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# **The Contribution of Common Interest Groups (CIGs) to Rural Livelihoods Development in Afghanistan: A Case Study of Bamiyan and Herat Provinces**

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## **Authors' contributions**

*This work was carried out in collaboration between both authors. Author MHK designed the study, managed the literature searches, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Author ASS managed the analyses of the study. Both authors read and approved the final manuscript.*

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## **ABSTRACT**

Common Interest Group (CIG) as a farmer organization is a small voluntary association of poor people and small-scale farmers, usually from the same socio-economic background, who come together on the bases of some mutual interest or common objective. The main objective of this case study, conducted in 2020, was to examine the situation of CIGs in terms of their performance and to assess their role in improving rural livelihoods in Afghanistan. The analysis of data, collected through stratified random sampling technique from 160 CIG members of Bamiyan and Herat provinces, shows that CIG model is one of the successful models for improving the socio-economic status of small-scale farmers and rural poverty-stricken population in Afghanistan. CIGs provide agricultural inputs and trainings on improved agricultural technologies to its members on favorable terms and time.

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## 1. INTRODUCTION

Afghanistan remains a predominantly rural society with majority of its population (about 70%) dependent solely on small-scale farming for their livelihood [1]. The development of Afghanistan is only meaningful if the rural masses can gain enough income for living a better and prosperous life [2]. Access to financial services is an essential part of the rural economy that paves the ground for the procurement and consumption of agricultural inputs [3]. Presently, no formal credit system exists to provide extensive financial services to farmers in Rural Afghanistan, except a few private banks and non-banking financial institutions. The rural financial market is largely dominated by informal sources such as moneylenders, relatives, friends, agricultural product traders and some NGOs-led microfinance initiatives under the Microfinance Investment Support Facility for Afghanistan [3,4].

Among the financial services, Revolving Fund (RF) can become an important tool for boosting economic growth, reducing poverty, generating employment and improving farmer livelihoods. Revolving Fund creation is a mechanism to help small-scale and landless farmers to get loan and begin savings. This fund helps farmers raise enough money to start a small business such as rearing animals, growing crops, processing and marketing agricultural products etc. Group of farmers manage the fund themselves according to their own needs. The capital and interest earned becomes the property of the group, so it is in their interest to repay the loans in full and on time. For utilizing RF, the farmers must organize themselves into small groups or farmer organizations, called Common Interest Group (CIG).

This study examines the current situation of CIG and their role in improving rural livelihoods in Afghanistan. Principal data used are based on responses collected from CIG members (the sample size: 80 in Bamiyan and 80 in Herat provinces) through a household survey. Descriptive statistics tools were applied to the responses for each question (five-point Likert scale). Moreover, intensive interviews were conducted with CIG chairmen, local extension workers and other key informants to identify the pros and cons of CIGs in the study areas.

### 1.1 Farmer Organizations

Farmer organizations (FOs) are formal or informal (registered or unregistered) membership-based collective action groups serving its members, who receive a part or all of their livelihood from agriculture (crops, livestock, fisheries and/or other rural activities). FO is a means to bring together the small farmers and other small producers to build their own business enterprise. FO offer small farmers to participate in the market more effectively and help to enhance agricultural production, productivity and profitability [5]. FOs are to internalize extension services for its member and provide backward/forward linkages, extension strategies, public, private extension agencies and NGO involve in FO to promote for mobilizing farmers because extension functionaries have skill for facilitation [6]. FOs are essential institutions for the empowerment, poverty alleviation and advancement of farmers and the rural poor [7]. The aim of FOs is to solve problems that individual farmers failed to address independently. Accordingly, FOs are involved in inputs/outputs marketing activities, credit and information provision and providing other services to the members [8]. Farmer Organization improve the livelihoods of its members by facilitating access to information, markets, inputs, and advocacy.

Farmer Organization is considered as one of the important economic and social organizations in Afghanistan's rural areas, play a vital role in agriculture development providing the member farmers with production inputs such as fertilizers, seeds, agrochemicals and machineries, marketing facilities, credit and managing irrigation system. In addition, they offer trainings for farmers to acquire necessary knowledge and skills about new farming methods and technology to increase agricultural production and promote rural livelihoods. Moreover, FOs urge member farmers to participate in social and environmental activities that contributes to developing the rural areas (Ministry of Agriculture, Irrigation and Livestock: MAIL, 2019).

The history of official FOs in Afghanistan can be traced back to 1955; the movement is relatively new in the country. Karakul producers established the first cooperatives in Northern provinces of Afghanistan; afterward, agricultural

marketing and exporting cooperative associations were promoted in rural Afghanistan [3,4]. Various political conditions have influenced the Afghan FOs especially agricultural cooperative system. From the start FOs have experienced several stages searching for ways to protect farmers from any kind of exploitation, and to contribute to developing agricultural production in rural areas. The Afghan FOs movement remained voluntary and non-governmentally owned; managed by its members based on democratic values, social justice, and equitable distribution of resources and opportunities. According to Ministry of Agriculture, Irrigation and Livestock (MAIL), most FO members can change their lifestyle and improve agricultural productivity after getting membership of FOs. However, this movement is more likely to be slow because most farmers are illiterate and poor. Under these conditions, it is difficult to develop this system at a fast pace. At present, the number of FOs and their volume of field activities are very limited. Per farmer financial contribution in FOs is negligible. Because of such a small scale, FOs find it difficult to work commercially. Inadequacy of capital, poor financial management and long-lasting social instability in rural areas might be among the other major factors that hinder the development of FOs in the country [3].

Common Interest Group, a type of FO, is a voluntary group of small-scale producers who usually come together from the same socio-economic background. This platform facilitates its members to share their ideas and experience; and solve their problems through a mutual support. This also helps its members pool their own resources and attract support from donors for improving their livelihoods. Members themselves are the owners of their CIGs. Common Interest Group (CIG) provides financial and technical support including inputs provision and marketing to its members at favorable terms. For last few years, MAIL has been establishing and supporting CIGs to develop and sustain small-scale farmers and their livelihoods. Some internationally funded projects and MAIL provide small amount of in-kind loans (seed, fertilizer, agricultural equipment, seedlings, and etc) as a start-up capital to CIGs in some districts of Afghanistan.

## 2. METHODOLOGY

The data used for this study were obtained through a household survey, conducted in two

areas: Bamiyan and Herat provinces in 2020. Both selected sites are agrarian areas and agriculture is a main source of livelihood for more small-scale farmers. In each province 4 districts were selected. In consultation with local governmental officers, a total of 160 farmers (80 CIG members in Bamiyan and 80 CIG members in Herat provinces) were selected through stratified random sampling technique. Moreover, to better understand the general situation of existing CIGs, a supplementary intensive interview was conducted with CIGs' chairmen, local extension workers and other key informants in the study areas. Data were collected by means of a questionnaire and an interview schedule administered by trained enumerators. Secondary data were also collected from various government and related organization offices. The data collected primarily through the household survey and intensive interviews are analyzed relying on several statistical procedures and methods. Descriptive statistics (i.e., means, percentages, frequencies, minimum and maximum) are used to quantitatively characterize the data. Five-point Likert Scale is used to analysis farmers' perceptions on CIGs' performance.

## 3. RESULTS AND DISCUSSION

### 3.1 Reliability and Validity of Measurement

Reliability refers to the consistency of a method/test in measuring something, while validity refers to how accurately a method measures what it is intended to measure. High or an acceptable level of reliability indicates that a measurement is valid. Since this study was highly dependent on Likert questions, it was necessary to ensure that the scale chosen for questionnaire is internally consistent; meaning that the respondent's responses across the items on multiple-item measures should be consistent, and reflect the same underlying construct. Perhaps the best measure of internal consistency, widely used in social studies, is Cronbach's Alpha ( $\alpha$ ) developed by L. Cronbach in 1951. Alpha ( $\alpha$ ) represents the mean of all possible split-half correlations for a set of items or attributes in a study. A value of +.80 or greater is generally taken to indicate a good internal consistency, while in our study, as shown in Table 1, the Cronbach's Alpha is close to 0.9, considered excellent in terms of internal consistency.

### 3.2 The Role of CIGs in Improving Rural Livelihoods: Farm Income

The respondents were asked on their perception about their group membership's effects on their farm income. The results are illustrated in Table 2. Majority of them responded that CIG membership has positive role in their farm income and livelihood improvement. For 37.5% of farmers their farm income has had "moderate", for 38.5% "a little" and for 5.6% "Substantial" increase after joining CIGs. While, 17.7% of farmers do exist who believe that CIGs membership has not made any change in their farm income.

The respondents who agreed that CIGs have made significant contribution to increasing their farm income were personally interviewed for further analysis. It was found that timely provision of good quality inputs for production at a reasonable price was the major reason behind their income increase. The good quality inputs have not only increased their productivity, but also reduced the production cost.

### 3.3 Farmers' Satisfaction with CIG Services

The literature on FOs including CIGs have shown that without members' satisfaction, FOs cannot survive in the long run. Moreover, most studies consider satisfaction as an acceptable indicator of the achievement of objectives in a farmer group agreement [9]. To better understand the farmer's satisfaction regarding CIG services and activities, three-point Likert Scale (Satisfied, Fairly satisfied and not satisfied) was used. The results are shown in Table 3.

A large majority (93%) of farmers are either satisfied or fairly satisfied with the CIG services and activities.

**Table 1. Reliability test**

Cronbach's Alpha	Based on Standardized Items	N of Items
0.874	0.87	27

Source: Field survey, 2020

**Table 2. Farmer perception of effect of joining in CIG on farm income**

	Substantial increased	Moderate increased	A little increased	Not changed	Decreased	Total
Frequency	9	60	62	28	1	160
Percentage	5.6	37.5	38.8	17.5	0.6	100

Source: Field survey, 2020

Only 7% of them are not satisfied. The higher farmer satisfaction, through personal interviews, was found to be the result of CIGs activeness; they were financially and technically supported and monitored by MAIL or projects under MAIL. Their members were also distributed subsidized inputs.

To understand the kind of activities making member farmers feel unsatisfied in CIGs, their opinions towards CIGs were measured by eight statements related to CIG performance. Each respondent was asked to express their opinion on each statement according to three possible answers (Agree, Fairly agree and Disagree). The results are summarized in Table 4. It is revealed that CIGs, in general, are evaluated positive by their member farmers. This is consistent with the results above (Table 3). Specific findings are summarized below.

- Only 10% of farmers do not agree that they have good relationship with the CIG chairman and/or general committee.
- 13% of farmers do not agree that CIGs have provided their services for all member farmers alike.
- 1% of farmers do not agree that CIGs have provided agricultural technology and production inputs at reasonable prices to farmers.
- 12% of farmers do not agree that CIGs have provided production inputs on right time to farmers.
- 97% of farmers do not agree that some of the CIG activities or services are provided exclusively to chairmen, board directors and their relatives.
- 20% of farmers do not agree that CIGs can solve agriculture related problems of farmers on time.
- 4% of farmers do not agree that the production inputs provided by CIGs are better than those provided by private companies and traders.
- 0% of farmers do not agree on the statement that the agricultural inputs provided by CIGs to its members are cheaper than those provided by the private companies and traders.

**Table 3. Farmer satisfaction about CIG services**

	Satisfied	Fairy satisfied	Not satisfied	Total
Frequency	82	67	11	160
Percentage	51	42	7	100

Source: Field survey, 2020

**Table 4. Farmer opinions towards CIG performance**

No.	Statement	Agree	Fairly Agree	Disagree	Total
1	Most members of the CIGs are in a good relationship with the CIG chairman and general committee members	No 105 % 66	39 24	16 10	160 100
2	The CIG provides its services for all farmers who has the CIG membership alike	No 113 % 71	26 16	21 13	160 100
3	The CIG provides Ag. production inputs at reasonable prices to members	No 158 % 99	1 1	1 1	160 100
4	The CIG provides production inputs on right time to farmers	No 132 % 83	16 10	12 8	160 100
5	Some of the CIG activities are exclusively provided to general committee members	No 5 % 3	13 8	142 89	160 100
6	CIG cannot solve agricultural related problems of farmers on time	No 8 % 6	34 25	94 69	136 100
7	The production inputs provided by private Ag. companies and traders are better than those provided by the CIGs nowadays	No 4 % 3	12 8	144 90	160 100
8	The production inputs provided by private Ag. companies and traders are cheaper than those provided by the CIG nowadays	No 0 % 0	0 0	160 100	160 100

Source: Field survey, 2020

**Table 5. Farmer marketing their products through group**

	Yes	No	Total
Frequency	23	137	160
Percentage	14	86	100

Source: Field survey, 2020

**Table 6. Farmer purchasing Ag. inputs through group**

	Yes	No	Total
Frequency	39	121	160
Percentage	24	76	100

Source: Field survey, 2020

### 3.4 Providing Inputs and Market Linkage

Even though CIGs play a key role in distribution of subsidized inputs to their member farmers (small-scale producers), CIGs, as shown in Tables 5 and 6, cannot operate in expected and proper manner due to their negligible revolving fund.

Only 14% of respondents agree that they market their products through CIGs, and 24% of farmers explain that they utilize their revolving fund and purchase agricultural inputs through CIGs.

It is revealed that all CIGs in the study areas are in the introductory stage. Most members of the

CIGs are small-scale and vulnerable famers. Their collective fund is negligible; these CIGs are neither self-reliant nor self-sufficient; they are still dependent on government and donors' technical and financial assistance. It should be noted that the functions of CIGs are limited to receiving grants and providing its in-kind loan to their member farmers.

### 4. CONCLUSION AND RECOMMENDATIONS

Our results show that the Common Interest Group approach has a significant role in improving rural farmers' livelihoods, providing them quality inputs at reasonable prices,

facilitating them access to receiving grants, improving their food security, and reducing poverty.

However, at the early stages of establishment, CIGs are financially and technically neither self-reliant nor self-sufficient, they struggle with various obstacles until reaching to maturity levels. Indeed, there is a long way for CIGs to reach self-sustainability. The accomplishment of CIGs potential requires continuous supports from the government and other donors' agencies.

## CONSENT

As per international standard or university standard, Participants' written consent has been collected and preserved by the authors.

## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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