar, 2013).

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- e. Local capacity building and empowerment.* A development process should empower and build the capacity of local communities so that they can coordinate their own development processes by themselves (Garba, 1999; also Millar, Apusigh, and Boonzaaijer 2008).
- f. Retention of benefits in the local community.* The local community should be able to maintain and benefit from all development results, particularly economic gains (Slee, 1993).
- g. External knowledge and resources to complement local capacity.* External support, including knowledge, should strengthen local potentials and abilities to defend local interests and benefit from social, economic and political systems at local, national, and international levels (Muhlinghaus & Walty, 2001; Margarian, 2011; Slee, 1993).
- h. Local decision-making, leadership, and ownership.* Local decision-making and leadership are critical for community members to develop a sense of ownership and build their capacity to sustainably lead and control their own development initiatives (Slee, 1993; Millar, Apusigh, and Boonzaaijer 2008).
- i. Promotion of equity, equal participation, and rights.* A development process should enable disempowered community members to be aware of and demand their rights in a context of inequalities, denial of rights, and structural hindrance to their development (Millar, Apusigh, and Boonzaaijer 2008).

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j. Sustainability. The sustainability of the process of development and its results are critical in local-community-driven development (Millar, Apusigh, and Boonzaaijer 2008).

In general, endogenous development is a slow process, as the conventional ways of socio-economic and political activities are not easy to substitute. Its processes usually deal with structural forces that hinder the poor from accessing resources. This means endogenous development does not make everyone happy, as groups of people who benefit from the existing unequal systems are unlikely to easily give up their privileges. All stakeholders, the local community and external agents, need time to share the overall concept of endogenous development and agree on the framework of their interactions. More importantly, local communities need time to assume active roles in the development process and reconcile their interests by agreeing on norms for decision-making (Vazquez-Barquero, 2015). The notion that endogenous development is a slow process that addresses deep-rooted, strategic problems may not interest implementers who seek quick fixes for underdevelopment.

As indicated above, endogenous development requires a well-organized institutional setting for its design and implementation. In cases where there are multiple local institutions that pursue such development, a network of the institutions is ideal for taking over coordination tasks. Such a network can play facilitation roles as an intermediary between the local communities and other external actors, including public and private, which are otherwise difficult to establish partnerships with. Recognizing and

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supporting the network is thus encouraging a more successful process of development (Muhlinghaus & Walty, 2001).

The endogenous development process is ideal for both local communities and external actors in the public and private sectors. On one hand, Muhlinghaus & Walty (2001) note that it “has the potential to improve living conditions in underprivileged communities” (pp.242). It enhances community consciousness and stimulates the process of ‘empowerment’ and ‘emancipation’. On another hand, it provides public and private actors that lack detailed information of local groups they want to work with an opportunity to rely on the local community’s knowledge and guidance, which enhances project success, eliminates conflicts, and reduces costs of need identification processes. Tolon-Becerra & Lastra-Bravo, 2009 assert that it also stimulates and strengthens links and co-operation between institutions in local and extra-local settings. Therefore, central and regional policy frameworks should support endogenous local initiatives technically and financially. The first step in the process is recognizing the initiatives as endogenous and facilitating conditions for the promotion of participation, social capital, information exchange, collaboration, and communication (Vazquez-Barquero, 2015; Muhlinghaus & Walty, 2001).

Often, writers interpret endogenous development as a process that unites an entire local or regional community (Muhlinghaus & Walty 2001; Slee, 1993; Margarian, 2011; Vazquez-Barquero, 2002). In this case, all community members, including local public governance bodies, are internal to the development processes. It is also common that

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endogenous development refers to a process of change within an exclusive group of individuals organized based on certain principles that trigger and foster endogenous development (Garba, 1999). In such a case, endogenous group members, along with their potentials and abilities, form the social capital of the group. All other actors are external to the groups, but in varying degrees of proximity to the endogenous groups.

DEBATES AND CONTROVERSIES

Endogenous development has a clear theoretical framework that explains its conceptual foundations and the integrality of its characteristics. It can unswervingly elucidate the nature of development it pursues and why each principle is necessary. However, literature review indicates that a consistent understanding of the endogenous development theoretical framework has not materialized yet. The main challenge emerges from its reference by writers from a wide-range of academic and practical backgrounds, including regional development, economics, ecology, anthropology, and women studies. Writers in each field define and understand the theoretical notion of endogenous development differently.

Some writers tend to regard endogenous development as primarily an economic model of development, and all the cultural and social elements come in only to shape the value judgment of deciding the desirable form of economic development (Margarian, 2011; Vazquez-Barquero, 2002, 2015). In this case, endogenous development does not alter the fundamental aims and objectives of development, but encourages local entrepreneurship to secure long-run development gains. External agents are still the main

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determinants of development, but endogenous agents may ‘color the nature of the process’ (Slee, 1993, pp.52).

The above argument is in disagreement with the whole notion of endogenous development, which covers a range of development objectives, including economic, social, cultural, and environmental. The aims and objectives of development agencies are insignificant in endogenous development, as the local people define the specific objectives they want to achieve through the development processes. This implies that the definitions and interests of the local people do not necessarily overlap with the suggestions of the external actors. Since the extent to which the external actors are involved in the process is limited, they are not the main determinants of development.

The literature review above is critical for understanding the concept and situation of SHGs in Ethiopia, discussed in the next chapter. It draws the broad framework within which we can analyze the historical contexts, the overlapping principles between endogenous development and SHGs, and the ongoing debate circling the nature of the legal framework that is appropriate for the recognition of the SHGs.

CHAPTER THREE: THE SELF HELP GROUP APPROACH IN ETHIOPIA

This chapter has four parts. The first part discusses the features of SHGs, including their networks, in Ethiopia. The second part covers the emergence of SHGs in Ethiopia and their current situation. The third part explains the legal context of SHGs in the country and the options they have for formal registration. The last part deals with why endogeneity matters for the recognition of the SHGs in Ethiopia.

FEATURES AND ORGANIZATIONAL STRUCTURES OF SHGS IN ETHIOPIA

The SHG approach is a slow process of change in which individuals from the poorest of the poor classes of communities come together and experience a group empowerment process to address their broad economic, social, and political needs (Eiden et al. 2014). This process of change is based on two basic principles. First, ‘every human being has tremendous, God-given potential’ that can be unleashed when an environment conducive for capitalizing on this potential is created. Second, the poor, although they have the potential to challenge their poverty, are mostly ‘voiceless, powerless, and vulnerable’ (p.14). Therefore, such people need to come together, become aware of their rights and potentials, and build their capacity based on what they already have to claim their rights.

In the SHG process of development, people’s institutions, in which individuals organize themselves and coordinate their group development activities, are very important. In a full-fledged context of the SHG approach, three levels of the people’s institutions exist (Eiden, et al., 2014; Deko, Shibiru, & Chibsa, 2014). (*See Diagrams 1 and 2 below.*) In the

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first level, a group of 15 to 20 individuals from the poorest members of a community form an SHG. Members meet regularly to save, discuss their problems, and make decisions. They take loans to start or expand their own Income Generating Activities (IGAs). They exercise group leadership, establish bylaws, and set personal and group goals. Members also access various kinds of capacity building support and slowly claim access to more resources. The outcomes at this level include increased economic and social capital and improved self-esteem.

When SHGs grow in number and start to mobilize their members towards achieving their development goals, they recognize that they have certain problems that they cannot tackle without the help of other SHGs. At this point, a group of 8 to 12 strong SHGs form the second level of the people's institution called a Cluster Level Association (CLA). A committee of two individuals from each member SHG represents and coordinates the CLA. A CLA ensures that the SHGs are strong enough to carry out their activities, helps additional members of the community to organize in new SHGs, mobilizes resources from various sources, and lobbies for the rights of the SHG members at local levels.

As the number of the SHGs increases, so does the number of CLAs. Certainly, the SHGs face systemic challenges that they cannot solve only through their CLAs. They need broader representation, more organized voice, and larger resources to successfully establish themselves as competently functioning organizations. Thus, a group of about 8 CLAs forms the third level of the people's institution – the Federation Level Association (FLA).

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The FLA is a visible entity of the people's institution. It may work on 'infrastructure development, improving social service delivery, reducing structural dependencies,' or involving in local governance to promote the principles of the SHGs and the recognition of the SHGs in local, regional, and national policies (Eiden, et al., 2014: 15). The FLA serves as a bridge between the State and the local SHG members and contributes to peace, stability, and good governance. It is important to note that there is no hierarchy among the levels of the people's institution. Individual members remain key actors, leaders, owners, and beneficiaries of the entire development process.

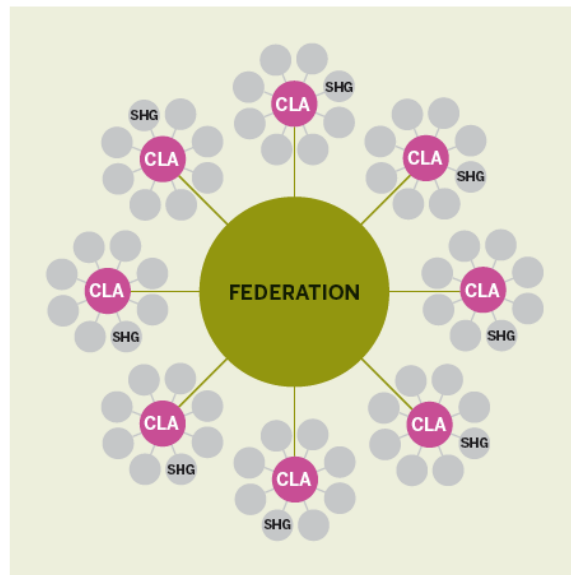


Figure1. The Structure of the People's Institution in the SHG Approach. (Eiden, et al., 2014: 16)

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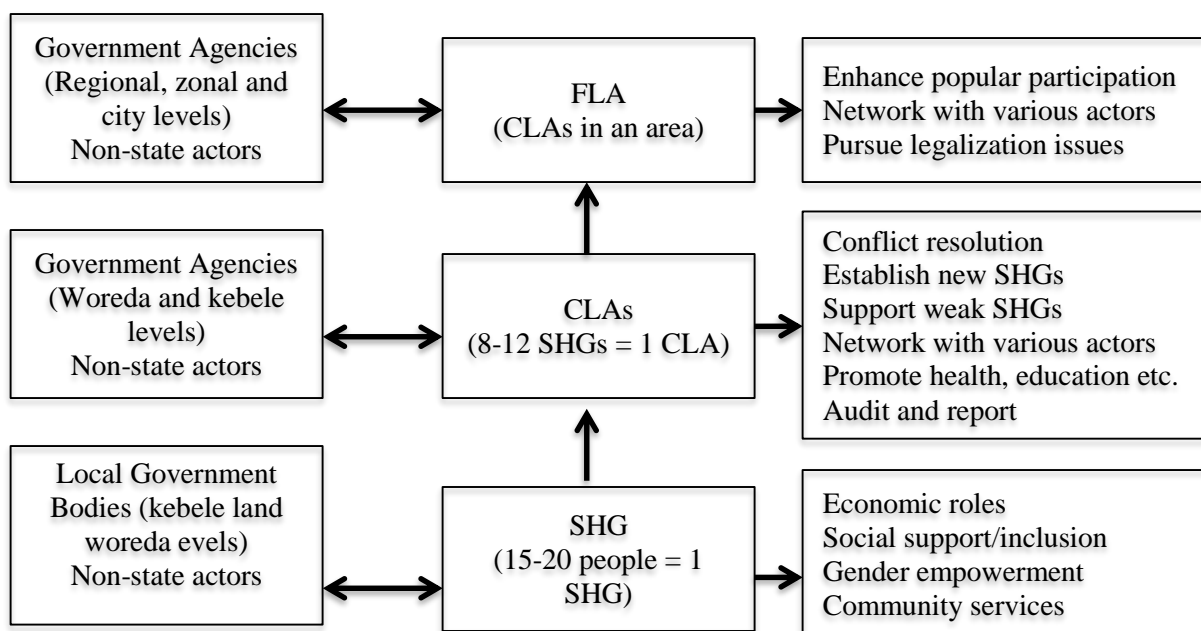


Figure 2. The Structure and functions and partners of the SHG approach. (Deko, Shibiru, & Chibsa, 2014:2)

EMERGENCE OF SHGS IN ETHIOPIA

As mentioned in the introduction section, a partnership of local and international NGOs introduced the SHG approach in Ethiopia in 2002. The time is significant in the strategic direction of civil societies operating in Ethiopia, as the GoE was pressuring development agencies to divert their focus away from relief and humanitarian assistance to community development and self-sufficiency (Clark, 2000). There was also widespread criticism of development programs that neglected local potentials, failed to build the local people's capacity and, were thus unsustainable. These factors attracted the civil society to the newly introduced SHG approach, which borrowed its lessons from the Indian SHG experience.

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Since their introduction, the SHGs have grown in number and importance in the socio-economic development of the country. The estimated 20,000 SHGs represent a total membership of about 400,000 individuals from across the country. These SHGs have enabled their members to benefit from group empowerment in areas, including skill development; economic gains through savings, loans, and IGAs; social capital; grassroots democratization; and community services (Deko, Shibiru, & Chibsa, 2014). Motivated by the impacts of the SHGs and the cost-effectiveness of coordinating SHG programs, more NGOs, Civil Society Organizations (CSOs), and religious institutions are promoting the SHG approach in various parts of the country.

THE LEGAL CONTEXT OF SHGS IN ETHIOPIA

Apart from some rare cases of registration as exclusively social associations, SHGs in Ethiopia are not legal entities, as the legal framework does not have a category for their registration. Therefore, the SHGs are unable to effectively carryout their development initiatives (Deko, Shibiru, and Chibsa, 2014). For example, they cannot establish formal communications with government agencies. Kebeles and wereda offices do not respond to the requests of the SHGs for services, such as provision of space for work. The SHGs cannot access financial services from banks and MFIs, secure permission to operate group businesses, or represent their members in the legal system. In the meantime, they rely solely on the project implementing NGOs or religious institutions for their formal

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communications with external agents. As the projects will eventually phase out, the survival of the SHGs is uncertain.

Registration is critical for the survival and success of the SHGs in Ethiopia. However, the case in the country reveals two significant challenges to the materialization of the SHGs' registration: 1) unnecessary regulation of the SHGs by the Government as a result of their registration and 2) lack consensus by policy makers and SHG promoters regarding how to regulate the SHGs. First, the terms of the SHGs' registration are no less significant than the ability of the SHGs to register, as registration introduces regulation of the SHGs. Deko, Shibiru, and Chibsa (2014) note that regulation has both positive and negative consequences. It could help the SHGs access more resources, such as loans and work space. It may also limit their individual and group development by introducing unnecessary control. Thus, they suggest a careful assessment of the framework of regulations in terms of its advantages and disadvantages, as reflected in the SHGs' registration. Second, SHG promoters do not have consensus on the application of the various principles of the SHG approach. Below I discuss these two challenges.

Local government officers generally offer registering the SHGs as either cooperative societies or MSEs (Deko, Shibiru, & Chibsa 2014). However, SHG members and SHG promoters argue that both forms of organization do not accommodate the SHGs' features and development processes. A close look at the policy frameworks of the country, as illustrated in Table 1 below, reveals that both forms of organization are significantly different from SHGs.

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Table 1. Comparisons among cooperative societies, MSEs, and SHGs regarding selected features.

	Cooperative societies	MSEs	SHGs
<i>Legal Framework</i>	Proc. No. 147/1998	Reg. No. 201/2011	None
<i>Purpose of Organization</i>	Help individuals pool their resources, including finance, knowledge, and property, to address their needs	Help individuals address their economic needs through micro and small enterprises	Help community members empower themselves as individuals and groups to address their needs as they define them
<i>Operational Features</i>	Can only register as one of the seven types of cooperative societies ² Management committees represent general assemblies and handle all operations Meeting only as a general assembly a few times in a year	Can only work in economic activities Enterprise manager/s represent the owners and employed people or owners coordinate the operations Meeting to discuss and make decisions as required	Open to work in any area of development as determined by members Rotating and participatory leadership and each group member participates in the coordination of all operations Regular meetings to save, exercise leadership, and make -decisions
<i>Access to Finance</i>	Paid-up capital and sale of shares Saving should be deposited in a bank or a place designated by a government officer and managed by the management committee	Paid-up capital Group saving should be deposited in the account of an MSFI ³ and co-managed with MFI officers and MSE members for the sake of loans	Group saving, interest/fees Group saving is deposited in an bank account identified by members and is managed directly by the members themselves
<i>Distribution of Gains</i>	Dividends and 30% of profit set aside for expansion and social services	Dividends	Full control of benefits and no dividends, but access through loans

² Article 1(2) of the Proclamation to Provide for the Establishment of Cooperative Societies, 147/1998, permits registration as only one of the following: agricultural, housing, industrial and artisans, consumer, savings and credit, fishery, and mining.

³ Micro Finance Institute

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As indicated in Table 1, the existing options for the registration of the SHGs do not sufficiently address the purpose, features, and processes of the SHGs. In both cases, SHGs cannot accommodate all their social, economic, cultural, political, and environmental interests. They may suffer unnecessary regulation by government agents that coordinate the activities of cooperatives or MSEs and, as a result, lose their autonomous decision-making abilities. The SHGs may also be unable to exercise rotational democratic leadership and maintain their full control over their financial resources. It is apparent that registration within the existing legal framework does not serve the interests of the SHGs. Thus, it is necessary that policy makers expand the existing legal framework to register SHGs by accommodating their unique features.

In addition to the lack of a legal framework suitable for the registration of the SHGs, promoters are not consistent in their understanding of the SHG approach. They operate against some essential principles of the approach, including non-interference in the decision-making processes of the SHGs. The promoters tend to focus more on quantifiable aspects, such as economic growth or the mere formation of SHGs, and pay little attention to other soft components, such as sense of ownership, local control of the development process, or the holistic nature of the development goals. The promoters' interference in the processes of the SHGs and their selective focus on the visible aspects of development disregard the integrity of the SHG principles and negatively impact the cumulative outcomes of the SHG programs. This conflicting inconsistency has created unproductive competition among implementers and confusion in the SHGs (Deko, Shibiru and Chibsa,

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2014b; Venton, Tesegay, Etherington, Dejenu; and Dadi 2013; Facilitator for Change, 2011). The emphasis on some selected aspects of the SHG diminishes progress altogether, as a compromise in one aspect may mean weak results in many of the other areas. Further, the irregularity has impeded the chance of presenting a consistent SHG framework to policy makers in the process of negotiating a legal status for the SHGs.

WHY ENDOGENEITY MATTERS FOR THE SHGS IN ETHIOPIA

The context in which the SHG approach was introduced in Ethiopia resonates with the factors that motivated the emergence of the endogenous development concept. Civil societies in the country were seeking alternatives to the generally discredited centralized development approaches that did not target building the capacity of communities. In the first few years following the introduction of SHGs, promoters focused on understanding the approach, helping the SHGs strengthen themselves, and explaining to key stakeholders, including government agencies, that the SHG approach has huge potentials for development. However, following a widespread crisis in the aftermath of a 2005 national election, the GoE accused civil societies of instigating and exacerbating conflicts in the name of rights and transparency, which caused the House of Representatives to pass a law⁴ in 2009 that introduced tight regulation of civil society organizations and charities. The law also banned NGOs that obtain more than 10% of their income from overseas from intervening in advocacy. This affected the ability of the SHG promoters to effectively

⁴ Proclamation No. 621/2009, Charities and Societies Proclamation.

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negotiate the enactment of an expanded legal framework for the registration of the SHGs. The International Crisis Group (2009) criticizes the proclamation as a means the Government uses to broaden its powers to ‘oversee, sanction and dismantle groups it considers troublesome’ (pp.20). In addition to the 2009 proclamation, the GoE began to organize unemployed women in grassroots political cells, which were also registered as MSEs or cooperative societies and accessed support from the Government, including finance and workspace.

The chance of the SHGs to register as autonomous entities outside of a close supervision of the Government has diminished along with the Government’s recently adopted strategy of organizing women into women’s development groups (WDGs). Government officials argue that the WDGs have broader development interests than the SHGs, as they include activities related to safety, security, and politics. The officials also note that SHGs should transform into WDGs, as WDGs can access support from the Government, unlike the SHGs. However, SHG members and promoters argue that the WDGs are political groups with no autonomy over their development processes, and thus, the registration of the SHGs as WDGs is in contradiction to the essential concept of the SHG approach.

The narrower operational frameworks of civil societies and the Government’s trend of organizing low-income women in politically regulated groups indicate that the Government seeks to closely monitor the development groups, including SHGs. The registration of SHGs as unique development organizations means the Government would

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not be able to regulate the SHGs as much as it would regulate them if they registered as a cooperative society, MSE, or WDG. Although each type of organization (cooperative society, MSE, or WDG) has certain similarities with SHGs, it is critical to note that, unlike any of the three types of organization proposed by the Government, SHGs are unique development groups that operate within the endogenous development theoretical framework. Endogenous development and self-help group approaches have a number of overlapping features. They are both rights-based and founded on the principles of self-determination and autonomy, as the means and results of a development process (COMPAS, 2010; Pieterse, 2010). On the other hand, all cooperative society, MSEs, and WDGs lack endogeneity, as they do not empower poor community members to autonomously lead their development processes and openly address all their economic, social, cultural, political, and environmental needs as they define them.

Establishing SHGs in Ethiopia as endogenous development models is significant for the following two major reasons: 1) It helps explain that the SHGs cannot register as any other form of organization but SHGs because they pursue endogenous development unlike any other form of organization classified in the existing legal frameworks. It also recognizes the case that registration is problematic and does not solve all the problems of the SHGs, as it opens the doors for the Government to control the SHGs and interfere in their development processes. Therefore, it also presents the case that the registration framework needs to consider all the endogenous development principles and find ways to maintain the autonomy of the SHGs. 2) It helps explain why promoters must not

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compromise the non-quantifiable aspects of the SHGs, such as autonomous decision-making and sense of ownership, which are critical for their endogeneity – the kind of development the SHGs pursue.

CHAPTER FOUR: METHODOLOGY

In this chapter I present my study methodology in four sections: research design, data collection methods, sample and sampling protocols, and ethical considerations. First, I discuss the research design along with its rationale. I also include background on the study population, sampling, and sources of data and instruments. Next, I describe how I organized, processed and analyzed my data to generate my findings. Finally, I will clarify the procedures I followed to address ethical considerations.

RESEARCH DESIGN

I carried out this study with the *concurrent transformative mixed method*, as presented in Creswell (2009). The method is ideal when a researcher identifies a particular theoretical framework prior to defining the essential components of the study. In the case of this particular study, I identified the endogenous development theoretical framework as the lens to determine my variables (the 10 endogenous development principles above) and expect outcomes, which include the endogeneity of the practices of the SHGs and the integrity of their principles. The design allowed me to apply both quantitative and qualitative methods in a *concurrent mixed setting*, in which I used my qualitative data to analyze my quantitative results further.

I employed both quantitative and qualitative methods. Quantitative method employs statistical instruments to deductively collect and interpret data on a social phenomenon and,

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depending on the sample size, facilitates generalization. Quantitative methods allowed me to measure the repetitiveness of particular practices of the SHGs (as expressed in their members' perceptions, beliefs, actions, values, and decisions) in respect of each of the endogenous principles to the level that I could make generalizations about those practices as endogenous development. I administered survey questions that represented each of the 10 endogenous development principles (*shown in Table 2 below*) to my study sample, which was large enough to make inferences about the practices of the SHGs of the total population. Besides quantifying and describing using survey data (Bhattacharjee, 2012) if the SHGs practiced endogenous development, I also measured the strength of endogeneity and the relationships between any two endogenous development principles, as observed in the practices of the SHGs.

The use of qualitative method in a study facilitates understanding the meanings of social phenomena, as expressed by individuals to whom the meanings are relevant. Balarabe Kura (2012) adds that it is an inductive way of understanding the meanings individuals attach to a social phenomenon under study based on their beliefs, actions, values, perceptions, and decisions within their social contexts. Accordingly, I employed the qualitative method to understand why and how the SHG members practice or do not practice each of the 10 endogenous principles. The meanings the SHG members (and also the other study participants) attach to their practices are relevant to profoundly explain the incidences captured through the quantitative method. Thus, through interviews, FGDs, and natural observations, I explored the reasons why the SHG members (and other stakeholders

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with significant levels of interaction with the SHGs) do what they do with regards to the endogenous development principles.

The concurrent mixed method indicates a triangulation of data collection, separate data analysis, and the integration of databases during interpretation or discussion stage (Creswell, Plano, Gutmann, and Hanson (2003). Accordingly, I collected both quantitative and qualitative data sets simultaneously during one data collection phase. I designed my data collection instruments to the extent that I could do data triangulation, which means variables in both survey and the set of all the other qualitative instruments overlapped in a way I could track and explain variations. Following data collection, I analyzed the quantitative data first, which focused on *to what extent the SHGs practiced each of the 10 endogenous development principles*. Then, I connected my qualitative data with the quantitative results to better understand and explain the outcomes regarding the practices of the SHGs as shown in Table 2 below.

Table 2. Structure of variables and focus of questions.

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	Endogenous Principles	Practices of SHGs*			
		No	Why Not?	Yes	How and To What Extent?
1.	Development based on local initiatives, criteria, values, and strategies				
2.	Holistic approach to addressing group needs				
3.	Revitalization of traditional knowledge, experience, and values				
4.	Development based on local resources				
5.	Local capacity building and empowerment				
6.	Retention of benefits in the local community				
7.	External knowledge and resources to complement local capacity				
8.	Local decision-making, leadership, and ownership				
9.	Promotion of equity, equal participation, and rights				
10.	Sustainability				

*This asks if the SHGs practice each of the endogenous principles. If the result is ‘No’, then, explain why not. If the result is ‘Yes’, explain how and to what extent they are practicing the endogenous principles. The explanations for both columns (‘Why Not’ and ‘How and To What Extent’) are based on both quantitative and qualitative data.

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METHODS OF DATA COLLECTION AND PROTOCOLS

I employed both quantitative and qualitative data collection methods in the study. I collected primary data and consulted secondary sources. Data collection took place between May and August 2015.

PRIMARY SOURCES. I utilized three types of instruments to collect qualitative data from primary sources: semi-structured interviews, focus group discussions (FGDs), and natural observations. I administered a questionnaire to gather data on the practices of the SHGs. I organized each principle into representing variables, which I then systematized mainly using binary and likert scaling. (*see Annex 1*) The survey participants were all SHG leaders.

I organized the semi-structured interviews to adequately capture perceptions, opinions, and beliefs of the study participants in terms of SHG members' and their own experiences regarding the endogenous development principles. (*See Annex 2*) The FGD instruments have similar structures with the interview questions; they addressed individual and group experiences in respect of the endogenous development principles, as per the perception, opinions, and beliefs of the participants. (*See Annex 3*) I conducted natural observations at SHG meetings to capture the physical setting, type of interactions, body gestures, utilization of tools, and other materials. For the natural observations, I did not develop a particular set of questions or that might have otherwise limited me to specific areas. Instead, I recorded as many signs and symbols in the whole context.

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SECONDARY SOURCES. I reviewed several documents maintained by SHGs, CLAs, FLAs, and project offices. I reviewed SHG mother books, which record group plans, meeting minutes and weekly financial activities, and individual passbooks that record the history of an individual's saving, credit, and loan repayment activities. I examined CLA and FLA statistical documents, including plans, bylaws, and reports. The data I gathered from the SHG, CLA and FLA documents illustrated what kind of development the SHGs pursue; how they make decisions; how they mobilize their resources; and the features of group leadership. I used project documents such as SHG guidelines, statistical and descriptive reports, and project proposals.

Although research participants spoke various languages in each project site, almost all of them understood and spoke Amharic. Thus, I translated the data collection instruments from English into Amharic and conducted all conversations in Amharic.

SAMPLE AND SAMPLING PROCEDURES

I administered multiple sampling techniques to identify the study participants. Initially, I identified my units of analysis as individual SHG members, individual CLA and FLA representatives, community workers, project managers, government officers, and SHGs. These are the units where I captured perceptions, opinions, beliefs, and actions that explained the practices of the SHGs in terms of endogenous development principles. Next, I determined the sizes of the populations, as shown in Table 2 below. IUDD⁵ coordinates

⁵ I worked for IUDD as the monitoring and evaluation officer from June 2007 to September 2008. My contacts at the department facilitated an easy access to the project sites. I ensured as much as

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SHG programs under 8 projects, out of which I selected 3 projects for my study: Jimma, Adama, and Hawassa. I selected based on two criteria. First, I identified which projects have an FLA, which is the highest level of the SHG structure, and operational only in Adama and Hawassa. The data from the FLAs reveal networking and interactions with stakeholders, sustainability of the leadership of the SHGs, and decision-making at higher levels, which are also relevant to determine the endogeneity of the SHG practices. I decided to select the two projects (Adama and Hawassa) where there were FLAs. Second, I selected Jimma on the basis that its SHGs have been operational since a decade ago, and, thus, the SHG members and the key informants have richer experience compared to those in the other projects, which have relatively been functional for a shorter length of time.

As presented in Table 3 below, I selected 20% of the SHGs from the study population at each project site: 55 out of 275 in Jimma, 76 out of 380 in Adama, and 50 out of 249 in Hawassa. I identified every 5th SHG on lists of all the SHGs organized by the project offices. (This was based on $k^{\text{th}}=N/n$.) For the survey data collected at the SHG level, I selected 1 of the 2 leaders in each sampled SHG as my survey respondent. I applied purposive sampling to select the individual survey participants whose responses the community workers judged were the more representative of their respective groups.

Based on purposive sampling, I identified 1 CLA at each project site. Each CLA and FLA has 14 to 24 individual representatives, who are all members of represented

possible that my status as a previous staff member of IUDD, including my previous knowledge of the projects, would not create any bias in my interpretation of the data.

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SHGs. I facilitated FGDs on average with representatives of each of the selected CLAs and the two available FLAs: 12 CLA and 15 FLA representatives in Adama, 9 CLA representatives in Jimma, and 11 CLA and 4 FLA representatives in Hawassa.

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Table 3. Sample and sampling techniques used in the study.

Unit of Analysis	Population Size* (<i>N</i>)			Sampling Method	Sample Size (<i>n</i>)			Data Collection
	Jimma	Adama	Hawassa		Jimma	Adama	Hawassa	
SHGs represented by individual respondents who are group leaders				Systematic sampling to select participating SHGs $n=N/20$ Selected every 5 th SHG on a list ($5^{\text{th}}=N/20$)**				Survey
	276	380	249	Purposive sampling to select 1 of the 2 leaders in each SHG as respondents ($n=N/50$)	55	76	50	
				Purposive sampling to select 2 information-rich participants ($n=2$)	2	2	2	
CLAs	4	12	5	Purposive sampling ($n=1$)	1	1	1	FGD
FLAs	0	1	1	Criterion sampling ($n=1$)	0***	1	1	FGD
Community workers	8	12	8	Key informant sampling ($n=1$)	1	1	1	Interview
Project coordinators	1	1	1	Key informant sampling ($n=1$)	1	1	1	Interview
Government officers	Not applicable			Key informant sampling ($n=1$)	1	1	0****	Interview
SHGs	276	380	249	Typical case sampling ($n=2$)	2	2	3*****	Observation

*Due to the distribution of SHGs over a large geographical area, I selected 3 project sites (Jimma, Adama, and Hawassa) based purposive and convenience sampling. I selected Adama and Hawassa because they were the only sites where the SHGs established FLA. I selected Jimma because it is one of the oldest projects where the SHGs have practiced the SHG approach for a decade.

**I selected every 5th (e.g., at $k^{\text{th}}=N/n$, $5^{\text{th}}=276/20$ in the case of Jimma) SHG from their lists at each project office.

***SHGs in Jimma did not establish an FLA until I completed data collection.

****Due to the short time I had, I was unable to access a government officer who was willing to participate in an interview.

*****I observed a third SHG when the project office granted me access to an additional very successful SHG.

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I selected 3 key informants (1 community worker, 1 project coordinator, and 1 government officer) for interviews at each project site to explore what kind of development stakeholders expect SHGs to pursue; how the stakeholders perceive their roles in the SHG process; and to what extent the stakeholders view SHGs as endogenous development initiatives. Lastly, I sampled 2 SHGs based on typical case sampling to conduct natural observation to capture signs and symbols that would explain the endogeneity of the SHG practices.

In all cases, I worked with project coordinators and community workers to select and recruit study participants. Regarding the survey, I discussed my questionnaire with project coordinators and then trained community workers (4 in Jimma, 10 in Adama, and 9 in Hawassa) on the purpose and details of my study. The community workers and I checked completed questionnaires. Each enumerator read the contents of the questionnaire to the participants and scribed their responses, and completing a questionnaire lasted 50 minutes on average. The project community workers also facilitated the recruitment of the survey, interview, FGD, and natural observation participants. I personally conducted all interviews, FGDs, and natural observations. I ran the interviews and FGDs at places convenient to the participants. When permitted I audio recorded interviews and discussions.

DATA PROCESSING AND ANALYSIS

I treated the quantitative and the qualitative data sets separately, triangulating between them during analysis. Sequentially, I analyzed the quantitative data first and, based on the findings, I applied the qualitative data to better describe and explain the

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incidences representing the practices of the SHGs in terms of the endogenous development principles.

I employed both descriptive and inferential statistical analyses for the survey data set. With the use of frequency distributions and central tendency analysis, mainly mean and mode, I measured the incidence of a particular practice of the SHGs, which represents one of the 10 principles. Central tendency was not always ideal for explaining incidences that are significant enough to determine the endogeneity of the SHGs. Thus, I paid attention even to the smallest size of frequency in some sensitive variables, for instance interference by external agents in the decision-making process of the SHGs, to determine to what extent the corresponding endogenous principle is practiced or compromised.

Wherever applicable and necessary, I presented the statistical results in tables. I used SPSS V.23 for all descriptive and inferential analyses.

For the qualitative data, I employed multiple analysis techniques. First, I translated and transcribed the audio recordings from the interview and FGD sessions, which had a total running time of over 30 hours. I used ATLAS.ti 7 for the organization of the transcription text. Based on the 10 principles drawn from the endogenous development theoretical framework, I deductively arrived at the main codes, categories, and concepts used to organize and analyze the qualitative data. I examined the qualitative data based on pre-defined conceptual frameworks, which correspond to the endogenous development principles, and, thus, the variables in the survey. I described and explained the major statistical results, including frequency distributions, central tendencies, and correlations

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using the qualitative data. I also applied the data from natural observations and document analysis in the same format to explain my statistical findings. I organized the data presentation and analysis section in line with the endogenous development principles. Additionally, I assigned sections that discussed correlation between variables.

ETHICAL CONSIDERATIONS

This study followed standard ethical procedures to address all the major ethical issues. I obtained an IRB approval from Clark University and clearance from EKHCIUDD for accessing informants and documents. For each case of survey, interview, or FGD, I provided a written or oral recruitment script to participants that thoroughly explained the purpose of their response, the benefits and risks associated with participating in the study, and their rights to decline their participation whenever they felt any form of inconvenience. In assurance of this, I obtained written and oral consents with appropriate identifications and signatures. As per the strict guidelines of my IRB approval, I stored the data sets and the consent forms separately, confidentially, and securely. All names in this thesis are pseudonyms.

CHAPTER FIVE: RESULTS AND DISCUSSIONS

In this section I present my study results. I organize this chapter by the 10 endogenous development principles. Under each theme, I present the findings and then discuss how the findings are relevant to my argument about SHGs in Ethiopia as forms of endogenous development and how these findings relate to the literature on endogenous development.

1) LOCAL INITIATIVE BASED ON LOCAL CRITERIA AND VALUES OF DEVELOPMENT

The localness of the SHG initiative and strategy is key in determining if SHGs practice endogenous development. I asked a number of questions in the questionnaire to understand if the SHG movement is a local initiative and if it employs strategies adopted by the local community. Table 4 demonstrates that most of the survey participants perceive the SHG process as what they want to do rather than what others want them to do. Although the number of the SHG members who did not think the SHG process as their own initiative is very small, the fact that there are people who do not perceive the SHG as a local initiative signals potential challenges for ensuring local ownership, while it also possibly indicates interference by external agents in the operations of the SHGs.

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Table 4. SHG Members' perception of the SHG process as a local initiative.

	Frequency (%; n=180)				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The SHG process is what we want to do rather than what others want us to do	113 (62.8)	36 (20.0)	6 (3.3)	15 (8.3)	10 (5.6)

Regarding if the SHGs used their own criteria and values to define the kind of development they wanted to pursue as a group in the self-help program, I set three survey questions that focused on their experience of needs identification, needs prioritization, and goal setting. As indicated in table 5, all of the survey participants reported that their SHGs identified needs that they wanted to address as a group. Still, most of the participants noted that their SHGs prioritized the group needs and turned them into group goals. The results in table 5 are consistent with the result in table 4 that the perception of the survey participants is that the SHG approach is their own initiative rather than what others want them to do.

Table 5. SHG's experience of identifying and prioritizing development needs and setting group goals based on their own criteria and values.

	Frequency		<i>n</i>	%	
	Yes	No		Yes	No
Identified group needs	181	0	181	100.0	0.0
Prioritized group needs	153	27	180	84.5	14.9
Transformed needs into group goals	174	7	181	96.1	3.9

Most of the SHGs carried out need identification and prioritization and goal setting processes. Nevertheless, the numbers do not explain three important issues that are

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necessary to establish if local criteria and values were used in the processes: a) what is meant by the local criteria and values of development the SHGs used; b) to what extent were the processes sensitive to each member's development interests and needs; and c) whether external agents did not influence decisions in the processes. In order to answer these questions, I asked relevant questions during interviews and FGDs.

Interview and FGD participants mentioned that each SHG member comes to group meetings with ideas for what they think the SHG should work on. In some cases, the members discuss with their families what they want to present to the group as their needs and goals. All members discuss how everyone's interests are to be included in their common needs and goals based on several factors, such as access to resources and the socio-economic situation of their areas. In explaining this process, Getu, an SHG project manager, said, "Every individual SHG member discusses with family members what they want to achieve in the following five to ten years. Then, they discuss their plans with fellow members at SHG meetings. Based on every member's collective input, each SHG designs its own mission, vision, and goal statements."

Regarding the influence of external agents, Table 6 below shows that external agents have only little influence on the decisions of the SHGs on determining group needs, priorities, and goals.

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Table 6. SHG members' perceptions of the levels of involvement of the key stakeholders in the processes of identifying and prioritizing needs and setting goals

	Frequency* (%; n=152)				
	V. High	High	Ave.	Low	V. Low
IUDD project staff	24 (15.8)	30 (19.7)	19 (12.5)	11 (7.2)	68 (44.7)
Other NGO staff	0	1 (0.7)	9 (5.9)	2 (1.3)	140 (92.1)
Religious leader	1 (0.7)	15 (9.9)	10 (6.6)	19 (12.5)	107 (70.4)
Community leader	0	0	0	1 (0.7)	151 (99.3)
Government officer	0	0	0	8 (5.3)	144 (94.7)
Influential individuals	0	0	0	2 (1.3)	150 (98.7)
CLAs/FLAs	8 (5.3)	5 (3.3)	8 (5.3)	9 (5.9)	122 (80.3)
SHG members	108 (71.1)	14 (9.2)	3 (2.0)	0	27 (17.8)

Most of the survey participants reported that SHG members have a high level of involvement in deciding group needs, priorities, and goals, whereas a small percentage of the participants indicated that the involvement of the staff of IUDD is high. Interview and FGD responses indicated that the involvement of the staff of IUDD is not direct in terms of deciding what the group needs, priorities, and goals should be. This influence should be perceived mainly in terms of the close interactions that community workers make with the SHGs and IUDD's ability to introduce SHG leaders to various ideas through training that the leaders may use to facilitate the SHGs' decision-making processes. For example, as Mestawet, an SHG member, said,

“We come back to our SHGs with ideas we acquired from training sessions and share them with our fellow group members. We then discuss which of these ideas should be prioritized. For example, as income generation, we may discuss buying edible oil, baking flour, and

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*bars of soap.*⁶ *We then discuss whether we have sufficient money to buy them all. If we haven't, we then discuss which of the three the SHG members want the most.*"

Hamelmal, who is an SHG member and a community worker, echoed the same sentiment:

"In my part, I demonstrate to them the importance of short-term and long-term plans. Based on my demonstration, they [the SHGs] proceed to develop their plans... We teach them to be able to plan and implement their plans by themselves. In my opinion, these plans are theirs... They sometimes ask why the project does not tell them to involve in some activities. When I respond, "Who owns the SHGs? Whose idea is it? Since it is yours, it all should come from you." Then, they understand."

Interview and FGD participants agree that the decision-making process of the SHGs helps members to ensure everyone's interests are incorporated in the group needs and goals. Zufan, an SHG leader, explained that every SHG operates as per its group bylaw, which requires all decisions to be discussed and agreed upon before the group adopts them. In cases where SHG members do not contribute ideas for what should be the group needs and goals because of hesitation to speak in public, the SHG leaders have the responsibility to encourage these members to participate. As Zufan noted, "All issues are discussed in the presence of all group members, but there are some members who hesitate to speak at the meetings and complain later that they were not in favor of the decisions made. [In such

⁶ Many SHGs buy consumer goods from government cooperative stores at cheaper prices and sell them to group members with profits, which will go into group saving accounts.

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cases] we (the group leaders) encourage them to learn to express their opinions at the meetings.”

As per the above findings, the SHGs organized by IUDD operate according to the endogenous development principle that a development process should be a local initiative defined based on local interests and values. The local criteria and values in the case of the SHGs do not refer to a particular set of principles that are used to weigh ideas for group needs and goals. They rather indicate the process by which each SHG identifies and prioritizes problems and translates them into group goals by incorporating individual members’ interests in its complex decision-making processes.

2) HOLISTIC APPROACH TO ADDRESSING GROUP NEEDS

The focus areas of the SHGs organized by IUDD are critical to determine if they operate in line with the endogenous principle that an endogenous development model focuses on all areas of development needs of a community. Thus, I asked survey participants if their SHGs identified at least one group goal for each of the following categories: economic, social/political, cultural, religious/faith, and environmental. As indicated in my literature review, these areas form the major aspects of development that constitute the holistic approach of a development process. Table 7 below illustrates that the SHGs work towards addressing their needs in all the holistic areas. However, members in each SHG make their own decision regarding which aspects of development they want to focus on. Thus, an SHG chooses to focus on all or only a few of the aspects.

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Table 7. SHGs’ experience of identifying at least one goal in each of the five categories of holistic development goals

	Frequency (<i>n</i> =181) %			
	Yes	No	Yes	No
Increased income (economic)	176	5	97.2	2.8
Social justice and equality	171	10	94.5	5.5
Freedom of practicing one’s religion/faith	167	14	92.3	7.7
Freedom of exercising one’s culture/language	161	20	89.0	11.0
Living in clean and safe environment	164	17	90.6	9.4

As shown in the table, economic development is the most popular, while freedom of exercising one’s culture/language is the least important. Further, findings from FGDs reveal that the SHGs rarely discuss the two freedom categories – freedom of religion and freedom of cultural practices, as essential development goals. Whenever the participants mentioned the two goals, they spoke about them from the notion of how the SHGs helped promoting networking among individual members irrespective of diverse ethnic, religious and language backgrounds. Mulu, a CLA member in Hawassa, said, “... the biggest achievement in meeting our needs through the SHG is that it has created a network among individuals irrespective of our race, religion, ethnicity, and gender. We did not have such a network prior to joining the SHGs.” In some cases, SHGs revise their group bylaws to accommodate religious interests that might be in conflict with group activities. As Metti, an SHG member, said, “We used to charge interest on loans... However, some members took loans and returned only the premiums and said that their religious belief doesn’t teach them to pay interest... We’ve decided to abandon the interest concept and started to contribute administrative fees for ink and notebooks out of our pockets instead.” I assume

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that the choice of the SHGs to not openly work around freedom related goals illuminates the country's political situation regarding advocacy that the mentioning of ethnicity and religion in a development process draws the attention of government officers, which might also cost the SHGs their freedom to operate. It may also be true that individuals in urban areas in the country have the freedom to practice a religion of their choice, and thus, the SHG members do not see it as a need.

The social goals the SHG members mentioned focus on various aspects of the social needs of the SHG members. One area of focus, for example, is helping group members, particularly women, exercise their rights in domestic and public spheres. Metti noted that her group identified goals for strengthening social life among members and encouraging women to involve in decision-making at household and community levels and express their opinions in public. Alemnesh and Mestawet, both SHG members, indicated that their groups identified goals to establish strong social support systems to help one another during times of sickness and inability to make financial contributions. Alemnesh more specifically mentioned the practice of addressing gender-based violence and domestic abuse against group members through various means.

Halima, a government officer, made clear the tension between government officers who try to persuade SHGs to register as SMEs or cooperative societies and SHG members who refuse to accept the offer of registration based on grounds that the SHGs' goals are broader than mere economic interests. She noted that she worked hard to convince the

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SHGs in her kebele⁷ to register as SMEs in order for them to access support from the government, including micro-credit, place of work, and a business license. However, she mentioned, members of the SHGs expressed their fear that the microfinance structure would not allow them to work around their non-economic group goals.

Based on my findings above, the SHGs adopted a holistic approach to addressing their needs, which shows that they satisfy the principle that an endogenous development model should be open to addressing local community needs holistically. However, members of each SHG determine on which aspects of development they want to focus, and the focus areas may differ between SHGs. SHG members consider multiple social and political situations to determine the development areas that they want to focus on.

3) REVITALIZING TRADITIONAL KNOWLEDGE, EXPERIENCE, AND VALUES

In order to establish if the SHG process recognizes traditional knowledge, experience, and values, I administered survey questions that asked to what extent the SHG members felt the SHG structures, concepts, and activities are similar with their previous experiences. I assumed that both strong and weak similarities between pre-SHG and SHG experiences could explain if the SHG process considered the local strategies of group formation and operation.

⁷ Kebele is the lowest local administrative unit in the Ethiopian governance structure.

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Table 8 below shows that the participants of the survey have varied perceptions of the similarities between their pre-SHG and SHG experiences in terms of the different aspects of the SHG process. Larger numbers of the participants reported lower levels of similarities in areas that are somewhat unique to the SHG structure and process. For example, the SHG membership style, saving and credit strategies, group leadership methods. Only few participants reported that they had some related experience in the areas mentioned above prior to joining the SHGs. On the other hand, larger numbers of the participants reported that they had at least somewhat related experience in the following areas: group meeting and discussion styles; participating in community initiatives; the types of income generating activities; the languages and dialects used in the SHG processes; and socialization and support systems.

In general, there is no aspect of the SHG process that was completely new to all the SHG members although some aspects were presumably less familiar (See Table 8). In order to examine how some aspects of the SHG were less familiar to the local community while others were reported to be very similar, I asked interview participants to explain their perception of the similarities between their pre-SHG and SHG experiences.

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Table 8. Similarity of the SHG concepts, structures and processes with the SHG members' experience prior to joining the SHGs
Frequency (%)*

	<i>n</i> *	Very Closely Related	Closely Related	Somewhat Related	Not at all Related
Group meetings, discussions etc.	181	11 (6.1)	8 (4.4)	82 (45.3)	80 (44.2)
Membership style	180	10 (5.6)	24 (13.3)	53 (29.4)	93 (51.7)
Saving and credit strategies	175	11 (6.3)	18 (10.3)	39 (22.3)	107 (61.1)
Participating in community initiatives	181	23 (12.7)	25 (13.8)	104 (57.5)	29 (16.0)
Types of income generating activities	179	13 (7.3)	26 (14.5)	74 (41.3)	66 (36.9)
Need identification, prioritization and goal setting	181	12 (6.6)	17 (9.4)	48 (26.5)	104 (57.5)
Languages and dialects	180	23 (12.8)	46 (25.6)	43 (23.9)	68 (37.8)
Group coordination and leading	171	22 (12.9)	17 (9.9)	29 (17.0)	103 (60.2)
Socialization and support	181	20 (11.0)	33 (18.2)	71 (39.2)	57 (31.5)
Organization of SHGs, CLAs and FLAs	181	15 (8.3)	22 (12.2)	14 (7.7)	130 (71.8)

*Percent is calculated for each row based on the corresponding *n*.

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The SHG approach in its entirety was completely new to the SHG members. They did not have anything similar with the SHG as it is. However, the various aspects of the SHG process were present in their social and economic activities even prior to the introduction of the SHGs. For example, communities in Ethiopia have various economic and social networking and support systems, such as *iqub*⁸, *idir*⁹, *debo*¹⁰, *mahiber* and, *tsiwa*¹¹ that they used to socialize, practice their faith collectively, and support one another during times of need. Each of these institutions has organizational structures, processes of group formation, resource mobilization strategies, and group leadership styles to which members of the community are normally exposed. In one way or another, these associations and systems have some similarities to the SHG structures, concepts, and processes. However, individuals do not experience each of these aspects at the same level as every other person, as some people had only little exposure to the widely practiced social and economic activities while others had more exposure and engagement.

With the introduction of the SHG approach, every SHG member now experiences all these aspects of the SHG process despite their previous similar exposure. The case of Zufan illustrates that although similar social and economic systems existed in local

⁸ *Iqub* is a relatively temporary financial association formed by a limited number of people to provide members with substantial rotating fund.

⁹ *Idir* is a neighborhood-based association that mobilizes members and raises funds to be used during emergencies, such as death, and occasions of festivities, such as wedding.

¹⁰ Debo is a local self-help association whose aim is providing mutual labor support to members.

¹¹ *Mahiber and tsiwa* are religious associations practiced among adherents of the Ethiopian Orthodox Christianity. Members take turns to host periodic religious festivities to be attended by fellow members and other members of their communities.

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communities, some SHG members had never participated in anyone of them for various reasons.

“Prior to joining my SHG, I wasn’t involved in any of these [social and economic institutions]. I didn’t have any social relationships with people. I can say it is the SHG that got me in social relationships. I had never visited people who were mourning for a deceased relative. I wasn’t a member of any idir... I didn’t have anything like this, but after I joined the SHG, I began to network with people and visit people who are mourning... I don’t know about the others... The SHG ideas weren’t troubling for me to grasp... I think about SHG as an Ethiopian way of doing things... The social aspects are related [to the traditional ways of the community].”

Some respondents noted that the SHG also introduced new aspects to the already existing traditional social and economic systems. For instance, although some form of saving system existed in *iqubs*, the SHG program introduced members to saving that can not be withdrawn unless in the form of loans, which are paid back with interest or processing fees. As Alemnesh, an SHG member, explained, the SHG is broader than *iqub* because it encouraged them to save at any cost and avoid taking credit from individuals.

“All we had was iqub. When it was my turn to get the iqub money, whether it is 500 or 1000 birr¹², I would take it to merkato¹³ and buy any clothes or shoes that I liked and come back home. I would never say, ‘Let me save this; I may be in need of money tomorrow.’

¹² Birr is the unit of currency in Ethiopia.

¹³ Merkato is a popular market district in Jimma town.

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Whenever I was in need of money and my situation got worse, I would go to people I knew and ask for loan. That has changed now.”

The words of Birtukan, an SHG member in Hawassa, strengthens the notion that the SHG process expanded the already existing saving practice of the community by introducing saving of very small amounts of money that were to come from avoiding unessential expenses.

“If we brew coffee two or three times a day, we can now brew only once and save the avoided expense... The second thing is that we spend money inappropriately for our children. For example, people give their children money or buy them candies when they cry. We can avoid those expenses and use the money that was to be wasted to do something that is necessary for our children.”

Documents suggest that SHG projects work with various not-for-profit partners to train SHG members on different income generating activities, which the community (particularly women) is not familiar with, such as making shopping bags out of disposed plastic bags, manufacturing mud bricks, or producing energy-efficient cooking stoves. Some interview participants also noted that they had experience in income generating activities similar to the ones the SHG project trained them on, but still the SHG had something to add to their experience. For example, Alemnesh is involved in business similar with what she did before joining her SHG, but her SHG has now helped her

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manage her finances better: “I was brewing areqe and tella¹⁴ and baking injera¹⁵ for sale. I was running a small retail business and sold different articles... I was doing business, but never knew my profit and lose clearly... After joining the SHG, they taught us to even consider our labor as expense...”

I learnt during SHG meetings that group members sometimes speak different languages and dialects. The 38% of the survey respondents who said they did not see any similarity in their language experiences might imply that they now use languages and dialects they had not used for group level social and economic interactions before. As I mentioned in the subsection *Holistic Approach to Addressing Group Needs*, SHG members noted that they were able to interact in their groups despite the difference in their language backgrounds. Thus, the lack of similarity in the languages used for such socio-economic interactions does not mean the SHG introduced a new language or dialect.

In general, the SHG as an approach was new to the community. However, its aspects were present in the various traditional social and economic systems and associations. While the SHG builds on existing, knowledge, experience and values, it is unique because it is broader than any of those specialized systems and associations and brings the various interests of the community together in an integrated way in a group setting. Thus, the SHGs clearly practice the third endogenous development principle of recognizing and building on existing knowledge, experience, and values.

¹⁴ *Areqe* and *tella* are locally brewed traditional alcoholic beverages.

¹⁵ *Injera* is fluffy thin bread eaten as a staple meal in most parts of Ethiopia. Like *areqe* and *tella*, baking *injera* is a common income generating activity among economically destitute women.

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4) BASED ON LOCAL RESOURCES

The use and ownership of local resources is one key aspect of an endogenous model of development. Table 9 below demonstrates how many SHGs advanced from resource identification to accessing, using, owning, and securing their rights to use local resources in various categories. Most of the SHGs identified resources in each category. Local knowledge of individuals and financial assets are the most identified resources. The experience of the SHGs decreases along the steps of identification, access, utilization, ownership, and securing entitlement. For example, from a high of 94.5% of the participants reported that their SHGs identified natural resources to a low of 38.1% of the participants said their SHGs accessed, used, owned, and defended the same resources respectively. Therefore, SHGs have challenges related to accessing and mobilizing local resources. However, it is clear from the table that the majority of the SHGs utilized local resources in their group development processes. Establishing entitlement of ownership is the area where the SHGs have the lowest achievements. Further, more SHGs utilized resources that the SHG members already have, for instance, knowledge, skills, and faith and counseling, as opposed to resources that they share with other members of the community, such as common natural and built resources.

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Table 9. Experience of SHGs in identifying, accessing, using, owning, and defending local resources in the six resource categories relevant for endogenous development.

	Frequency (%)											N
	Identified		Accessed		Used		Owned		Defended			
	Yes	%	Yes	%	Yes	%	Yes	%	Yes	%		
Natural resources	171	94.5	131	72.4	87	48.1	77	42.5	69	38.1	181	
Human resources												
Knowledge	174	96.1	158	87.3	118	65.2	105	58.0	107	59.1	181	
Skills	168	93.9	156	87.2	125	69.8	100	55.9	102	57.0	179	
Produced/built resources	164	90.6	132	72.9	70	38.7	91	50.3	81	44.8	181	
Financial/economic resources												
Income, capital etc.	173	95.6	160	88.4	114	63.0	120	66.3	87	48.1	181	
Markets, shops	164	90.6	122	67.4	103	56.9	99	54.7	79	43.6	181	
Credit	171	94.5	159	87.8	109	60.2	95	52.5	86	47.5	181	
Material assets	159	87.8	132	72.9	110	60.8	91	50.6	92	51.1	180	
Social resources/support from												
Community leaders	170	93.9	140	77.3	109	60.6	90	49.7	81	44.8	181	
Religious leaders	165	91.2	140	77.3	110	60.8	89	49.2	85	47.0	181	
Family members	170	93.9	148	81.8	114	63.0	98	54.1	93	51.4	181	
Cultural resources												
Faith, prayer, counseling etc.	165	91.2	151	83.4	122	67.4	110	59.1	107	59.1	181	
Social norms	169	93.4	142	78.5	124	68.5	101	55.8	94	51.9	181	
Art, artifacts, music	162	89.5	122	67.4	80	44.2	81	44.8	78	43.1	181	
Language, stories, sayings etc.	171	94.5	158	87.3	100	55.6	110	61.1	100	55.2	181	

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The SHG process does not only take place based on local resources rightly available to SHG members, but it also helps SHG members access more resources that they would not otherwise have access to. As shown in Table 10 below, most of the survey participants agree that their groups accessed additional resources as a result of practicing the SHG approach.

Table 10. SHG’s experience of increased access and utilization of local resources as a result of the SHG process.

	Frequency (n=179)	Percent	Cumulative Percent
Strongly Agree	97	54.2	54.2
Agree	73	40.8	95.0
Neutral	2	1.1	96.1
Disagree	4	2.2	98.3
Strongly Disagree	3	1.7	100.0

In order to understand the resource mobilization context, I asked interview and FGD participants for their perceptions and experiences on how the SHGs identify, access, use, and protect their rights to use local resources. In most cases, finance is regarded as the main resource the SHGs identify and intend to utilize. The sources of finance are mostly internal to the SHGs and accessed through loans and mutual support funds. The SHGs build their financial assets through regular saving, collection of interest (or administrative fees in cases group members do not support interest for religious reasons), fines, and group IGAs. The financial resources are mainly used for IGAs and personal consumption during emergency. The case of Alemnesh illustrates how the SHGs use their finance for personal

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purposes: “Our saving is growing... We take loan in the amount of up to 500 birr and repay; we keep the income from interest in our group account... We also share money set aside for buying flour for holidays... members use the money to pay for their immediate needs and repay it right away. So that they don’t seek loans elsewhere...”

Similarly, Birtukan explained how her access to the group finance through loans has enabled her to start her own IGAs:

I took loan from our saving. I started baking and distributing ambasha¹⁶ to supermarkets and shops. I paid for my daughter’s college with the money I earned from my business... When I started, I took 300 birr in loan... I bought everything I needed for the ambasha business... After paying back the 300 birr, the remaining capital was mine... I made sure my daughter had everything she needed to graduate.

SHGs utilize group members’ knowledge and experience. In explaining this Alemnesh mentions that she knows the business situation in her local area and advises her group on how to do business so that they would not invest their money on what is not profitable. SHG members also regard technical and skill development support, including literacy training that they get from government officials, IUDD project staff, and other community members as essential resources. Again, Alemnesh’s statement confirms this:

*The first thing we regard as our resource is that government officials recognize us.
Second, educated people considered us worthy to approach and discuss with... if we*

¹⁶ *Ambasha* is wheat bread baked in a traditional manner unique to Ethiopian communities. It is a staple meal in some parts of the country.

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hadn't had these, you couldn't have met and discussed with us... Our ability to go to meetings, our ability to go to literacy classes... and also people like you to come looking for us... The fact that people with knowledge come and talk to us is our greatest resource. I regard this as our asset... Wealth isn't a big deal. We have it all. Nothing is lacking. Praise be to God! However, this knowledge isn't easy to find... Money is another resource. The next is health. If we are healthy and have peace in the area to go out to work and come back home safely... that is our resource.

In almost all interviews and FGD discussions, participants indicated that the SHG's lack of formal recognition by the government hindered them from utilizing critical resources, mainly land and additional finance, which are the key to accessing additional resources. In response to the SHGs' requests for access to such critical resources, local government officers suggest that the SHGs register as SMEs or cooperative societies. Participants explained that registering as SMEs or cooperatives is not acceptable to their group members, because they fear they might lose their autonomy over their resources. This limitation is a huge source of frustration for the SHGs.

Martha, an SHG member, discussed that her group could not effectively utilize their group saving. They could not invest in something more productive, and that is frustrating for them. She said her husband is the chairperson of their neighborhood community council. Once, he promised to secure a piece of land from the kebele. However, the kebele officers insisted that the SHG registers as a cooperative in order to get land.

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This constraint hindered them from starting a clay brick production business that they were planning to establish.

The words of Birtukan explains how the SHG members view the unnecessary regulations and the consequent lack of access to their resources that they suffer if they registered as MSEs or cooperative societies:

We face a challenge whenever we plan to work... It is difficult to get license and a place for work... We now have 65,016 birr, which we saved and earned from IGAs, interests, and fines... When we ask for a place to work, they say our money must be saved in a micro-finance account with the government. If we kept our money in a micro-finance account, we wouldn't be able to access the money whenever we want it because it has to go through a long process... Now, we can directly go, sign, and get the money for a person who needs it immediately. If the money were in a micro-finance account, they would ask for a stamped letter... and an official to sign on it. Even those people who work in the micro-finance offices might say this staff member or that staff member isn't in today... We know this from experience. So, we don't want to take our money to a micro account.

The interview participants mentioned that IUDD project offices should lobby for the recognition of the SHGs, without which they cannot access the critical resources they seek. Mestawet, an SHG member in Hawassa, explained this expectation:

We want the office to work with the government for our recognition, which we deserve as we are part of the community... When we approached the sub-city, they told us to transfer our money to Omo Microfinance. They say Omo at the sub-city and kebeles will facilitate

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loan, a place of work, and fund for us, but we refused to give them our money... They promise to give us loans (three times the group's saving), but they have a problem... They don't give us loan trouble free. They request a co-signer, collaterals with title deeds for a house or car... They have a requirement for a monthly salary of 2000 to 3000 birr. Since we can't present these, our money would be locked up for their own use... We can't easily access our money. Thus, the SHG group members don't approve joining Omo. We want the program office to secure our license before we even consider micro-finance.

As presented above, the SHG process is in line with the principle that an endogenous development model is based on the utilization of local resources, which are both tangible and material. However, the SHGs' ability to access and utilize, and own critical resources, such as finance and workspace, is compromised due their lack of legal registration. It is also apparent that the SHG members reject their SHGs' registrations as MSEs or cooperative societies on the grounds that they might lose their authority over their resources in addition to several other challenges.

5) DIRECTED TOWARDS BUILDING LOCAL CAPACITY

A principal purpose of the endogenous development process is building the capacity of individuals and groups in the local community. I asked the survey participants if they have gained knowledge and skills and become self-sufficient in coordinating the SHG process as a result of their increased capacity. Table 11 below demonstrates that most of the SHGs acquired skills necessary for economic productivity and group leadership. The

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SHG process helped them improve their knowledge and skills needed to handle their daily social, economic, and political activities efficiently. Members in most of the SHGs gained literacy skills. All these skills are essential for handling individual and group activities efficiently and, thus indicate increased capacity at individual and group levels. The impact of these economic, literacy, and leadership skills is reflected in the result that most of the participants at least agreed that their SHGs have become more autonomous and gained improved decision-making capabilities in coordinating their development processes.

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Table 11. Role of the SHG process in building the capacity of local community members individually and as a group.

	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		N
	<i>fi</i>	%	<i>fi</i>	%	<i>fi</i>	%	<i>fi</i>	%	<i>fi</i>	%	
Knowledge on group leadership	132	74.6	43	24.3	1	0.6	1	0.6	0	0.0	177
Skills on income-generating activities	119	66.1	54	30.0	3	1.7	1	0.6	3	1.7	180
Skills & knowledge essential for handling daily activities*	131	72.8	40	22.2	7	3.9**	0	0.0	2	1.1	180
Acquired/improved literacy skills	68	38.0	71	39.7	35	19.6	4	2.2	1	0.6	179
Acquired & used resources and assets	97	54.2	73	40.8	2	1.1	4	2.2	3	1.7	179
Improved self-confidence to demand rights	126	70.0	49	27.2	3	1.7	1	0.6	1	0.6	180
Improved independence & decision-making	112	62.2	46	25.6	14	7.8	7	3.9	1	0.6	180
Recognized by stakeholders as SHGs	66	36.7	70	38.1	22	12.2	13	7.2	9	5.0	180

*This case considers the individual survey participant's experience of acquiring skills and knowledge, unlike the other cases, which look at group level incidences.

**The value reflects the response option *I don't Know/Uncertain*, instead of *Neutral* for this particular case.

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The process of building the capacity of the SHGs is significant for ensuring the sustainability of the SHG initiative, in terms of process, institution, and impact. CLAs and FLAs are both indicators for the increased capacity of the SHGs to take over the coordination of their activities at higher collective levels and the strategy of the SHGs to institutionalize the sustainability of the local capacity building process. CLAs and FLAs seek and channel capacity building opportunities from external agents to their member SHGs. They also build their own internal capacity to strengthen the SHGs. Thus, the SHGs do not access capacity building support only from outside, but also from within their own structures, as the CLAs and the FLAs train SHG members on IGAs, health issues and literacy skills; evaluate and strengthen weak SHGs; and help members of the wider communities organize into new SHGs and practice the approach. As one FGD participant said:

There are 13 SHGs in our CLA. The CLA helps the SHGs with their IGAs; it works to strengthen the SHGs... There are some of us who teach SHG members on health issues; we support members who couldn't access formal education... We channel a lot of knowledge to the SHGs through the CLA... A year ago, we contacted members of our village who weren't involved in any saving schemes. We organized 25 of them into an SHG... This CLA is supposed to work with the Government and the project on behalf of the SHGs.

Every aspect of capacity building is both a result of and a means to facilitate the SHG process. This is noticeable in the experience of the members in economic, literacy, leadership, and rights areas. The bargaining power of the SHG members has increased as a

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result of their collectivity. The words of Biratu, an SHG member, below further explains my points:

Members who could sign only by inking and stamping their thumbs are now able to sign with a pen... We have learnt health issues that concern the household and the community... When we graduated [from literacy programs], we'd been transformed from being unable to sign to being able to write... We didn't know anything about saving. All we did was raise children, cook, and stay home. Let alone saving, we didn't even know how to handle money. Our husbands gave us money to buy food and that was all we used to do. We have also gained experience by discussing with one another.

SHG members and project employees perceive the contribution of IUDD as facilitating local capacity building, instead of providing mere access to resources and services. Misraq, an SHG member, noted that:

"The project doesn't do anything other than sharing knowledge and showing us the direction. They don't give us money. The saving approach promotes helping oneself... When the project helped me join the SHG, provided knowledge, and showed me the way, it meant I was to save my own money and help myself. It wasn't meant to be aid. Thus, it has given us knowledge, showed us the way, trained us, and helped us build our skills. It helped us determine what we want to do; how we can grow and achieve our goals...

That said, the SHGs in this study population are not fully capable of handling the development process on their own. This generalized assumption is problematic because of contextual features of the SHGs. The SHGs differ due to variations in the length of the

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time they have been in operation; their collective capability essential for coordinating the SHG process; and the level of commitment and competence of individual community workers who facilitate the SHG process. This gap in the capacity of the SHGs is reflected in Martha's words, who mentioned that the project office had an unfinished assignment.

We want Kale Heywet to provide some finance that supplements our saving to help us start a group IGA... We have agreed even to raise 2000 birr each through equb and contribute to the fund. We want Kale Heywet to contribute half or a quarter of the required fund... They have promised us that they would give us money... They told us to find a place for work and they would pay for the rent for two years... We also want them to give us training especially for the group members who can't express their opinions in public. There are members who don't even understand the structure of the SHG, for instance the roles of a CLA... We were expecting the project office to teach our members about CLAs during literacy classes, but the topic wasn't covered. Later on, our members who were in the literacy classes couldn't continue their lessons, because the classes were scheduled around these hours (late afternoon) when most of the women go to the market to sell injera... The project hasn't arranged a more suitable time for their literacy lessons...

The above interview quote from an SHG member illustrates that there are rare cases when SHGs have not sufficiently developed individual and institutional capacities because of poor program coordination by project personnel. Additionally, the broader political and economic structures of the country are not sufficiently conducive for the SHGs to utilize their resources and build their capacity further. The following statements from Getu, a

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project manager, indicate that the status of the SHGs as informal organizations without legal personality is a factor of limitation to the SHGs' capacity building process and a source of frustration for individual SHG members.

I can't say all the SHGs have achieved completely radical change in terms of their capacity. Their development process is... going on. However, there is still change... The SHG approach could have more substantial impact, but the weakness in the country's economic system, such as the high interest rates of external loans and difficult collateral requirements limit the SHGs from going beyond their current small-scale economic activities... The SHG members are motivated to work. They approach us with their work plans, but there's no way to access land.

The SHG approach plays critical roles in helping SHG members build their individual and institutional capacities. This is consistent with the endogenous development principle that an endogenous development model primarily focuses on building the capacity of local communities. In the case of the SHGs covered in this study, the capacity building process is challenged significantly by the SHGs' lack of a legal personality

6) RETENTION OF BENEFITS IN THE LOCAL COMMUNITY

Retaining all the benefits of a development process within the local community is a criterion for endogeneity. Table 12 below illustrates that the SHGs keep the benefits generated from their activities for their own fair use. Study participants also agree that these benefits are distributed fairly within the group and the SHGs defended their assets .

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Table 12. The SHG’s experience of retaining benefits of the SHG process for their own use.

	Frequency (%; n=180)				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
SHGs kept all benefits	113 (62.8)	36 (20)	6 (3.3)	15 (8.3)	10 (5.6)
Income fairly distributed among all members	154 (85.6)	15 (8.3)	5 (2.8)	4 (2.2)	2 (1.1)
SHGs defended group interests and resources	136 (75.6)	36 (20.0)	6 (3.3)	1 (0.6)	1 (0.6)

Mainly due to the structure of the SHG institutions and the decision-making system, SHG members can easily maintain their benefits within their own groups. For example, they save within their groups and loans are internally managed with the participation of every individual member. Social benefits, such as mutual financial support in times of crisis, visiting and encouraging one another during sickness and mourning, and having the platform to come together to discuss group needs are all fairly shared among members. The words of Alemnesh illuminate this context: “I was visited during illness. I was looked for when I was uprooted from my home. When I am late for our group meeting by a few minutes, they ask, ‘What’s happened to Alemnesh?’ All this is due to my involvement in the SHG. If I weren’t in the SHG, they wouldn’t remember me... Therefore, I always hope that I’ve someone concerned about me.”

The local control of the resources of the SHGs is essential for retaining the benefits among members, and it sets the SHGs apart from SMEs and cooperatives. Martha

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explained this difference, “If group members want to do something, they will get money quickly. They fill out an application form and get co-signers from within the group. Then, they will get the money they need. In this way, the money will remain in our care. It won’t go anywhere.” Almaz’s, an SHG member, experience is worth considering, as it reveals how the SHG system helps them retain the benefits of their activities within their groups, as opposed to an MSE or a cooperative society: “There are microfinance organizations, such as Eshet and others. The SHG members do not go there. They borrow 4000 or 5000 birr from their group savings and pay back with 500 birr in interest... because the saving is their own money.” These benefits are hard to hijack or exploit by external agents. However, as mentioned in the previous sections, the registration of SHGs as SMEs and cooperatives threatens the maintenance of these benefits within the SHGs.

Based on the above results, it is possible to conclude that the SHG approach facilitates a favorable situation for the SHGs to maintain their economic and social benefits in their groups. This indicates that the SHGs, unlike SMEs and cooperative societies, practice the endogenous development principle that underlines the maintenance of group benefits as a critical element of the endogenous development process.

7) EXTERNAL SUPPORT COMPLEMENTS LOCAL KNOWLEDGE AND RESOURCES

An endogenous development process enables local community members to utilize their existing knowledge and resources. Support from external agents should recognize and

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build upon the existing potentials in the local community. Table 13 below shows the external agents that provide capacity building support in selected essential areas in which the SHGs organized under IUDD seek help. The findings show that IUDD provides significant support in all the essential areas, such as developing group leadership skills, building networks and partnerships with various stakeholders, improving the SHGs' monitoring and evaluation capacities, providing financial and material support, and training the SHG members on productive skills, business development and management skills, literacy and accountancy skills, and civic and constitutional rights. The other external agents with noticeable contribution to the capacity building process of the SHGs (although their contributions are less important than IUDD's in most of the cases) are local government offices, such as kebeles and sub-cities, other NGOs, schools, religious organizations, and local businesses.

SHG institutions also take over the responsibilities of building the capacity of the SHGs (See Table 13) though less than half of survey participants indicated that their SHGs received support from their CLAs and/or FLAs. The contribution of CLAs and FLAs in building the capacity of the SHGs is therefore less important than that of IUDD. In terms of capacity building, every internal or external support builds on what the community already has. Whether there is external support or not, every SHG practices leadership, coordinates its organizational activities, mobilizes finances through saving and credit, utilizes infrastructure, and has members who exercise a certain form of IGA. Even when

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community members organize themselves into a new SHG, they utilize their existing capacities in terms of leadership, finance and material assets, and literacy and accounting.

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Table 13. The role of external agents and hierarchical units in the SHG structure in building the capacity of SHGs.

	Percentage*									
	IUDD project	Other NGOs	Religious bodies	Community organizations	Government offices	Schools	Businesses	Individuals	CLAs FLAs	Others
Group leadership training	81.8	4.4	6.6	3.3	5.0	3.3	2.8	3.3	14.4	4.4
Productive skills training	59.1	4.4	6.6	6.1	13.8	9.4	7.2	1.7	14.9	7.2
Literacy training**	70.2	3.9	5.5	3.3	19.9	56.4	3.3	1.1	11.0	4.4
Training on rights***	40.9	6.1	8.3	9.9	49.2	16.0	1.7	0.0	10.5	1.1
Financial & Material support	43.6	14.4	18.8	5.5	3.9	2.2	2.2	1.7	11.0	5.5
Credits	38.7	6.1	9.4	5.5	7.2	1.1	16.6	5.0	14.4	9.4
Advice and guidance	71.3	3.9	24.3	6.1	16.6	1.1	2.2	7.2	20.4	3.3
Infrastructural support	54.1	5.0	26.0	4.4	20.4	14.9	1.7	16.6	16.6	6.1
Networking & partnership	58.6	6.1	9.9	6.1	13.8	5.0	1.7	2.8	38.7	9.4
Audit & monitoring support	61.9	4.4	7.2	2.2	9.9	2.2	7.2	4.4	50.3	5.5
Business development****	51.4	3.4	5.1	2.9	16.6	1.7	20.6	3.4	36.6	4.6
Training on rights*****	40.9	6.1	8.3	9.9	49.2	16.0	1.7	0.0	10.5	1.1

*n=180

**This training also refers to accountancy.

***Constitutional and civic rights, including women's and child rights.

****n=175

*****This training refers to civic and constitutional rights

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The SHG members are critical in deciding in which areas they need support and select the external support they need based on their own criteria. All interview and FGD participants agreed that support from external agents builds on what the SHGs already have. The following excerpt from an FGD explains the case:

“The process that has taken place is transformation in our thinking. The Ethiopian Kale Heywet [Church] has been on the forefront in initiating and leading this transformation. The other stakeholders have been coordinated through the church. Donors provide technical, financial, and various kinds of support for the success of this idea of transformation... No one has been transformed through handouts. We’ve never been given any free money... We need support, but we know in which areas we need the support. We look for support only in areas where we can’t meet our need... Donors support us in those areas of our needs.”

Girum’s, a project manager, perception of the SHG approach as a capacity-building-oriented process is reaffirmed when he said, “Our role is to develop and distribute manuals that can help facilitate their empowerment process. It is also to build the capacity of our project staff. We expect the community workers to go and help with the community’s empowerment process.”

Although the SHGs managed to access support from various sources for their capacity building, they do not have adequate support, particularly from government bodies, to access critical resources. As I indicated in the previous sections, this limitation is a serious challenge for the SHG’s growth and sustainability. In response to my question on

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her perception of the support her SHG received from local government offices and IUDD, Alemnesh said,

“I don’t understand the kebele people. May be they want to serve the interest of the government or they are simply dictatorial and stubborn... They [IUDD project staff] treat us, as they would do their own people... They regard us as family. Their treatment and the treatment of kebele people are different. They are far apart as the earth is from the heavens... The kebele doesn’t process our requests... It requires us to do a lot of things. It requires us to have something in our hands. [It’s a local idiom used to refer to a condition when an official asks for a bribe.] ... They [the kebele people] judge our weak sides. On the other hand, the project staff members never judge us on our weakness...”

The role of each external agent in providing support to the SHGs is usually more significant in the initial stages of an SHG and declines through time, as the SHGs build their capacity to handle more tasks without external help. This trend is a key aspect of the sustainability of the SHG process. (I provided more analysis on this topic in the sustainability section.) The following excerpt from an FGD illuminates my analysis:

“Initially, the project was coordinating things above us, but now, we are travelling side by side with the project... The support of the project decreases in terms of percentage while the community’s share increases. The project staff was doing all the office work, but now we are sitting here taking care of all the office activities... Even if the project phases out, the FLA will work with the community and continue the process.”

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As shown above, the SHG approach does not limit the development process to local potentials only. It rather uses external knowledge, experiences, and resources to complement what the SHG community already has. This practice of the SHGs is in line with the endogenous principle that local communities select the external support, which should complement existing local knowledge and resources.

8) LOCAL DECISION-MAKING, GROUP LEADERSHIP, OWNERSHIP, AND CONTROL OF THE DEVELOPMENT PROCESS

The SHG community's role in leading their development process is significant to determine the endogeneity of their practices including control, decision-making, leadership, and ownership. These areas are interrelated and thus difficult to treat separately. Table 14 below shows to what extent the SHG members who participated in the survey agree with the statement that the SHGs are autonomous in making-decisions about their development process. Most of the SHG members undertake the activities that they themselves wish to do and do not feel manipulated by external agents. They also feel they have become more independent in making their own decisions about their groups.

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Table 14. Sense of ownership, control, and leadership of SHGs.

	Frequency (%; n=180)				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
SHG is what members want to do rather than what others want	113 (62.8)	36 (20.0)	6 (3.3)	15 (8.3)	10 (5.6)
SHGs faced no manipulation from partners	109 (60.6)	35 (19.4)	15 (8.3)	5 (2.8)	16 (8.9)
SHGs defended group interests and resources	136 (75.6)	36 (20.0)	6 (3.3)	1 (0.6)	1 (0.6)
SHGs became more autonomous	112 (62.2)	46 (25.6)	14 (7.8)	7 (3.9)	1 (0.6)

Local decision-making is a general idea, and each internal and external agent has different levels of involvement in the decision-making processes of any given SHG. Table 15 below illustrates that the SHG members have close to absolute autonomy in making decisions on every aspect of their SHGs. Out of the highest possible mean score of 5, which represents absolute autonomy, the mean scores of the SHG members in 11 of the 12 decision-making areas are between 4.16 and 4.84. The only decision-making area where the mean score is below 4 is accessing external support. This does not mean the SHGs do not have as much decision-making rights in deciding the kind of support they access from external agents, as the score for a related area ‘deciding who to partner with’ is higher at 4.38. The SHGs’ relatively lower level of involvement in deciding the kind of support they get is related to a previous result that they have limitations in accessing support due to their lack of formal recognition by the Government.

On the other hand, of all the external agents that closely work with the individual SHGs, only IUDD has somewhat relatively significant levels of involvement in the

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decision-making processes. In fact, its level of involvement is not even close to the SHG members', which means the significance is mainly in relation to the rest of the external agents. Given that IUDD closely works with the SHGs in helping with their organization and development, it is not completely unexpected for it to have higher levels of involvement in the decision-making processes than the other external agents. These higher levels of involvement do not diminish the near autonomous levels of involvement of the SHG members. It is also important to remember that the levels of involvement of IUDD decrease through time, as the SHGs assume increasing amounts of responsibilities of coordinating their development processes. All the remaining external agents, including government bodies, community and religious organizations, businesses, and individuals have zero to insignificant levels of involvement in the decision-making processes of the SHGs.

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Table 15. Level of involvement of internal and external agents in the decision-making process of SHGs (on a scale of 1 to 5, where 1 is very low level of involvement and 5 is very high level of involvement).

Decision Areas	\bar{X}^*								
	IUDD	Other NGOs	Religious leaders	Community leaders	Government officers	Rich people/ politicians	Experts from community	CLA FLA	SHG Members
Who leads the SHGs	2.34	1.01	1.35	1.16	1.06	1.01	1.06	1.22	4.20
Amount a member saves regularly	1.71	1.00	1.32	1.16	1.00	1.00	1.03	1.01	4.41
Loan amount and eligibility	1.79	1.00	1.46	1.00	1.00	1.00	1.00	1.03	4.84
Contents of group bylaws	1.89	1.00	1.47	1.01	1.00	1.00	1.01	1.10	4.70
Who the SHGs partner with	2.22	1.02	1.52	1.00	1.01	1.00	1.01	1.54	4.38
Group needs, priorities, and goals	2.55	1.15	1.58	1.01	1.05	1.01	1.01	1.47	4.16
How to use the groups' resources	2.26	1.09	1.47	1.03	1.02	1.03	1.14	1.27	4.20
Weekly meeting agenda	1.59	1.01	1.33	1.00	1.03	1.06	1.02	1.22	4.52
Which IGAs to consider	1.80	1.05	1.39	1.01	1.03	1.13	1.11	1.23	4.26
Accessing external support	2.62	1.13	1.59	1.10	1.07	1.04	1.14	1.64	3.75
Which social festivals to observe	1.32	1.02	1.19	1.00	1.00	1.01	1.01	1.26	4.21
Community initiatives to involve in	1.24	1.10	1.25	1.30	1.10	1.06	1.17	1.22	4.56

*The highest possible mean score is 5 and it indicates absolute influence on the decision-making process for the respective decision area.

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The interpersonal and organizational skills of individual SHG members help SHG leadership succeed. Individuals with strong social connections and commitment play crucial roles in building a strong sense of ownership. SHG leaders noted in interviews that their greatest motivations for serving their groups was their desire to see change in their communities; their conviction that they have better personal skills and experience than others so that they can share what they know; and the expectation that they get praised for their contribution. In addition, substantial sense of ownership, significance, and mutual respect for one another is a key element in exercising community leadership within the SHGs. Alemnesh's case explains these points:

"I knew who to invite. I selected the people who later became my SHG members based on my judgment of their ability to be on my side and take over the leadership because I may not be able to do what I do due to sickness or travelling to another place... I'm trying to strengthen our group in this way... I want recognition and praise from God, the community, and the government... I am playing a significant role. I believe it is my responsibility to encourage them to come to our meetings even when they say they can't come due to work because I want them to know the benefit of the SHG here... I can't give up on individuals who're not strongly committed to the SHG. I shouldn't ignore such a person out of frustration or thinking that they aren't important. They may thank me tomorrow. That person's failure, hardship, or incompetence is also my own... I want the project to recognize me; I want the members to thank me and treat me with a high regard. Their success will give me a good image... God bless them. They respect me very much. If I tell them to come to a meeting at a certain time, they will come as I say..."

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Aregash, A CLA member, noted, “Even when they [the project staff] propose ideas that we don’t want to pursue, we discuss among ourselves and inform them that we don’t think it works that way.” It is apparent in these words that the SHGs make decisions outside of a direct influence of IUDD.

As indicated in Table 15 above, the level of involvement of external agents in the decision-making process is almost inexistent except for IUDD. Although IUDD has relatively higher levels of involvement, its closeness to the SHG process as the program implementer has much to do with the noticeable levels of involvement in some of the decision-making areas. The role of IUDD is mainly technical and helping the SHGs network with external agents so that they can sustainably access resources and the support they need for their development. Almaz, a community worker, noted:

When we attend group meetings and decisions are made, we only witness what they do. We don’t interfere in their process... Each member has the right to suggest agenda for their meetings... The cooperatives unit coordinator [at the kebele] wanted to get them [the SHGs] registered under his office... The SHG members refused to join the cooperatives... The members don’t want to be recognized as any other association but an SHG... The cooperative and MFI would provide more finance... but the interest rate is very high and will not go into the community’s account... when someone requests a loan, they need to

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have the signatures of all the five members in their political group¹⁷, which the kebele requires the women to be organized into.

Almaz's words reveal that the registration of SHGs as SMEs and cooperatives can compromise the SHGs' sense of ownership and ability to independently lead their development process.

As presented above, the SHGs exercise group leadership in decision-making and experience a significant sense of ownership and control their development process. This is in line with the principle that an endogenous development process encourages local community members to exercise local leadership and decision-making, which produce a strong sense of ownership and the capacity to control their initiative.

9) RIGHTS-BASED AND EXERCISES EQUITY AND EQUAL PARTICIPATION

Rights, equity, and equal participation are key aspects of the endogenous development process. The extent to which SHG members are aware of their various rights and practice equity and equal participation is important to determine the endogeneity of the SHG process. Table 16 below presents to what extent the survey participants think their SHGs work towards helping their members build awareness of their rights and ensure equity and equal participation. SHG members believe that their groups exercised equal participation, distributed group resources equally, and facilitated for every member to have

¹⁷ When women register as SMEs or cooperatives, the Government requires them to be organized into a five-member political cell, in which every woman discusses her daily plans and routines.

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Table 16. The SHG’s experience of working towards defending their rights and ensuring equity and equality in their development process.

	Frequency* (%)**				
	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Members feel they have equal rights to express their opinion in their SHG	140 (77.8)	29 (16.1)	10 (5.6)	1 (0.6)	0 (0.0)
Income is fairly distributed among all members	154 (85.6)	15 (8.3)	5 (2.8)***	4 (2.2)	2 (1.1)
Every member has a say in every affair of the SHG	150 (82.9)	26 (14.4)	2 (1.1)	2 (1.1)	0 (0.0)
Members are more confident to demand rights as a group*	112 (66.2)	46 (25.6)	14 (7.8)	7 (3.9)	1 (0.6)
Members’ needs and priorities are represented in the SHGs’ focus	122 (67.8)	42 (23.3)	16 (8.9)***	0 (0.0)	0 (0.0)

*‘n’ = 180.

**Percent calculated for n=180.

*** The value reflects the response option, *Neutral* instead of *I don’t Know/Uncertain* for this particular case.

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a say in the affairs of the SHGs (all over 90%). As indicated in the previous sections, SHGs identified goals related to ensuring social justice and equality and achieving freedom of practicing one's chosen culture and religion. In addition, government offices and IUDD trained SHG members on civic and constitutional rights. Based on these findings, it is possible to determine that the SHGs work on identifying and demanding their individual and group rights. They also practice equity in the distribution of resources and facilitate every member's equal participation in the operations of their groups.

Interviews enhance these findings on rights, equity and equal participation. For example, Almaz shows how SHGs build capacity that enables participation when she says,

The women have now become active speakers in the public. They used to hesitate to speak even when others insisted them to speak, but now they demand their rights in the legal process or when they discuss with kebele women's affairs office... The kebele people are happy when the SHG members go to their meetings because the SHG women ask a lot of questions unlike other women... They ask government officials a lot of questions.

Girum's statement strengthens the notion that the SHG process is key in increasing awareness and facilitating the development of skills essential for negotiating rights when he says:

"The SHG women go to environmental sanitation campaigns with slogans calling for protection of gender and child rights... We help them in their empowerment process to be able to express their opinions... They even resist our opinions... They ask government

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officers why the kebeles don't provide them land. All this is a result of the SHG process.

They wouldn't have become such assertive without the help of the project.”

Group bylaws are important in ensuring equality in the treatment of members and equity in distributing group resources. Alemnesh explains how the group bylaws are critical in terms of directing how her group members treat one another:

“They [the group members] regard me as their equal. They aren't scared of me. If they fear me, we can't achieve what we plan. We're not afraid of each other. We respect and support each other... Fear comes when there is pressure. There is no pressure in what we do. We're free to do what we want... Every group member benefits from the SHG equally. Every person who takes loan is supposed to pay back with the interest... It's equitably shared. We don't treat anyone better or less. When we visit someone who's sick ... we go to her house, make tea, talk to her, and leave... This is the same with every member. We don't say someone is better or less. We're all equal! Period!”

As per the above finding, the SHGs operate to create awareness of their members on their civic and constitutional rights and practice equal access to resources and decision-making processes. Thus, they satisfy the ninth principle that an endogenous development model is rights based, in which local community members practice equal participation and equitable distribution of common resources.

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10) SUSTAINABILITY

The subject of the sustainability of the SHGs has mixed features. As indicated in Table 17 below, the majority of the survey participants said their SHGs would very likely continue practicing their cultural lifestyles and exercising IGAs. A little over half of the participants indicated that their SHGs would very likely continue their group meetings and group saving and credit activities. On the other hand, in general, processes that require coordinating with external agents have more likelihood of not continuing, for example, only less than half of the participants said it is very likely that their SHGs would continue networking and partnering with other agents and accessing external credits and capacity building support.

Table 17. SHG members' perception of the likelihood of their SHGs to continue practicing the various aspects of their group development process without IUDD's coordination support.

	Frequency (Percentage)			<i>n</i>
	Very Likely	I don't Know	Very Unlikely	
Group meetings, discussions, decision-making	106 (58.9)	6 (3.3)	68 (37.8)	180
Group saving and credit	103 (56.9)	20 (11.0)	58 (32.0)	181
Networking & partnering with other agents	65 (36.5)	23 (12.9)	90 (50.6)	178
Participating in community initiatives	100 (55.6)	19 (10.6)	61 (33.9)	180
Exercising income generating activities	106 (59.9)	19 (10.7)	52 (29.4)	177
Accessing capacity building trainings	83 (46.1)	30 (16.7)	67 (37.2)	180
Accessing external credits	67 (37.0)	22 (12.2)	92 (50.8)	181

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Advocating for individual and group rights	96 (53.0)	9 (5.0)	76 (42.0)	181
Exercising individual religious activities	153 (84.5)	16 (8.8)	12 (6.6)	181
Practicing cultural life styles	161 (89.0)	10 (5.5)	10 (5.5)	181

CLAs and FLAs are key in the sustainability of the SHGs. They help individual SHGs coordinate their activities when IUDD’s projects phase. The following excerpt from an FGD illustrates the confidence of the SHGs to continue their activities in the absence of IUDD:

“If Kale Heywet stops the project, the FLA that has been created to take over the responsibility of coordinating SHGs has more knowledge than we need. It will take over and lead the SHGs. The FLA has an office to coordinate our activities... It’s channeling knowledge and skills to the SHGs... To begin with, we prefer the project to stay, but if it is time for them to go, we won’t be affected.”

The fact that the SHGs are not formally recognized makes the sustainability of the SHGs uncertain. As the sustainability of the SHGs is linked to the recognition of the SHG approach, in the absence of IUDD, the ability of the CLAs and FLAs to continue lobbying for formal recognition of the SHGs is critical. The networking aspect is weak, as the SHGs are not formally recognized and cannot make formal partnerships with key agents, particularly government bodies. It is clear from Halima’s statement below that the SHGs face a significant challenge to continue their activities if the Government does not recognize them:

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“I tried to convince the SHGs to come to the micro-finance system... I’m not challenged by the task of facilitating a place of work for the SHGs... We can shift each SHG to a micro-finance and issue a license for it. We do it all here [at the kebele]... The problem is that the SHG women think they might face challenges if they registered as SHGs... They are concerned that they wouldn’t be able to operate as they want. If they register as an MSE, their money will be transferred to another bank. So they’re worried... We tried to convince them... We’ve had five meetings with them... The kebele’s responsibility is to convince these women to become SMEs... Last year, the kebele decided to register all the 25 SHGs in the kebele as one cooperative, but the SHGs refused... The predicament is in the law. The law requires groups to register as SMEs to access a plot of land for work... If they don’t have a license, ... they can’t sell their products or services in the wider market.”

The threat to the sustainability of the SHGs is not posed only when the SHGs are not registered with the Government, but also if they registered as anything other than SHGs themselves. Girum fears that the registration of the SHGs as SMEs or cooperatives is a threat to the sustainability of the SHG approach, when he says,

Let alone after our project has phased out, even while we are closely working with the SHGs, they [government officers] are insisting that the SHGs join their system [cooperative and MFI]. They aren’t enforcing any measure, but they are lobbying... I know one uniquely strong SHG that insisted to register as an MSE... They got registered and negotiated to maintain their SHG activities. Right away, drastically, that successful SHG broke apart. The loan had high interests; they reached a level where they couldn’t function as a group. The government officers forced them to accept members from outside the SHG. They didn’t

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know each other. We were sensitive about their homogeneity, but they didn't... Later, the group got dissolved... Then, I realized that the other organizational options don't suit the SHG approach.

Based on the above findings, it is clear that the SHGs are concerned about their sustainability, which is the last endogenous development principle. The CLA and FLA structures are taking over the responsibility of coordinating the operations of the SHGs in an organized way. External agents' focus on building capacity of the SHGs and their little involvement in the decisions of the SHGs all indicate an intentional plan for the sustainability of the SHGs beyond the projects' periods. However, the lack of the SHGs' registration has negative impacts on the ability of the SHGs to sustain some of their essential activities without the help of IUDD.

In this chapter I showed that the SHGs organized by IUDD of the EKHDCDC practice each of the 10 endogenous development principles. The SHGs enable their members as individuals and groups to pursue endogenous development goals by building the capacity of their members and facilitating autonomous local decision-making. It is apparent that the extent to which the SHGs practice each of the 10 principles has effect on every other principle. As a typical example, the fact that most of the SHGs could not access substantial external support, particularly from local government bodies, affected local capacity and the sustainability of some aspects of the SHGs.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

I conducted the study to explore the endogeneity of the SHGs organized by IUDD-EKHCDC and, if my data proved that they are endogenous, determine the impact of their lack of recognition by the Government of Ethiopia as SHGs on their endogeneity. I also sought to extract lessons about endogenous development based on the practices of the SHGs covered in the study. The broad theoretical literature discussed in Chapter 2 is conclusive on the features and processes of endogenous development in a local community setting. Based on 10 principles of endogenous development drawn from the literature, I attempted to understand the endogeneity of the SHGs in the following four key aspects:

- a) The extent to which the SHGs practice endogenous development;
- b) The ways the SHGs help their members achieve endogenous development;
- c) The fate of the SHGs if the Government fails to recognize or simply registers them as MSEs or cooperatives; and
- d) The lessons we can learn about endogenous development based on the practices of the SHGs in Ethiopia.

The main empirical findings are section specific and summarized within the respective empirical sections in Chapter 5. In the next paragraphs, I will synthesize my empirical findings to answer my four research questions.

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My first and second research questions, *'To what extent do the SHGs organized by IUDD - EKH CDC practice endogenous development?'* and *'How do the SHGs help their members achieve endogenous development as both individuals and groups?'* are interrelated and, thus, I will synthesize my results to answer both questions simultaneously. In general, my empirical findings are conclusive that the SHGs have clearly incorporated all the 10 principles of endogenous development in their practices. The main summary related to each principle is as follows:

a. The SHG process is a local initiative rooted in the SHG members' own criteria and values of development. SHGs identify their mutual needs and goals based on their individual members' interests and their local areas' socio-economic and political situations, including the availability of resources and legal operational frameworks. The level of interference of external agents is insignificant, except for IUDD's community workers who are in a position to exert a substantial amount of influence through their role as technical facilitators, trainers, and advisors.

b. The SHGs practice a holistic approach to addressing their members' needs. Almost all SHGs (over about 90%) identified development goals that fall in the economic, social/political, cultural, spiritual, and environmental categories of development. However, the SHGs emphasize economic and social goals more than the others. The cultural and spiritual goals are mainly presented as the result of the SHG process rather than what the SHGs work to achieve.

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- c. The SHG approach revitalizes the SHG members' pre-SHG Knowledge, experiences, and values.** The SHGs expand on their individuals' knowledge, values, and experience of saving, income generation, social support, and group leadership. The SHG approach introduces new methods and concepts particularly in the areas of organizational structures, internal resource mobilization systems, and group membership concepts.
- d. The SHG process is primarily based on local resources.** Most of the SHGs identified natural, human, economic, built, social, and cultural resources in line with their group goals. However, less and less SHGs could access, use, and defend these resources. Land and credit are among the hardest to secure and this is mainly related to the SHGs' lack of formal recognition by local government bodies.
- e. The SHG process targets building the capacity of members as individuals and groups.** SHG members have improved their economic, social, and political competence through skill development schemes in the areas of literacy, group leadership, IGAs, advocating their rights, resource mobilization, and decision-making. CLAs and FLAs play critical roles in channeling capacity building opportunities for the SHGs. However, the SHGs' lack of formal recognition by the Government hindered them from accessing more capacity building sources, such as partnering with governmental and non-governmental agents.
- f. SHGs retain benefits of their development processes.** Most of the SHG members (over 80%) agreed that their groups keep all the economic and social benefits from their

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development process to themselves. A more significant number (over 94%) distribute these resources fairly among the members.

g. External support complements the local knowledge and resources of the SHGs.

The SHGs are not limited only to internal resources, but they also mobilize external support that they select based on their own criteria. The external support they seek to access is in line with what the SHGs say they lack and targets building the SHGs' capacity to sustainably coordinate their development initiatives. So far, the support the SHGs accessed from government bodies is insignificant mainly due to their lack of formal registration status. Over time, the SHGs need less external support to coordinate their essential activities, as their capacity grows in utilizing resources and partnering with stakeholders by themselves.

h. The SHGs exercise autonomous decision-making, group leadership, and control of the development process.

SHG members are the key decision makers in all of the activities of the SHGs, such as leadership, resource mobilization, social and economic engagement, control of the SHG operations and resources, and establishing networks and partnerships. As opposed to all the other external agents that work with the SHGs, IUDD has significant levels of involvement in the SHGs' decision-making process although these levels are not comparable with the SHG members'. Members (over 80%) also have a substantial amount of sense of ownership of the SHG activities.

i. The SHGs are rights-based and exercise equity and equal participation.

Most of the SHGs (about 95%) have rights-oriented development goals that they work to achieve.

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They widely practice equal participation and equitable distribution of resources. They work with external agents to build their knowledge of civic and constitutional rights, particularly women's rights, and to develop their negotiation skills to advocate their rights in the wider communities. The group bylaws are essential in framing equity and equality in the activities of the SHGs.

j. SHGs work towards sustaining their institutional arrangements and the impacts of their development. Most of the SHGs organized themselves into CLAs and, in some cases, FLAs, which support the development processes of the SHGs and represent them at higher economic and political levels. The SHG members are very likely to continue their institutional and individual socio-economic and cultural activities in most cases even if IUDD withdraws its support immediately. However, there is a significant level of doubt if the SHGs would be able to continue accessing external resources and partnering with external agents, as the SHGs' lack of formal registration hinders their external operations.

The SHG approach helps individuals, mostly women, from lower economic and social backgrounds to sustainably experience group empowerment processes through regular activities in group saving and credit, holistic needs identification, democratic leadership and decision-making, productive and social skills development based on existing local knowledge and experience, local and external resource mobilization, advocacy of civic and constitutional rights, retention of all benefits, equitable distribution of resources, and equal participation in the development process. The individual SHG members could not access these empowerment processes outside of their groups, as most

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of their challenges are related to socio-economic and political structures. Challenging these structures requires substantial levels of cooperation between the SHG communities and external agents, including SHG implementing and promoting organizations and the Government.

The third research question *'How would the endogeneity of SHGs be affected if they are not recognized by the Government or if the Government registers them as other forms of community-based associations, particularly MSEs and cooperatives?'* is related to the fate of the SHGs in Ethiopia. In the following paragraphs, I will present the synthesis of my findings that answer the question.

First, the SHGs' formal recognition is critical for fostering endogenous development within the SHGs. In other words, in the absence of a formal recognition, the SHGs cannot effectively pursue their endogenous development processes due to the following reasons: a) The SHGs are unable to effectively achieve their development goals, as they cannot establish linkages with external agents that are critical for accessing essential internal and external resources and competitively function in the broader socio-economic and political systems. I indicated in my findings that the SHGs could not access services, such as land or space for work and larger finance, from local kebeles. They are also unable to operate any substantial group businesses, as they do not have license mainly due to the policy framework that government bodies, particularly kebeles and sub-cities, do not provide essential resources to groups that are not registered as MSEs or cooperatives. The SHGs' inability to operate freely is a major reason for frustration among

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the SHG members who complained that they are unable to mobilize their resources. b) In the absence of a formal recognition, the SHGs' sustainability is threatened. In the aftermath of a project phase-out, the SHGs may find it hard to continue working with the local government bodies, as the SHGs do not have legal entities to represent their members before decision-makers. In my analysis, I noted that a significant number of the SHG members surveyed are skeptical of their SHGs' ability to access external resources without the help of IUDD. In their current status, IUDD represents the SHGs in formal communications with government bodies, banks, and other private organizations.

Second, my analysis illustrated that local government officers are lobbying and, in some cases, trying to persuade SHGs to accept registration as MSEs or cooperatives. However, SHG members and project staff members argued that the SHGs' registration as MSEs or cooperatives endangers their development processes, which can be explained in terms of the following endogenous principles:

- a. MSEs and cooperatives are principally economic organizations and do not recognize the non-economic development goals of the SHGs. Thus, their registration hinders the SHGs from practicing holistic development.
- b. The SHGs would not be able to utilize their local resources, including their knowledge and skills towards their group development, as MSEs and cooperatives are mainly based on external financial resources and technical support.
- c. The SHGs would be unable to mobilize their financial resources quick enough due to the frustrating bureaucracy of the MFIs to approve loans and discharge the actual money to

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the groups. The SHGs' ability to access loans is questionable as they may not be able to provide the high-monetary-value collaterals and monthly salary guarantees required to be eligible for credits from MFIs.

d. The SHGs cannot continue building their capacity in various non-economic areas, such as their awareness of civic and constitutional rights, literacy skills, and group leadership skills, as the MSEs and cooperatives are mere economic associations that do not focus on other aspects of the community's development needs.

e. Registering as MSEs or cooperatives would compromise the SHGs' ability to retain all the benefits of their development process, as the SHGs would lose their incomes that they make in the form of interest on their saving at the banks and on the loans individuals take from the group savings. The MFIs would require the SHGs to transfer their money to the MFIs' accounts, which means the SHGs do not have immediate access to their resources and, as several of the members noted, the MFIs would make profits out of the SHGs' saving by keeping the saving interest and charging high loan interests.

f. The SHGs would not be able to exercise autonomous democratic decision-making, as government officers have significant interference in the decisions of MSEs and cooperatives, which are closely overseen by local government officers. In order for the SHGs to register as MSEs or cooperatives, their members must organize themselves in the government's five-member political groups, whose members must approve every loan request based on political criteria. I also strongly believe that the SHG members would

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lose their current strong sense of ownership if they were forced to register as MSEs or cooperatives.

g. MSEs and cooperatives are not rights-based and do not necessarily exercise equal participation. Unlike the SHGs', their bylaws are pre-defined and do not reflect the members' interests. Loan approval decisions are made entirely by government-based or other MFIs, which minimize the roles the individual SHG members can play in their development processes.

h. Due to all the above factors associated with registering the SHGs as MSEs and cooperatives in particular and non-endogenous class of registration in general, the sustainability of the SHGs' existing development process is threatened. Obviously, based on the case given in the Sustainability section of Chapter 5, the SHGs might collapse or be forced to take on new members who do not match them in terms of economic and social backgrounds.

In general, the registration of the SHGs as MSEs or cooperatives clearly obstructs the development process of the SHGs, which is proved to be endogenous. By limiting SHGs to economic activities, it hinders their holistic development processes and capacity building efforts. The SHGs may not be able to challenge the existing social, economic, and political structures that promote inequitable distribution of resources and exclusion of lower-income classes of the community, particularly women, from decision-making at domestic and community levels. By being unable to protect their resources, including the benefits from

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their development activities, the SHGs may be exposed to further exploitation and become vulnerable.

The answer to the fourth research question *‘What important lessons about endogenous development framework can we draw from the SHG experience in Ethiopia?’* has implications for the endogenous development theory in general. Although the SHGs fully practice the endogenous principles as drawn from the literature, my analysis of the SHGs’ practices also provides additional insights into the endogenous development concept. Next, I will present some of the most important implications:

The localness of endogenous development does not necessarily imply an entire setting of a local community. In the case of the SHGs, exclusive groups of individuals with homogenous backgrounds experience the endogenous development processes, and other members of the local community, including private and public institutions, relate to the SHGs as external agents. The endogeneity of the SHGs expands the current notion that endogenous development refers to a territorial process of change (Vazquez-Barquero, 2002; Margarian, 2011, and Bodnar, 2013) to also mean it is a development process that occurs among a group of people located in a certain territory.

As Sajan (2011) hinted, defining the internal and external of locality in endogenous development is a challenge. Since the SHGs are exclusive groups, it may appear apparent to distinguish between the internal and the external in terms of membership. However, their exclusivity also makes distinguishing between internal and external resources extremely difficult, as the SHGs share some resources, particularly

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those in the common pools, with other members of the community. As seen in the SHGs' case, although the SHGs identified a list of local resources that they wanted to utilize, establishing access to and utilizing many of those local resources were difficult due to exclusive and collective ownership issues. Thus, the general idea of endogenous development as based on local resources should be further qualified to refer to development primarily based on resources that are internal to the endogenous development group. It should also assume that through time with increased capacity the endogenous development groups claim access to the common pool resources from which they have been sometimes excluded due to their incapability to defend their rights of access.

The over simplistic approach to identifying all 'extra-local' or 'extra-SHG' agents as external agents diminishes the significant roles some of these agents play in the internal activities of groups that experience endogenous development. For example, local government bodies or even SHG program implementing projects sometimes employ SHG members. This makes the boundaries between internal and external agents porous, as individuals internal to the SHGs may also represent agents that are regarded as external to the SHGs. Additionally, the external agents relate to the SHGs in varying degrees and understanding their interactions requires a deeper, case-by-case analysis of the roles of each agent.

The holistic approach of the endogenous development should not imply that every group that practices endogenous development necessarily addresses development needs in all economic, social, cultural, spiritual, political, and environmental categories. It should

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rather mean that such a group is open to address its individual members' needs that may fall in one or more of these categories. Thus, it is possible that an SHG has not identified a development goal in one or more of the categories above and it is still practicing endogenous development.

As stated in my introduction in Chapter 1, the fact that the policy framework of Ethiopia does not recognize SHGs is my main motivation for conducting this study. Thus, I strongly believe that my findings have substantial policy implications for maximizing the development impacts of the SHGs in the country. First, the formal recognition of the SHGs by the Government is critical for the SHGs to build their capacities; mobilize their financial resources; access resources critical for their development process, such as land and credit; competently operate in the wider socio-economic structures of the society; and sustain their development initiatives.

As I mentioned in Chapter 1, the formal recognition of the SHGs is not the complete solution for their existing problems. Recognition by itself has inherent impediments that may potentially limit the SHGs' ability to function as autonomous organizations of community members from the lowest income classes in the country. By registering the SHGs, the Government will have the room to regulate how the SHGs function. Therefore, the merits and demerits of recognition in general and registration in particular need a careful examination. Unnecessary regulation and control, especially if policy-makers and executives are not sympathetic to grassroots community movements,

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such as SHGs, might mean the SHGs could lose their ability to make their own decisions and maintain a sense of ownership for their development process.

As it is clear in my findings, the recognition of the SHGs needs to be based on all the endogenous principles, some of which assert that the SHGs need to be regarded as autonomous community organizations. Although the risks that come along the registration of the SHGs cannot be eliminated, ensuring all the endogenous principles are considered and built upon when enacting a new class of recognition for the SHGs may reduce the risks, by allowing the SHGs to operate with relative freedom and independence. I assume the SHGs may not enter a new era with their mere recognition in terms of their ability to function effectively if their recognition fails to incorporate each of the 10 endogenous principles that characterize and determine the kind of organization the SHGs are and the nature of development they pursue.

Second, as noted in Muhlinghaus and Walty (2001), and Steffenssen (1994), communication, collaboration, and the willingness of the local people to accept change and participate in local institutions are important. My findings also indicated that the SHGs have declined the offer from kebles and sub-cities to register them as MSEs and cooperatives. Policy makers should, therefore, ensure communicating and collaborating with the SHG members to negotiate a policy framework that satisfies the SHGs' development goals in order for genuine endogenous development to take place within the SHG community.

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Third, registering the SHGs as MSEs or cooperatives has a tremendous negative impact on the SHGs' development initiatives. It disregards the community's interests and, therefore, will not have the members' sense of ownership, which is a key factor for the success of a development initiative. Above all, the SHGs will completely lose their endogeneity, which means they cannot address their common needs holistically, particularly the non-economic needs; they cannot retain the benefits from their development efforts and may be exploited by more powerful economic and political actors; they cannot play key roles in determining the process of their own development, as other influential political and economic actors make most of the decisions; and they cannot build their capacity, which they need to challenge the complex socio-economic and political systems that denied them their rights to resources of various sorts in the first place. Therefore, the Government should enact a law that embraces SHGs as legally recognizable local development groups that pursue development based on endogenous principles.

Lastly, the concept of the endogeneity of the SHGs is helpful for harmonizing the SHG implementations. As inferable from my findings, some endogenous principles lay strict criteria for executing certain activities, such as the autonomy of the SHGs in making decisions, the need to focus on building the capacity of the SHG members as individuals and groups, the holistic approach to addressing mutual needs, and the strategy of building on exiting knowledge, values, and experiences. However, external agents, particularly SHG program implementers and SHG concept promoters, still have some space to diversify their approaches without compromising these strictly established principles. For

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instance, external support considers each SHGs' strategic and immediate needs, and it can be creatively provided as long as it does not diminish the autonomy of the SHGs in selecting the kind of support they need and prioritizes building the capacity of the SHGs instead of mere provision of support. In short, diversity is possible in terms of strategizing the approach and content of support external agents provide based on what the SHGs select or decide to access.

Debates around endogenous development and the application of policy frameworks to the SHG approach, particularly when it is perceived as an endogenous development model, are multifaceted and complex. Although my study contributes to these discussions, I suggest more case studies of SHGs be done to answer the following questions: a) To what extent is each endogenous development principle related to every other principle, and how does a compromise or strength in one principle affects the endogeneity of the entire development process? b) Are there any differences between women-only and men-only SHGs in terms of adopting the endogenous development principles? c) Does the endogeneity of the SHGs differ from one area to the other, including urban and rural settings? d) How can the Government coordinate the development initiatives of the SHGs within its broader development programs if it recognizes the SHGs as they are? e) Which level/s of the SHG structure should be registered in order to effectively coordinate the grassroots level development activities?

In spite of the absence of any theoretical or practical discussions on the subject, I demonstrated that the SHGs organized by EKHCDG pursue endogenous development. I

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justified that both unrecognizing the SHGs and registering them as MSEs or cooperatives compromise the endogeneity of the SHGs with negative consequences that could reach the extent of undermining the development needs of the SHG communities. Therefore, in order to help the estimated 400,000 SHG members achieve their development goals, policy makers and SHG promoters should understand their endogeneity and enact a policy framework that recognizes their development approach as it is.

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ANNEX 1 – SAMPLE ORGAL RECRUITMENT SCRIPT FOR SURVEY – SHG

LEADERS

“Hello. My name is Bisrat Lemessa Kabeta. I am a first year Clark University student working on my Master’s degree in the International Development, Community, and Environment Department (IDCE). Clark University is in Worcester, Massachusetts in the United States of America. I am working under the supervision of Dr. Cynthia Caron, professor of International Development and Social Change. I am interested in learning how self-help groups (SHGs) help you and your communities address your basic needs. I would like you to respond to some questions in a questionnaire regarding how the self-help group that you are a member of operates. The questions are about the resources that the self-help group uses and how individuals and organizations involve in its internal affairs. If you are willing to participate, it will only be one-time and will take around thirty minutes. The questionnaire will be administered in a private location so that no one else will be able to listen to your conversation.

The facilitator who is assigned to oversee your self-help group will administer the questionnaire on my behalf. After he/she helps you to answer the questions, he/she will give the questionnaire to me. I will be responsible for storing, organizing and analyzing your responses.

The Clark Committee for the Rights of Human Participants in Research and Training Programs (IRB) has approved this study.

Would you like to participate in the survey?

Before we begin filling out the questionnaire, I will provide you a written consent form for you to read and to sign. If you want, I will read the consent form to you. Among other things, it states your participation in this study is voluntary and you may cease to participate at any time for any reason without penalty. Also, you will be assigned a code number so your identity will not be revealed to others and what you tell me can never be traced back to you.

Do you have any additional questions or concerns about the process or how the information will be used? Perhaps you can choose to contact me at +1-571-388-0812 or bkabeta@clarku.edu or contact my professor at +1-978-503-2564 or CCaron@clarku.edu.”

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ANNEX 2 - SAMPLE INFORMED CONSENT – QUESTIONNAIRE – SHG

LEADER

Title of Research Study: The Prospects and Challenges of the Self Help Group Approach as an Endogenous Development Framework in Ethiopia

People in Charge of Study:

Name	Phone	Email
Bisrat Lemessa Kabeta	+1 571-388-0812	bkabeta@clarku.edu

Researcher Supervisor: Professor Cynthia Caron
Clark University
950 Main Street
Worcester, MA 01610
Phone: +1 978 503 2564
Email: CCaron@clarku.edu

About this Research Project:

The researcher, Bisrat Lemessa Kabeta, working under the supervision of Professor Caron at Clark University, in Worcester, Massachusetts in the United States of America, is researching self-help groups (SHGs) organized by the Integrated Urban Development Department of the Ethiopian Kale Heywet Church. Your opinions and experiences will help me in my research and help other people interested in working with local communities to understand how self-help groups work.

You do not have to participate in this study. You can decide not to respond to the questionnaire. You will not be getting paid for participation.

If you agree to participate, you will respond to questions in the questionnaire and it will take you around thirty minutes. The questionnaire asks you about your experience in the self-help group, what resources it utilizes, how individuals and organizations involve in its activities etc. The facilitator who is assigned by the project to oversee your self-help group administers the questionnaire on behalf of me, and I will be responsible for storing, organizing and analyzing your responses. The questionnaire will be administered in a private location that is comfortable for you and no one else will listen to your conversation.

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The completed questionnaire and the signed consent form will be stored separately in lock-secured file cabinets during my stay in Ethiopia. While traveling to the United States, I will keep the documents in a locked suitcase that I will carry on the plane. Once I arrived at Clark University in the United States of America, I will keep both the documents separately in lock-secured file cabinets in the International Development, Community, and Environment (IDCE) Department. The data will be used strictly for the specified research purposes and the documents will only be shared with Professor Caron, my research supervisor. All questionnaires will be destroyed two years after the end of the study.

There are no known direct risks or benefits to you or your family members for participating in this study. You may refuse to answer any question, stop participating in the survey at any time for any reason without penalty, or ask to reschedule the time you participate in the survey. These options are always available to you. The possible benefits of participating in this study include promoting research on self-help groups as potential local development drivers and better understanding local development needs and the ways that development organizations can work with self-help groups to address the needs of members.

If you have any questions or would like to obtain any additional information about the researcher and the management of the self-help groups project, please contact Simon Haile, Head of the Integrated Urban Development Department of Ethiopian Kale Heywet Church, +251-911-36-2548.

The results of this research may be published or shared with the project, but your name or identity will never be used in any publication or in any conversations with other people. All identifying information (including name) will not be recorded in the data.

None of the services you receive here will be impacted by what you tell me since your identity will remain confidential. Before filling out the questionnaire, a random code number will be assigned to you and it will be used in relation to your answers to protect your identity. That way, what you say and who you are will not be linked.

Please contact the person above if you have questions about this project, or if you would like to obtain the final report based on this research.

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Sample: INFORMED CONSENT – QUESTIONNAIRE – SHG LEADER

ORAL CONSENT:

STUDY TITLE: The Prospects and Challenges of the Self Help Group Approach as an Endogenous Development Framework in Ethiopia

RESEARCHER: Bisrat Lemessa Kabeta

The process, aims, affiliation, risks and benefits of this study were explained clearly to me, and I freely give my consent to participate. I understand that I will respond to questions in a questionnaire for around thirty minutes, and that there are no potential risks to me or my family members, and that my information and what I share will remain confidential, and cannot be traced back to me. I may also stop participating in the study at any time for any reasons without any penalty for doing so.

I was given a copy of this consent form for my records. I understand that if I have any questions, I can call Bisrat Lemessa Kabeta, +1-571-388-0812 or I can contact his supervisor, Professor Cynthia Caron, by phone at +1 978 503 2564 or by email at CCaron@clarku.edu in addition to contacting their university directly at: Chair of the Institutional Review Board (IRB), Dr. James Elliott, Clark University, 950 Main Street, Worcester, MA 01610-1477; phone: +1 (508) 793-7152.

Statement: The study participant, (ID/name) _____ refused or is unable to sign the form for reasons of confidentiality, anonymity, literacy and/or linguistic reasons. I have instead read her/him the consent statement above, and she/he has given consent to participate in this study.

ANNEX 3 – QUESTIONNAIRE FOR SHG LEADERS

The Prospects and Challenges of the Self Help Group Approach as an Endogenous Development Framework in Ethiopia

I. Background Information:

1. Please *circle* the project site: **Addis Ababa** **Nazareth** **Jimma**
2. Please circle the sex of the respondent: **Female** **Male**
3. Is the respondent currently: Married ____ Single ____ Separated ____
Divorced ____ Widowed ____
4. Which of the following statements best describes your level of responsibility in your household?
 1. I am the sole provider of basic needs for my household: ____
 2. I share the responsibility of providing for my household with other people: ____
 3. I am not responsible for providing basic necessities for my household: ____
5. Which of the following statements best describes your level of literacy?
 1. I am not able to read and write: ____
 2. I am able to read and write to some extent: ____
 3. I am able to read and write very well: ____
6. What year was the SHG you are the leader of formed? _____
7. How many members does the SHG have? _____
8. How often does this SHG meet? Once or more times per week ____
Once per two weeks ____ Once per month ____

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II. SHG as a Local Initiative: *(In this section, I will ask you questions to understand how local resources, institutions, and priorities are used in the operations of your SHG.)*

9. In this group, have members ever identified common needs? Yes ___ No ___
10. (Enumerator: If ‘Yes’ to the previous question) After identifying the common needs, did group members prioritize them? Yes ___ No ___
11. In this group, have you ever set goals for what you want to achieve as a group?
Yes ___ No ___
12. Which of the following represents what the SHG states that it wants to achieve? (Tick that apply)
1. Increased income (*capital, material assets etc.*): _____
 2. Improved equality (*taking part in decision making at household and community levels etc.*): _____
 3. Freedom to practice one’s religion (*worship, assemble with people with the same religious views etc.*): _____
 4. Freedom to practice one’s culture (*speak one’s language, dress in traditional clothes etc.*): _____
 5. Protected environment (*living in clean, healthy and conserved environment*): _____
13. How closely related is your experience before becoming an SHG member to each of the following aspects of the SHG?

	Not at all Related	Some What Related	Closely Related	Very Closely Related
1. Group meetings, discussions and decision-making styles				
2. Membership style				
3. Ways of saving and providing credit				
4. Participating in community initiatives, such as environmental sanitation, advocacy for gender equality etc.				

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5. Types of income generating activities				
6. Identified needs, priorities and goals				
7. Languages and dialects used				
8. Style of group coordination and leading				
9. Ways of socializing and supporting one another				
10. Organization of SHG, including CLA and FLA				

14. Has this group ever made an assessment of resources in this locality that you intend to utilize to achieve your goals? a. Yes ____ b. No ____
15. Enumerator (If replied ‘Yes’ to the previous question), please select what applies to your SHG’s experience with local resources listed in the table below. *(Please select as many as apply for all but the shaded rows.)*

Local Resources	Identified	Accessed	Used	Owned, made decisions about	Defended protected
1. Natural resources (vegetation, water, rocks etc.)					
2. Human resources					
1. Knowledge					
2. Skills					
3. Produced/human-made resources (buildings, equipment etc.)					
4. Economic/financial resources					
1. Income, capital, saving etc.					
2. Markets, shops etc.					
3. Credit					
4. Material assets					
5. Social resources					
1. Support from community leaders					
2. Support from religious leaders					
3. Support from family members					
6. Cultural resources					
1. Faith, belief, prayer, worship, counseling					
2. Social norms					
3. Art, artifacts, music					
4. Language, stories, sayings etc.					

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III. Capacity Building: *(In this section, I will ask you about the types of support your SHG has ever received from various agents.)*

16. Please select all the organizations, individuals and associations that provided each of the types of supports listed in the table below. *(Select as many as apply for each type of support.)*

	IUDD project	Other NGOs	Religious bodies	Community organizations	Government offices	Schools	Businesses	Individuals	CLAs FLAs	Others
1. Training on the SHG approach										
2. Training on group leadership										
3. Productive skills training										
4. Literacy and accountancy training										
5. Training on civil and constitutional rights										
6. Financial and material support										
7. Credit and loan										
8. Consultancy and guidance										
9. Infrastructure and facilities										
10. Networking and partnership										
11. Representation and lobbying										
12. Recognition, registration and licensing										
13. Marketing, promoting										
14. Auditing, monitoring, evaluation										
15. Business development support										

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17. Considering the overall support the SHG accessed, such as financial, material, knowledge, skills, and lobbying for the SHG’s cause, to what extent do you agree with the following statements?

<i>Because of the overall support my SHG received</i>	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. We have gained knowledge on group leadership					
2. We have acquired skills we can use for income generation					
3. We are more confident to demand our rights as a group					
4. We are more autonomous and independent as a group					
5. We are recognizable by various bodies, such as the government, NGOs and businesses as an SHG					
6. We have improved our ability to read and write					
7. We have accessed and used more resources					
8. We have participated in community initiatives					
9. We have kept all the financial gains from our SHGs for our own use					
10. We have achieved some of our group goals					
11. We are closer as a group than we were in the beginning					

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IV. Decision-making: *(In this section, I will ask you about who makes decisions in the operations of this SHG?)*

18. Please rate each of the agents in the table from 1 to 5 in terms of their level of involvement in making decisions on each of the following issues in your SHG. (**1 = very low, 2 = low, 3 = average, 4 = high, 5 = very high**)

<i>Who makes the decision about:</i>	IUDD project staff	Other NGO staff	Religious leaders	Community leaders	Government officers	Rich people or politicians	Experts from the community	CLA FLA	SHG Members	I don't Know	N/A
1. Who can be an SHG member?											
2. When and where the SHG meets?											
3. Who leads the SHG?											
4. The amount each individual must save?											
5. Loan amount and eligibility?											
6. Where to save group money?											
7. Group bylaws?											
8. Who the SHG partners with?											
9. Training for the SHG?											
10. Group needs, priorities & goals?											
11. When to form a CLA?											
12. How to use the group money?											
13. Meeting agenda?											
14. Income generating activities?											
15. Accessing external support?											
16. Auditing group finances?											
17. Which religious activities to practice as a group?											
18. Which festivities to observe?											

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19. Language spoken in the group?											
20. What community and societal initiatives to take part in?											

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V. Ownership of the Development Process: *(In this section, I will ask you about how much you as a member are in control of the SHG process.)*

19. Based on your experience in the SHG, to what extent do you agree with the following statements?

	Strongly Agree	Agree	I don't Know or Uncertain	Disagree	Strongly Disagree
1. My needs and priorities are represented in the SHG's focus.					
2. We, members of the SHG, are the only beneficiaries of all the benefits from our activities as a group.					
3. The SHG's income is fairly distributed among all members.					
4. The SHG helps me utilize my potential in my daily activities.					
5. The SHG helps me acquire knowledge and skills that are important to me.					
6. I feel I have the right to express my opinion anytime in my group.					
7. All members have a say in every affair of the SHG.					
8. I do not feel our partners are manipulating us.					
9. I feel as a group we are able to defend our interests and resources.					
10. The SHG is what we want to do rather than what others want us to do.					

VI. Sustainability: *(In this section, I will ask you about your strength to continue as a group without IUDD.)*

20. How likely would your SHG continue exercising the group activities in the table below if IUDD stopped providing you with coordination support?

	Very Likely	I don't Know	Very Unlikely
1. Group meetings, discussions and decision-making			
2. Group saving and credit			
3. Networking & partnering with other agents			
4. Participating in community initiatives			
5. Exercising income generating activities			

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6. Accessing capacity building trainings			
7. Accessing external credits			
8. Advocating for individual and group rights			
9. Exercising individual religious activities			
10. Practicing cultural life styles			

Thank you very much for your participation! Your opinion is very essential to understand the SHG very well!

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ANNEX 4 – SAMPLE INTERVIEW QUESTIONS FOR SHG MEMBERS

1. Why did you join the SHG? Do you believe it helps you achieve your development priorities? How?
2. How much do you involve as a member when your SHG makes decisions?
3. How do you see the needs identification and prioritization process in your SHG? Do you feel your interests are represented? Why do you think that way?
4. How easy was it to learn about the SHG approach? Did you have similar group experiences prior to joining the SHG?
5. How does your SHG help you access and use resources in your locality?
6. What is your opinion about how the SHG members benefit from involving in the group? Do you think each member benefits as much as every other member? Why do you think that way?
7. What do you think the roles of external agents, including IUDD, should be like in your SHG? Why do you think so?
8. How do you perceive the change you have witnessed in your life as a result of joining the SHG?
9. What do you think you and your SHG members would do if IUDD stopped supporting your group?

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ANNEX 5 – SAMPLE FGD QUESTIONS FOR CLA LEADERS

1. How was this CLA formed? How do you make decisions as a group in the CLA?
2. How do you think the CLA is helping its member SHGs achieve their development goals?
3. What kind of development do you think the SHGs should pursue? Who do you think should define that? Why do you think so?
4. How do you perceive the level of participation of individual SHG members in the affairs of the CLA?
5. Do you perceive the SHG as a local initiative? If so why? If not why not. What makes SHGs “local”?
6. How do you perceive the roles of external stakeholders, including IUDD, in the affairs of the CLA?
7. What would happen to the SHG approach in general and the member SHGs of your CLA in particular if IUDD withdrew its support?
8. Do you think SHGs are different in terms of how they operate? If so why?

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ANNEX 6 – SAMPLE FGD QUESTIONS FOR FLA LEADERS

1. How was this FLA formed? How do you make decisions as a group in the FLA?
2. How do you think the FLA is helping its member SHGs achieve their development goals?
3. What kind of development do you think the SHGs should pursue? Who do you think should define that? Why do you think so?
4. How do you perceive the level of participation of individual SHG members in the affairs of the FLA?
5. Do you perceive the SHG as a local initiative? If so why? If not why not. What makes SHGs “local”?
6. How do you perceive the roles of external stakeholders, including IUDD, in the affairs of the FLA?
7. What would happen to SHG approach in general and the member SHGs of your FLA in particular if IUDD withdrew its support?
8. Do you think SHG are different in terms of how they operate? If so why?

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ANNEX 7 – SAMPLE INTERVIEW QUESTIONS FOR SHG FACILITATORS/COMMUNITY WORKERS

1. How do you perceive your role in the operations of the SHGs that you work with?
2. Do you believe SHGs are ideal for helping the community members address their development needs? (Why? Why not?)
3. How do you think the SHGs should identify their development priorities? Why do you think this way?
4. How do you perceive the difference between a strong and a weak SHG? Why do you think so?
5. Do you think SHGs differ in terms of their operations, such as decision-making processes, accessing resources, involving in community initiatives etc.? If so why or why not?
6. How much control do you think SHG members have over their group activities and assets?
7. How successfully do you think the SHGs could continue if IUDD withdrew its support from them? Why do you think this way?

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ANNEX 8 – SAMPLE INTERVIEW QUESTIONS FOR PROJECT COORDINATORS/MANAGERS

1. Do you think that the SHG model is a local development approach? If so how?
How is it different from other local development approaches?
2. Do you think SHGs can help their members achieve their development goals?
How do you think they should define their development goals?
3. What do you think about the roles IUDD is currently playing in the SHG process? How important do you think these roles are?
4. How do you perceive the difference between a strong and a weak SHG? Why do you think SHGs vary in terms of their strengths as local development initiatives?
5. Are SHG members in control of the SHG process and their common resources?
Why or why not?
6. How successfully do you think the SHGs could continue their operations if IUDD withdrew its support from them? Why do you think this way?

HOW ENDOGENEITY MATTERS IN FRAMING LEGALIZATION

ANNEX 9 – SAMPLE INTERVIEW QUESTIONS FOR GOVERNMENT OFFICERS

1. Do you think SHGs in general are successful local development initiatives? Why do you say that way? How about the SHGs organized by IUDD?
2. How do you think the SHGs can help their individual members address their prioritized goals?
3. What kind of development activities should SHGs pursue? Why do you think so?
4. What do you think is the role of government at local and national levels in the SHG process?
5. Do you believe the SHGs need external support? Why and why not? If you believe they need external support, what kind of support do they need?
6. How is the SHG form of development different from other development approaches?
7. Do you think SHGs vary in terms of their operations? How do you think they are different?
8. What do you think would happen to the SHGs if IUDD withdrew its support? Why do you think so?