

Government of India

Ministry of Rural Development

National Rural Livelihoods Mission

Framework of partnership between State Rural Livelihood Mission, Community Federation and NGO for Field Implementation of NRLM Activities

This document delineates the approach of NRLM for accelerating the pace of programme implementation in the States by building on the already existing social capital in the form of women's self help groups and federations and women led producer organisations, and drawing on the strength of the agencies who have promoted and nurtured them.

Over the past decades, a large number of SHGs have been promoted across States. Estimates vary, but even on a conservative basis, about two and half million SHGs are functioning today in India with varying levels of quality. The NRLM seeks to increase this number to 7 million SHGs over the next decade, covering every poor family in the rural areas. This implies that whereas the task is huge, we have existing strength to build upon.

The existing SHGs and economic collectives have been promoted through the efforts of government and para-statal institutions, NGOs, financial institutions, and others. A large number of these SHGs were promoted under State-run programmes, which also have had a lot of influence in the design of NRLM. In many of these programs, NGOs have played a key role as nurturing organizations for the SHGs.

There are many SHG federations, which are financially and managerially self-reliant and do not have to depend on anyone. They are in fact capable of scaling up the activities of the NRLM in their local areas, through their own leadership and Community Resource Persons (CRPs¹). They

¹ The first set of Community Resource Persons (CRPs) are women from SHGs, who have changed their self-view and behavior through learnings due to their membership of SHGs. They also have improved their livelihoods through this process. They are willing to extend themselves to other women to help them and their families come out of poverty. These women are skilled and experienced in promotion of SHGs, village organizations, federations etc. Then there are others, women and men from the communities, who are trainers in various aspects of financial inclusion, livelihood promotion, access to entitlements, education, health and sanitation etc. Even if some of these trainers are not members of SHGs, they have a good understanding and appreciation of SHGs and federations. The primary focus of their intervention is transformational. The term "Community Service Providers" (CSPs), on the other hand, has been used to denote women and men from rural communities who are skilled in delivering certain services to the communities. These could be book keeping, technical services for livelihood promotion,

have come to this stage through the efforts of their nurturing organisations. Then there are many more SHGs and federations that are in the process of becoming self reliant, who continue to receive support from organizations that nurture them. **This framework harnesses and builds upon the existing mobilization by NGOs (as nurturing organizations) to get a head-start for the Mission's activities**

As the State Rural Livelihood Missions (SRLMs) have now been established, they will carry out an assessment of the extant nature of the social mobilization in their respective States in terms of scale and outreach of SHGs and federations, their quality, extent and quality of nurturing organisations, extent of support from banks to the SHGs, issues in bank linkage, extent of livelihood programmes and the quantum of work still to be undertaken.

Tripartite partnerships between SRLMs, identified community based Federations and NGOs which nurtured them, may be actively considered for scale-up and intensification of activities under NRLM. The process of partnering with such nurturing organisations, together with the SHG federations promoted by them can be initiated in a phased manner. To begin with, partnerships can be started on a pilot basis with selected nurturing organisations who have done very significant work in SHG promotion and/or livelihood enhancement of the poor in the rural areas of the State. SRLM may not require setting up a Block Mission Management unit (BMMU) in a block where significant mobilization already exists and a reasonably functional federation and competent nurturing organisations are available. Instead, the nurturing organization set up a Mission Facilitating Team (MFT) on behalf of the State Mission.

The **screening criteria** to be applied for selecting nurturing organisation for partnership will be as under:

- i. The nurturing organisation should have at least 10 years of relevant experience of carrying out social mobilization and/or livelihood promotion with poor women in rural areas.
- ii. Should have passed the assessment procedure and implemented projects within the last three years for or partnered with any of the following:
 - Bilateral and Multilateral agency supported projects pertaining to rural livelihoods,
 - Reputed private philanthropies like SDTT, SRTT, Bill and Melinda Gates Foundation, Ford Foundation.
 - MKSP projects supported by the MoRD, Government of India

documentation and liaison for bank linkages, etc. CSPs can be from among CRPs or they can be others. It is important that they also have a good understanding and appreciation of community institutions.

- iii. The nurturing organisation should have promoted at least 1,000 SHGs and federated them into higher level CBOs in contiguous areas and facilitated linkage of SHGs and/or community institutions with Banks.
- iv. The nurturing organisation has scaled up by developing a pool of community resource persons/community service providers and created a pool of 100 CRPs/CSPs.
- v. The nurturing organisation has at least 20 full time professional² staff
- vi. The nurturing organisation should have minimum annual turnover of Rs. 50 lakh or above in the past three years [as evidenced in the past three years' audited financial statements]
- vii. Audited Accounts of the previous three years should be available and Governing Board should have met regularly during the last three years
- viii. NGO should be non-political and secular in nature
- ix. Nurturing organisation should not be black listed by any government agency
- x. Should be in agreement with the NRLM values and principles and ready to work for the key NRLM goals. NRLM non-negotiables are described in Appendix I.
- xi. The nurturing organisation is ready to take up activities to saturate at least 1 block
- xii. The nurturing organisation is willing to source at least 25% of institutional costs (to be incurred above block level)³ from its own or other donors.

The proposed project area of the nurturing organisation, that is, at least 1 block, should have a reasonably functional SHG Federation. Such an SHG federation should have regular meetings; its leadership should have come through a participatory selection process; it should be undertaking certain activities for members and maintaining necessary books and registers. The SRLM may consider entering into a **tripartite agreement** with the federation and the nurturing organisation delineating responsibilities of each of the parties. The nurturing organisation will need to commit to achieve the goals as set out by the NRLM in a reasonable time frame and build sustainable community institutions. A major thrust area of action should be to promote the SHGs, VOs, federations, producers organizations as sustainable and empowered community institutions within a given time frame so that they can enter into negotiations/agreements with State Missions and other stake holders without the support of the nurturing organisation, by the end of the project period.

NGOs (non-profit entities) which have already been screened and selected as Capacity Building Agencies by the National Mission Management Unit of NRLM/MoRD will not be required for any further screening for organizational strength, provided they meet the criteria in the paragraph above. A list of 20 such agencies was circulated to the Mission Directors of SRLMs by the Joint

² Persons in the executive category, having at least sixteen years of formal education and experienced in implementing development projects, monitoring and evaluation, accounts and finance, research and documentation etc.

³ Costs incurred at the block level; including for staff, equipments, rent, water, electricity etc.; are to be booked under "Institution building and capacity building"

Secretary (RL), MoRD by his D.O No. J. 11060/23/2012-RL (FTS No. 21673) dated 08.03.2013. Only the non-profit organisations among the listed agencies qualify for this exemption. Similar exemption will be available to Non-profit NGOs, which has been selected as Project Implementing Agencies (IAP) under MKSP.

Submission of proposals:

SRLM will announce its desire to partner with nurturing organisation for setting up of Mission facilitating Teams (MFT) for implementing NRLM activities in a block in an appropriate manner. Nurturing organisations fulfilling the above mentioned initial screening criteria may submit proposals to the SRLM for one or more blocks. An indicative proposal template is enclosed as Appendix II.

Selection process:

The SRLM may follow a multi-stage process for selecting appropriate nurturing organization. The selection process is described below.

Stage 1: Desk review:

Desk review of the proposals sent in by the nurturing organisation may be done. Through this, the SRLM may do a first round short-listing based on the set of initial screening criteria written above. Not-for-profit NGOs, listed by NMMU/MoRD as Capacity Building Agencies will be automatically considered as shortlisted if they meet the mobilization criteria in the proposed block of their work. Similar will be the case with Project Implementing Agencies under MKSP. Checklist for desk review is given in Appendix III.

Stage 2: Field appraisal:

The offices and field areas of the nurturing organisation, including the proposed project area are to be visited by an expert team consisting of:

- Two community resource persons having significant experience of SHG/VO/federation promotion from other states
- An independent rural development expert
- A senior SRLM official from another state
- An SRLM official dealing with accounts/audit and finance or an independent expert in audit/finance
- A representative from National Mission Management Unit (NMMU) of NRLM

The team will assess the quality of work done by the nurturing organisation, its internal systems of management including financial systems, and the field implementation strength. The team will undertake a direct interaction with the nurturing organisation staff members and the community. The team will use a scoring sheet for making an objective assessment of the suitability of the

nurturing organisation. The team will also assess the quality of community federation promoted, including its membership, governance, functioning etc.

The team will assess the extent of work already done in the proposed project area and the work to be done under the proposed project to accomplish the mission goals. A separate narrative assessment report for this is to be provided by the appraisal team.

The main attributes that are to be observed in the field visit are:

- i. Mission congruence with NRLM as evidenced in the proposed area of work
- ii. Quality of work done, with emphasis on efforts made by the nurturing organisation to make the SHGs/federations self-reliant and empowered to make their own decisions
- iii. Quality of staff
- iv. Quality of internal systems, including financial systems of the nurturing organisation
- v. Quality of governance of the federation
- vi. Linkages of the nurturing organisation and the federation with other organisations

The check list for the field visit is as in Appendix IV.

Stage 3: Presentation by nurturing organisation and Federation:

Chief Executive/representative of Senior Management of the finally shortlisted nurturing organisation, who is in decision making position and representative/s of the federation will be invited for a presentation and discussion. This interaction is to be anchored by the Chief Executive of the SRLM, senior members from the SMMU and at least one independent expert. Representative/s from the NMMU will also be invitees in this meeting.

The presentation/discussion will cover the following:

1. A brief description of the intervention strategy and path followed by NGO so far, their key achievements, constraints encountered and future plan irrespective of NRLM collaboration
2. The strategies and plan by the NGO and the federation for implementation and achievement of NRLM objectives in the stipulated time - phasing of implementation strategy in a block, process of empowerment of the federation (transition process)
3. The geographical area in which they are going to work
4. The plan for monitoring and review, and reporting
5. Expectations of NGOs from SRLM – the support, communications etc.

6. The interface desired by the NGO with the SRLM for proper implementation of the project

Stage 4: Final Selection:

The Executive Committee of the SRLM will make final selection based on the appraisals and Presentation.

Stage 5: Memorandum of Understanding

On final selection an MOU will be signed between the nurturing organisation, participating federations, and SRLM. The MOU will be annexed with a budget, eligible expenditure list, and payment schedule.

An indicative MoU has been furnished as Appendix V.

Funding policy and funds flow

For the nurturing organisation, the institutional cost (above block level) should not exceed 5% of block programme funds as approved by the SRLM. Moreover, the nurturing organisation will source at least 25% of the costs from its own or other donors. Maximum 75% of the costs will be provided by the SRLM to the nurturing organisation.

At the block level, costs of the Mission Facilitating Team (MFT) (to be run by the Nurturing Organisation) and costs of the community federation can be met by the NRLM/NRLP finances. Cost norms allowed for the nurturing organization and Federations may be the same as that of intensive block set-up of SRLM structures. As and when the cost norms for intensive blocks are revised by the NMMU/SRLM, the same revision is applicable to the partnership blocks as well.

Funds, except those allocable to MFT, should be directly placed with the Federation. Funds allocable to MFT and institutional costs of the nurturing organisation should be placed with the nurturing organisation itself. Community investment fund and any other fund meant for programme purposes should be directly placed with community institutions (VOs, SHGs etc. as the case may be) and should not be routed through any other entity, including the nurturing organisation.

Flow of funds may be direct from the SMMU to the nurturing organisation and if necessary to the Federations to avoid delays at the intermediary level.

Possible items of expenditure and the components of NRLM provisions from which funds will be provided are indicated below:

Block Level			
Sl.	NRLM/NRLP components	Organisations entitled to receive funds	Remarks
1	<u>Institution Building/Capacity Building:</u> CRP round cost, IB/Training/CB for community institutions, bank linkage facilitation, internal CRP development	SHG Federation	Funds will be as per approved norms for intensive blocks
2	<u>NRLM/NRLP Funds</u> Start-up costs of Mission Facilitating Team , salaries, travel, running expenses of block level professionals of nurturing organization (NGO), induction, initial training, refresher training etc.	Nurturing Organisation (NGO)	Funds will be as per approved norms for intensive blocks.
3.	<u>Community Investment Support:</u> RF to SHGs, vulnerability reduction fund to VOs, seed capital to CLFs	Respective community institutions	As per norms applicable to intensive blocks handled directly by SRLM.
Above Block Level			
4.	Administrative costs:	Nurturing Organisation	The SRLM administrative cost norm is limited to 5%. For the nurturing organization too, this cost should not exceed 5%. Moreover, of this cost, the nurturing organization will source at least 25% of the costs from its own or other donors. Maximum 75% of the costs will be provided by the SRLM to the Nurturing Organisation

At the time of signing the agreement the SRLM can release the first installment of funds for expenses of the nurturing organisation and the Federation for the first 6 months, as advance. The nurturing organisation and the Federation will take up preparation of a **five-year plan** as well as a detailed annual work plan (first year) as their initial tasks. These plans will go through an approval process at the SRLM before the first six-month is over. Subsequently, the SRLM shall release the funds as budgeted by the nurturing organisation and the Federation for the oncoming 6 months as per the approved plan. In case the nurturing organisation /Federation as the case may be, has not managed to spend more than 60% of the funds released already, further releases should be withheld till at least 60% amount is spent.

SRLM will provide capacity building and exposure for the staff of nurturing organisation as they would have considered for the staff placed at the BMMU level. This will be done in consultation with the nurturing organization.

Monitoring, evaluation and reporting

NRLM is process intensive and therefore at various levels the SRLM would constantly review, assess and learn from the qualitative and quantitative progress achieved. A robust IT-based Monitoring, Evaluation and Learning (MEL) system should be in place to facilitate learning and continuous improvement and support informed decision making at all levels.

Mechanisms of Monitoring:

The SMMU would put in place various mechanisms for monitoring the progress of the program in the State. The spirit of monitoring would be based on partnerships and not on contracting. The set of parameters and mechanisms and processes put in place for assessment of progress in the State may be the same for the nurturing organisations and the BMMUs directly managed by the SRLMs. Formally a quarterly financial and narrative report (in a concise form) will be submitted by the nurturing organisation and the Federation on the project progress. A more detailed narrative report as well as an audited financial report will be submitted by the nurturing organisation and the Federation at the expiry of each financial year. Fund disbursement to the nurturing organisation and the SHG federation will depend on satisfactory submission of reports. The parameters of reporting will be the same as that of other intensive blocks implemented directly by the SRLM. In addition the nurturing organisation and the Federation may submit any other report, documentation etc. if they so desire.

Various means of monitoring, review and assessment may include:

1. Accountability in institutions of the poor including institutional self-monitoring, peer internal audit of processes and local social audit
2. Management Information System (MIS) based input-output monitoring including Results framework-based MIS; Milestones linked to investments/inputs; web-based MIS; real time input-output monitoring at various levels
3. Quarterly/half-yearly planning/progress/process reporting and internal review
4. Field visits by staff/officials/CRPs, periodic visits of supervision teams from SMMU to districts and field, and theme specific supervision visits from time-to-time
5. Joint Half-yearly/Annual Review – with the SMMU, DMMU and the MFT (both State Mission Units and NGOs in the district)
6. Independent Process monitoring by External Agency
7. Review and Consultation workshops with various stakeholders; and
8. Meetings of Convergence Forums, Coordination Committees at District and State levels

9. External social audit, public expenditure tracking and community score cards
10. Impact Assessment - baseline assessments and external interim impact evaluation studies of progress on key result indicators
11. Annual Reports

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Appendix I

Aajeevika - National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

NRLM has set out with an agenda to cover 7 Crore BPL households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country.

NRLM NON NEGOTIABLES

OVERARCHING BELIEFS

Belief in the power of the poor and in their innate capabilities and that this power can be unleashed through social mobilization and building strong institutions of poor.

HOLISTIC POVERTY ERADICATION

For the Poor

- The implementing agency is a learning organization that changes its strategy of engagement with CBO as the CBO graduates into higher order activities and many a NGO role is being taken over by the CBO thus ensuring increased empowerment of the community
- Focus on the poor- All initiatives should start with the poorest
- Focus on women- they are more vulnerable within the family
- Food security and, social security of communities should be given highest priority in allocating resources

Of the Poor

- Universal social inclusion and universal social mobilization in a time bound manner
- Transparent and participatory identification of poor

- Federations of institutions of the poor as ‘force multipliers’ and as ‘sensitive support structures’ to promote and nurture S.H.Gs. *Institutions of the poor transform into institutions for the poor*

By the Poor

- Managerial and financial self reliance of the institutions of the poor
- Participation of the poor, particularly the poorest, in all decisions that affect them and their institutions
- Development and continuous capacity building of large pool of social capital at village/block level- community leaders, community professionals and community resource persons

Sustainable livelihoods

- Ensuring primary sector livelihoods of the poor are viable and sustainable – eco friendly, based on local resources (to the maximum extent), and climate change resilient
- Building social capital (community professionals, community best practitioners) around livelihoods
- Building capacities of the institutions of the poor to manage livelihoods value chains on their own

Appendix II

Format for Proposal submission

(All data, wherever relevant, is to be filled up for the District/Block the nurturing organisation is interested in working.)

1	Name of the organization	
2	Blocks/Clusters for which work is proposed	
3	Address of registered office	
4	Address of local/district office	
5	Contact details (district)	
6	Name of Contact person	
7	Designation	
8	Telephone	
9	Fax	
	Email	
	Website	
10	Registration details (number and date)	
11	Income tax registration and PAN no. details	
12	Number of offices	
13	Number of employees	
	Full time, Professional cadre	Women ----, Men ----- ;
	Full time, support staff cadre	Women ----, Men ----- ;
	Community Resource Persons Community Service providers	Women ----, Men ----- ;
14	Name and contact details of the Statutory Auditor	
15	Please provide the following:	
	<ul style="list-style-type: none"> i. Copy of Registration Certificate ii. Copy of MoA and By-Laws iii. List of key (full-time) employees in the district applied for/adjacent districts and their qualifications; number of years of experience; and specific skills and competencies regarding SHG based social mobilisation and/or livelihood promotion, including training received iv. List of board/governing body members with contact details, date of association, qualification, gender and occupation/experience v. Furnish about Governing Board meetings with meeting number, date and number of members who attended during the last three years vi. Narrative Annual Reports including audited financial statements for the past 	

	<p>three years</p> <p>vii. Copies of certifications/testimonies, if any, of past work done by the nurturing organisation</p> <p>viii. List of three eminent persons in the development sector, District /State administration, banking sector/academia who can vouch for the credentials of the nurturing organisation Impact Studies or evaluation of the nurturing organisation 's work in the recent past by an external agency, if any</p> <p>ix. Newspaper reports of the work of the nurturing organisation in the recent past, if any</p>
16	Is any/few of the Governing Board members related in any way to any of the full/part time staff members? If so please give details
17	Has the nurturing organisation been blacklisted by any other donor organization in the past? If yes, provide details.
18	Is the nurturing organisation a member of any nurturing organisation network/alliance? If yes, provide details.
19	Years of relevant experience of carrying out social mobilization and livelihood promotion with poor women in rural areas.
20	<p>List a few major projects carried out by the organization in the past three years, including in the region (in the district and nearby districts)</p> <ol style="list-style-type: none"> 1. Geographic location of projects (districts) 2. Project awarded by 3. Total funding received/utilized for each project 4. Key objectives of the projects 5. Duration of the project and key activities undertaken 6. Key outcome achieved 7. Focus groups (rural/tribal/women etc.)

21	<p>Total number of SHGs promoted – State, district and block wise</p> <p>Total number of SHGs and/or community institutions (including producers organizations) credit linked with Banks – State and district wise</p> <p>Number of SHG federations promoted – State and district wise</p> <p>Number of SHG federations (including Village Organisations/Clusters) that have become self reliant, who do not receive day-to-day support from the organisation</p>			
Sl No	Name of the Federation	No of SHGs	No of members	Functions performed (give details in separate table – financial, non-financial)
<p>Data on community resource persons groomed and deployed: District wise, activity wise, women and men</p>				
22	<p>Data on Self Help Groups promoted by the organisation in the proposed project area</p> <ol style="list-style-type: none"> 1. No of SHGs functioning; no of Women’s SHGs 1. No of CRPs groomed 2. Total number of members - men, women, SC/ST/OBC/Others 3. No of hamlets/villages 4. No of federations (village /sub-block/Block level) 5. No of SHGs with satisfactory accounting and MIS in place 6. Total net owned funds in SHGs 7. No of SHGs that have had at least one round of bank linkage for loan 8. Cumulative total of bank loan mobilized 9. Description of the SHG federation/s with particular mention about meeting regularity, process of selection of leadership, activities they undertake and maintenance of books and registers 			
23	<p>Submit a write up in about 2,500 words on the nurturing organisation, its evolution, founding philosophy, values, beliefs, vision, mission, approaches and strategies, activities, major achievements and plans for future. Please also include the following:</p> <ol style="list-style-type: none"> i. Knowledge of and experience in sector based livelihoods promotion, market linkages etc ii. Training programs developed and conducted for SHGs and Federations iii. Infrastructural facilities available to conduct trainings iv. Nature and extent of your relationship with various stake-holders in development such as the PRIs, Government, banks, knowledge resource institutions etc. v. Governance and accountability policy for ensuring transparency 			
24	<p>Proposed plan and budget: The plan should describe the nature and state of existing social mobilization in the area and work required to achieve mission goals. It must include an explicit plan to make the community institutions self-sustaining within a given time frame.</p>			

	The duration of plan period should be between three and five years.
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Appendix III

Desk review of nurturing organisation proposals (Assessment under Points 1 to 7 is not required for those listed as Capacity Building Agency by the NMMU/MoRD and those which are already selected as PIAs under MKSP. This exemption is available only for the Non-profit organizations among them)

1. The nurturing organisation should have at least 10 years of relevant experience of carrying out social mobilization and/or livelihood promotion with poor women in rural areas.	Yes/No
2. Should have passed the assessment procedure and implemented projects within the last three years for and/or partnered with any of the following: a) Bilateral and Multilateral agency supported projects pertaining to rural livelihoods, b) Reputed private philanthropies like SDTT, SRTT, Bill and Melinda Gates Foundation, Ford Foundation. c) MKSP projects supported by the MoRD, Government of India	Yes/No
3. The nurturing organisation should have promoted at least 1,000 SHGs and federated them into higher level CBOs in contiguous areas and facilitated linkage of SHGs and/or community institutions with Banks.	Yes/No
4. The nurturing organisation has scaled up by developing a pool of community resource persons/community service providers and created a pool of 100 CRPs/CSPs.	Yes/No
5. The nurturing organisation has at least 20 full time professional staff	Yes/No
6. The nurturing organisation should have minimum annual turnover of over Rs. 50 lakh in the past three years [as evidenced in the past three years' audited financial statements]	Yes/No
7. Accounts are audited regularly and Governing Board meets regularly with satisfactory attendance	Yes/No
8. nurturing organisation should be registered, non- political and secular in nature	Yes/No
9. nurturing organisation should not be black listed by any government agency	Yes/No
10. Should be in agreement with the NRLM values and principles and ready to work for the key NRLM goals	Yes/No
11. The proposed project area of the nurturing organisation that is, at least 1 block, should have a reasonably functional SHG Federation. Such an SHG federation should have regular meetings, its leadership should have come through a participatory selection process, should be undertaking certain activities for members and should be maintaining necessary books and registers.	Yes/No

12. The nurturing organisation is ready to take up activities in at least 1 block	Yes/No
13. The nurturing organisation is willing to source at least 25% of institutional costs (to be incurred above block level) from its own or other donors.	Yes/No

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Appendix IV

Score sheet for field visit

Parameter	Total Score	Score Obtained
Mission Congruence	20	
1. Extent to which all the staff at all levels are aligned and excited on the mission of the organization	5	
2. The congruence of actions and activities of the organization with its mission and that of NRLM	5	
3. Second line leadership exists in the organization	5	
4. Openness and transparency reflected in action – sharing data, self critical	5	
Quality of work in the proposed project area	70	
1. Reaching to women from very poor and marginalised sections	10	
2. Quality of groups	25	
a. Regularity of meetings and transactions; timely loan repayments	5	
b. Quality of social mobilisation - cohesion and democratic functioning in groups, broad-based participation	5	
c. Quality of systems in groups – regarding accounts and finance, meetings, credit and livelihood transactions, whether books are complete and updated	5	
d. Bank linkages of SHGs for savings and loans – active accounts, regular interactions, staff and members level of awareness of procedures,	5	
e. Levels of awareness and enthusiasm of women for being in the SHG and improving livelihoods	5	
3. Has promoted village or any other level Federation	5	
4. SHG federation has regular meetings; its leadership has come through a participatory selection process; it undertakes certain activities for members and maintain necessary books and registers.	10	
5. Several of the SHGs, Village Organisations/Federations promoted are in the process to become self reliant and are independent to a great extent of the nurturing organisation for day-to-day support	10	
6. Quality of training material	10	
Quality of staff	25	
1. Level of motivation and commitment displayed by staff members in general for the work and pride in the organisation	5	

2. Awareness insights and articulation of relevant development issues by the staff	5	
3. Depth knowledge and expertise on SHGs, Federations and livelihood	5	
4. Values and attitudes espoused by the staff are those required for working with poor women – sensitivity to women’s issues, concern for women’s status	5	
5. Approaches and strategies in field reflect belief in the capabilities of the poor communities to take charge of their own lives and chart out a course to progress	5	
Quality of governance	25	
1. Members in the Governing Board have distinguished record	5	
2. The Governing Board members interested in the work of the organization as evidenced through attendance in Board meetings	5	
3. Regular board meetings	5	
4. Staff participation in decision making, shared vision	5	
5. Social audit process, accountability to community	5	
Systems (other than financial) of the nurturing organization	45	
1. HR policies and systems (recruitment, induction, training, performance appraisal etc)	20	
2. Articulated organizational structure and processes, clarity of roles and responsibilities at various nodes	10	
3. Procurement systems	5	
4. Knowledge management and communication systems	5	
5. Monitoring & Evaluations systems	5	
Linkages	15	
1. There are interested and eminent others in the district who are willing to link their name with the work of the organization	5	
2. The District Collector, NABARD AGM, senior bank officials and government officers are positively disposed (do not have negative views) about the work done by the nurturing organisation	5	
3. Instances of partnership, collaboration, networking with other organisations –nurturing organisation and other stakeholders	5	
TOTAL	200	

Quality of financial systems	
Transparency and rigour in the accounting and financial systems	Satisfactory/Unsatisfactory
a) Quality of books of accounts, accounting systems, financial delegation, banking, reporting etc)	Satisfactory/Unsatisfactory
b) Quality of internal audit	Satisfactory/Unsatisfactory

c) Regularity of external statutory audit by a qualified auditor	Satisfactory/Unsatisfactory
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Please add notes citing reasons wherever the comment is unsatisfactory.

The team will also assess the extent of work already done in the proposed project area and the work to be done under the proposed project to accomplish the mission goals. A short narrative assessment report for this is to be provided by the appraisal team.

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Appendix V

**MOU BETWEEN STATE RURAL LIVELIHOOD PROMOTION SOCIETY, SHG
FEDERATION AND NGO (as nurturing organisation)
To achieve the objectives of the National Rural Livelihoods Mission in identified
Blocks under intensive block strategy**

This THREE-PARTY agreement is being entered into between:

_____, (name of State Rural Livelihoods Mission), a registered society promoted by the Government of _____ and mandated to implement the National Rural Livelihoods Mission having its registered office at _____ (to be called SRLM hereafter)

_____, a Federation of Women's Self Help Groups, having its principal office at _____ and registered under _____ Act with number _____ /to be registered under an appropriate Act (to be called the Federation hereafter)

And

_____, an organization involved in promotion of women's self-help groups and their federations, registered as a Society/Trust/non-profit company having number _____, with registered office at _____ and contact office at _____ (called the nurturing organisation hereafter)

On this _____ day of _____ (month) in the year _____

Whereas the SRLM has been set up by the Government of _____ to implement Aajeevika (National Rural Livelihood Mission) with the objective of social mobilisation and sustainable livelihoods promotion with the identified poor communities by building their institutions, capacity building and establishing linkages with multiple stakeholders,

Whereas _____(nurturing organisation) is an organisation working on social mobilisation and/or livelihoods for the poor and has done significant work in this field in the State during the past years,

Whereas the Federation of women's self-help groups has been working towards and strengthening itself for the wellbeing of women from disadvantaged families and now has agreed to implement activities under NRLM under the facilitation of the nurturing organisation, and has been recognised by the SRLM as capable and desirous of partnering with the SRLM and the nurturing organisation for the welfare of the rural poor in _____(*define geographical area*),

Whereas the SRLM, nurturing organisation and the Federation are desirous of partnering to implement the various activities related to social mobilization, livelihood promotion and other beneficial activities with the poor people in the __(*area*) as described in the National Framework for Implementation of NRLM (called the Framework hereafter),

Whereas the parties have had negotiations and have arrived at the following Agreement:

NOW THE UNDERSTANDING IS AS FOLLOWS:

- 1. Duration of partnership:** This understanding is valid for a period of 5 (five) years from the date of signing. The agreement commences on date..... and terminates on..... This period can be changed or modified only with the written consent from all the three partners, viz. SRLM, the Federation and the nurturing organisation
- 2. Area of operation:** The nurturing organisation will support the Federation to implement the project in _____ (number) villages of Block of District The details of the villages for each Cluster is as per Annexure 1

3. ROLES AND RESPONSIBILITIES OF PARTNERS:

3.1 Federation

The Federation will carry out the following tasks for which the Federation shall prepare the necessary documents and plans as per prescribed time limit

- a. Administrative
 - i. Complete the arrangements of setting up the Federation office jointly with the office of the Mission Facilitating Team within 30 days of receipt of the first installment
 - ii. Recruit staff to key positions for office management, financial management, and support to SHGs within 3 months of signing the agreement
 - iii. Prepare a list of all the member SHGs and the SHG members in the prescribed format (*to be developed and annexed*) and submit to the SRLM office
- b. Programme

- i. Prepare a list of villages where the Federation is planning to carry out social mobilisation, form SHGs, VOs and other intermediary federations in the next three years and submit to the SRLM office within three months of receipt of the first installment of the funds
- ii. Collect Baseline information for the area after sample PRA exercises, household and village surveys within 6 months of the release of installment
- iii. The Federation will prepare a three year plan and an annual action plan and the DPR for the first year, , along with the baseline information, to be submitted not later than 6 months from the release of the first installment
- iv. At the end of three years the milestones that will be achieved are:
 - a. Village wise list of target families prepared on the basis of wealth ranking and BPL families, approved by the Gram-sabha in all the Clusters
 - b. At least 70% of the target families are in project supported SHGs
 - c. At least 50% of the villages in which the SHGs exist must have Village Organisations as described in the Framework
 - d. At least of 70% of the SHGs and VOs separately must score Grade A as per assessment format
 - e. All the SHGs must pass the project benchmarks as set by the SRLM on “Panchasutra” indicators (regular meetings, regular savings, regular inter-loaning, timely repayment and up-to-date books of accounts)
 - f. At least 70% of SHGs should be eligible to receive CIF assistance from SRLM and should have applied to SRLM for the same in the prescribed format
 - g. The Federation would have put in place a financial system for receiving funds from the SRLM and passing on the same to eligible Self Help Groups and VOs
 - h. At least 60% of all the SHGs should have applied for opening savings bank account
 - i. At least 70% of the SHGs promoted in years 1 and 2 should be eligible to receive bank linkage finance
 - j. At least 60% of the members of SHGs formed in year 1 must be linked with one or more livelihood options and would have mobilised livelihood finance from different sources in addition to the funds from SRLM
 - k. These families would have increased annual family income by at least 30%
At least 60% of the SHG members will be regularly attending Gram Sabha meetings

3.2 Nurturing Organisation

The nurturing organisation will carry out the following tasks for which the NGO will submit a detailed action plan to the SRLM as per prescribed time limit:

- c. Administrative
 - i. Complete the arrangements of setting up the Federation office jointly with the office of the Mission Facilitating Team within 30 days of receipt of the first installment
 - ii. Place the Block / Cluster level staff as mutually agreed within a period of three months of release of first installment
 - iii. Submit a list of the staff recruited at the Block level along with their qualifications and years of experience. This list is to be updated every 6 months
- d. Programme
 - i. Assist the Federation in preparing the three year action plan, the DPR for the first year and collecting the baseline information
 - ii. Provide training and capacity building support to the Federation, VO and SHGs in terms of training of the Federation Board Members and Staff, training of VO and SHG members, to build vision, knowledge and skills for carrying out their respective responsibilities under the NRLM framework
 - iii. Strengthen the SHGs, VOs and the Federation as sustainable, democratic institutions of the poor and build their capacities in problem solving and decision making
 - iv. Take up necessary interventions in a planned and time bound manner so that the Federation has developed capacities to take up various promotional, negotiating and networking roles without the help of the nurturing organisation. Work with the federation to identify potential leaders as community resource persons (CRPs), who can be trained and deployed for saturating SHG promotion in the block. Help the Federation to capacitate the Community Resource Persons to spearhead the Mission's goals
 - v. Help the Federation to train skilled youth from the villages where the SHGs exist, as Community Service Providers, in order to support their different activities in terms of accounts keeping, audit, bank linkages, linkage with Government, livelihood services, training and other services as might emerge from time to time
 - vi. Work with the federation to develop internal systems for planning, deployment of staff and monitoring to ensure achievement of goals of group promotion in the block

- vii. Act as a facilitating link between the SHGs, VOs and Federation on one hand and the mainstream institutions like the Government agencies and departments, PRIs, banks and similar organisations on the other hand
- viii. Facilitating institutions of the poor to help their members access rights and entitlements
- ix. Endeavour to facilitate convergence of funds from various flagship government programmes, especially MGNREGA, to create private and common assets in the hands of the SHG members
- x. Ensuring social inclusion by facilitating the Federation to include the most vulnerable sections of the population
- xi. Motivate institutions of the poor to attend and influence *Gram Sabhas* and bring about a close working relationship between the community institutions and local panchayats
- xii. To develop the block as a “resource block” and a demonstration ground for the purpose of expansion of NRLM activities elsewhere
- xiii. The nurturing organisation in close collaboration with the Federation and the CSPs will promote locally relevant livelihood options. The livelihood interventions will have two levels:
 1. Around improving agriculture to strengthen food security,
 2. Intensive intervention around income generation activities for generating additional cash in the household

3.3 SRLM

- a) Help in plan preparation approve the plan
- b) Facilitate in ensuring that the overall mission goals are achieved in partnership with the nurturing organisation and the Federation
- c) Complement the efforts undertaken by the NGO and the Federation to ensure that the tasks and targets undertaken by the nurturing organisation and Federation are achieved to full satisfaction
- d) Facilitate cross-learning among various actors, build the capacity of nurturing organisation as necessary, facilitate to incorporate best practices from other States
- e) Take the lead role in ensuring convergence of the community institutions with the different programmes of the Government such as MGNREGA, RKVY and so on
- f) Play the lead role in building linkages with the banks and ensure that the demand for financial services by the SHGs are met satisfactorily
- g) Carry out the assessments of the work of the nurturing organisation and Federation from time to time through agreed upon processes
- h) Release the funds requested by the Federation and the nurturing organisation without delay within 15 days of receiving the completed documents and subject to fulfillment of conditions

4. Financial:

- a) The NGO and the Federation shall use these funds purely for the purpose as laid out in the request documents.
- b) The SRLM shall reimburse the expenses incurred by the nurturing organisation for the tasks/activities to be carried out by the NGO, in line with the costs norms laid out in the Framework. The nurturing organisation shall use these funds purely for the purpose as laid out in the approved plan. Any change in the manner in which the released funds are used need to be immediately intimated to the SRLM before the change is made.
- c) The SRLM shall pass on funds to the nurturing organisation or the Federation based on the indent submitted by them for the oncoming six months/ twelve months (as may be the case) and adjustments will be made on the basis of actual expenses incurred.
- d) Funds, except those allocable to MFT, should be directly placed with the Federation. Funds allocable to MFT and institutional costs of the nurturing organisation should be placed with the nurturing organisation itself. Community investment fund and any other fund meant for programme purposes should be directly placed with community institutions (VOs, SHGs etc. as the case may be) and should not be routed through any other entity, including the nurturing organisation.
- e) The nurturing organisation and Federation shall follow the procurement guidelines of the SRLM while procuring goods and services from the funds received by it under the agreement.
- f) At the time of signing the agreement the SRLM shall release the first installment of funds equivalent to the expenses of the nurturing organisation and the Federation for the first 3 months, as an advance. This fund is essentially for set-up costs, baseline survey and preparation of a detailed plan. Subsequently the SRLM shall release the funds as indented by the nurturing organisation or the Federation for the oncoming 12 months as per the approved plan. In case the nurturing organisation /Federation as the case may be, has not managed to spend more than 60% of the funds released already, further releases should be withheld till at least 60% amount is spent.
- g) The interest earned out of funds received from SRLM, if any, shall belong to the project. The SRLM will consult the Federation and the nurturing organisation but will have final say in its disposition.
- h) In case of any breach of contract, misappropriation or irregularities; the SRLM will withhold further release of funds forthwith and will take all measures as are advisable under the laws.

5. Reporting:

- a) The tasks / activities under the agreement to be carried out by the nurturing organisation or Federation are to be carried out solely by the NGO or the federation respectively, and the nurturing organisation shall not outsource any component of these activities in whole or part to any other agencies without written permission from the SRLM
- b) The nurturing organisation shall designate one senior officer as the project Co-ordinator for dealing with all matters relating to the agreement with the SRLM. Similarly the Project Manager of the SRLM shall on behalf of the SRLM deal with all the matters regarding the agreement with the nurturing organisation
- c) The nurturing organisation /Federation shall submit quarterly reports to the SRLM covering physical/financial progress achieved as per the target given in the yearly action plan.
- d) The nurturing organisation / Federation shall also submit the yearly audit report for the funds received by the nurturing organisation directly from SRLM
- e) The SRLM shall facilitate the social audit for the funds received by the SHGs and VOs in their concerned Gram sabhas and submit those reports separately,
- f) Subsequent to the receipt of the reports the SRLM shall initiate steps to verify the quality of outcomes and shall enter into discussion with the nurturing organisation /Federation on future improvements required if any. This process shall not be linked to release of funds unless misappropriation or gross irregularities are suspected
- g) The SRLM shall from time to time undertake field level visits for monitoring of the programme through its own staff or through experts enrolled for the purpose
- h) The field visits shall be done with adequate prior notice (notice of at least 15 days) and the senior staff members of the nurturing organisation/Federation shall be required to be present during these visits
- i) In addition to field visits the SRLM shall also organise other off-site meetings with other nurturing organisation, Federations and MFTs, SRLM and NMMU staff and other stakeholders. The nurturing organisation/Federation staff shall be invited to these meetings with adequate notice and they shall be expected to send a senior representative to these meetings
- j) The SRLM shall undertake measures to address the inconveniences that may be caused to the partners
- k) There will be 6-monthly review meeting between senior representatives from the nurturing organisation, Federation and the SRLM. These meetings will also address the concerns of the partners.

6. Staff

- a) While it is expected that the staff recruited by the nurturing organisation will be fully accountable for the project, they will operate totally under the control of the nurturing organisation management and will function as per the rules and regulations of the nurturing organisation. Their recruitment, salaries and other compensation, performance monitoring and evaluation, training, and termination as relevant, will be the responsibility of the nurturing organisation and they shall not in any way claim to be the employees of the SRLM.

7. Publicity and visibility:

The nurturing organisation and the SRLM shall mutually acknowledge the contribution of each other in any public communication they make in whatever form

- a) The nurturing organisation shall duly acknowledge the role and support of the SRLM in all public communication it makes in any form regarding its work in the project including due acknowledgements on web site, and in any other knowledge or communication products in whatever form.
- b) Similarly the SRLM shall acknowledge the contribution and role of the nurturing organisation in any public communication it makes, including due acknowledgements on web site, and in any other knowledge or communication products in whatever form.

8. Indemnity

The nurturing organisation and SRLM shall fully indemnify each other of all statutory liabilities arising due to their own failure to comply with statutory obligations. In addition to this general indemnity, the nurturing organisation and SRLM shall completely absolve each other from any other liability issues that may be raised against it by any of its clients /customers /partners

9. Force majeure

- a) For the purpose of this agreement, 'force majeure' means an event which is beyond the reasonable control of a party, either the nurturing organisation, Federation or the SRLM, and which makes a party's performance regarding its obligations hereunder impossible or so impracticable as reasonably, to be considered impossible in the circumstances and includes, but is not limited to war, riots, civil/disorder, earthquake, fire, explosion, storm, flood and other adverse weather conditions, strikes lock-outs of other similar action which are not within the power of the party invoking "force majeure" to prevent confiscation or any other action by the other party.
- b) The failure of any party, either the nurturing organisation/Federation or the SRLM, to fulfill any of its obligations hereunder shall not be considered to be

- breach of, or default under this Agreement in so far as such inability arises from an event of force majeure, provided that the party affected by such event should take all reasonable precautions due care and reasonable alternative measures to the satisfaction of the other party, all with the objectives of carrying out the terms and conditions of this Agreement.
- c) In the event of a force majeure, the nurturing organisation and the SRLM shall consult with each other, with a view to agreeing on appropriate measures to be taken under the circumstances.

10. Termination:

This agreement can be terminated by any of the three partners with a written notice of 30 days showing adequate reason.

- a) If the SRLM annuls the contract for no fault whatsoever of the nurturing organisation/ Federation then, the nurturing organisation/Federation will have to be compensated adequately in terms of clearing all the dues and providing clear written acknowledgement about the nurturing organisation/Federation's contribution.
- b) If the nurturing organisation/Federation annuls the contract for no shortcoming on behalf of the SRLM then the nurturing organisation/Federation will have to complete the tasks as agreed upon for the funds already received. In case that is not possible the nurturing organisation/Federation will have to forthwith refund the funds received for which no work has been taken up

11. Disputes and Arbitration:

Any dispute between the nurturing organisation, Federation and the SRLM on any matter that has relevance to the smooth and effective functioning of the project, shall be settled through mutual discussion. In case they are not able to resolve the dispute among themselves, the Principal Secretary, Rural development of the State will act as the Arbitrator.