

Savings- and Loan Associations

Combining short term benefits
with long term structural change

A guide for practitioners



Danish Forum for
Microfinance



Danish Mission Council
Development Department



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Danish Mission Council
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Kristine Kaaber Pors, DMCDD

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Chapter 1: Savings- and Loans Associations and Civil Society Strengthening

The following chapter introduces the idea behind Savings and Loans Associations and highlights some of their key features which have enabled poor communities to strengthen their financial position over the last decades. However by empowering poor people in social and political terms, savings and loans associations also have the potential to become more than a financial tool and to contribute to long term political change.

Over the last 30 years, there has been an enormous growth in savings and loan associations. In India alone there are more than 80 million people in around 6 million self help groups, which is one type of savings and loan association and the phenomenon is also large in other Asian countries such as Bangladesh, Cambodia, Nepal, and Vietnam. Likewise, in a number of African countries savings and loan associations are getting increasingly popular, with an estimated 4.6 million persons participating in Africa alone.

Apart from providing poor communities with cheap self-organised options for financial services, savings and loan associations also have the potential to empower vulnerable groups and promote their political engagement. In other words, savings and loan associations have the potential to combine the agenda of poor participants (who on a short term need credit and basic financial management) with the mobilisation of people and advocacy at different levels.

Sustainable development needs to build upon the requests of the poor themselves and yet have a long-term perspective that includes change in society's power structure. Such a change could

"When we started we just wanted to get the savings so that we could buy food and basic necessities. But now we have come to understand the importance of the training. So in the beginning we thought more on a short-term, but now we think more on a long term."

"...without money we are not able to do anything. Money is like power. But I also think that money and the awareness building activities go hand in hand. It goes on a parallel level. Like a railway."

Anjuweda and Promoda, Thana Federation members on the dual pronged approach of the SUPOTH SHG Programme, Haugen-Kossmann 2008

happen through advocacy work of civil society organisations.

Advocacy can be defined as strategic action aiming at sustainable structural changes in favour of the poor and marginalized, e.g. changed legislation or implementation of existing laws. Advocacy takes place in steps, from awareness to mobilization towards sustainable changes at the political level locally, regionally or nationally.

A key challenge, however, for civil society organisations promoting long-term structural change, is that the poor people they want to empower often initially do not see the merits of advocacy and structural change. Naturally, people who are hungry and live from one day to the next will be more concerned with their immediate needs than complicated political change, especially considering the widespread distrust of politicians in Asia and Africa. Additionally, political change takes time and will not respond to immediate needs. Therefore it begs the question, how can the poor come to see the relevance of a

political change, which in the long-term would be beneficial for their interests?

This guide provides an overview of a promising methodology in civil society development combining microfinance and classic development work, namely the formation of savings and loan associations, and clustering of those into Federations or networks, which can voice the interests and claim the fulfilment of rights of the poor.

The main purpose of this publication is to provide a strategic reference for civil society organizations and their Southern partners and to inspire continued capacity development of Southern partners through the promotion and development of savings and loans associations. This guide argues that there is potential in savings and loan associations to build civil society and that this potential should be realized.



The Strategy to support Civil Society in Developing Countries

Published by Danida in 2008, the Strategy to support Civil Society in developing countries sets out a number of strategic goals for Danish assistance in civil society development.

Three fundamental operational principles need to be reflected in the planning, design and implementation of specific interventions and activities, in order to reflect the overall strategic framework. The three operational principles are:

- Organisational and capacity development
- Civil society organisations' engagement in advocacy at local, national, regional and international levels
- Delivering specific services within, for example, education and health or for promoting income-generating activities can, in the context of capacity development and advocacy, be included.

The strategy reflects a shift from service delivery to meet specific needs to enhance civil society capacity and strengthen advocacy interventions.

This trend springs from a series of circumstances. One is an overall tendency in the politics of many developing countries to introduce multiparty democracy, thus opening the door to greater influence for the individual citizen and for dialogue between different stakeholders. At the same time, Denmark and the international community have focused more on strengthening civil society.



Reader's Guide

In this chapter follows a definition of savings and loan associations, their special features and a discussion of strengths and weaknesses. Adding to this, the chapter focuses on how savings and loan associations can enhance social and political empowerment in poor communities. Two main approaches, the Village Savings- and Loan Associations or VSLAs (most widespread in Africa) and the South Asian Self Help Groups are discussed and compared.

Chapter 2 is a description of the Bangladeshi self help group promoter SUPOTH (Bengali for 'the right way'), which for 20 years has used savings and loan associations as a tool to meet the poor's needs for financial stability and flexibility, and at the same time mobilising them for change.

In chapter 3 Caritas' experience from North-East India is presented with a particular focus on the combination of roles of financial intermediation with holding authorities accountable for services to their communities.

In chapter 4 CARE's experience with the so-called MMD Programme from Niger is presented. In Niger, the savings and loan associations have developed into a nationwide social and political movement led by women.

In chapter 5 Danish Baptist Union and Burundian Shigikirana demonstrate how work in savings and loan associations has been combined with raising HIV/AIDS awareness.

Chapter 6 names some interesting similarities with Scandinavian history that have been an inspiration to many Scandinavian development practitioners.

Chapter 7 gives an overview of the promising practices, challenges and a few recommendations.

The guide includes an overview of relevant literature and websites (**annex 1**) and SUPOTH's monitoring tool, Community Capacity Indicators (**annex 2**) for inspiration.

The authors behind this publication are a number of Danish based development organisations (Baptist Union of Denmark, CARE, Caritas-Denmark, Danmission and Danish Mission Council Development Department), which together with their Southern partners, have substantial experience in supporting savings and loan associations and their potential as both financial support and empowerment for political change. Danmission's partner SUPOTH and The Baptist Union in Denmark's partner, Shigikirana have directly contributed to this publication.

A. What do the Poor really want?

Poor households need to deal with risk as a matter of daily life. Just to take the basic figure of child mortality rate in the countries referred to in this guide - in 2008 the mortality rate of under five years children was 54/1000 in Bangladesh, 69/1000 in India, 168/1000 in Burundi and 167/1000 in Niger. These figures reflect poor health conditions, dilapidated infrastructure, poor sanitation and the spread of infectious diseases - conditions which poor people cope with despite limited financial or social security. Other risks include injury or loss of job. These and other risks have financial implications and poor families need to find ways to address such situations.

In an influential book titled *Portfolios of the Poor* one of the authors, Stuart Rutherford, argues that the most urgent need for the poor is to manage cash-flow. They need stability in a highly insecure world e.g. making sure that money's at hand to meet basic expenses¹. Rutherford convincingly demonstrates that given unpredictable day to day occurrences poor people

¹ Rutherford et al. 2009:61

are excellent managers of a wide range of financial sources to keep some control of expenses. The importance of cash-flow is probably the reason, that when asking communities what they need, one typical answer would be a need for capital to start up a business to generate much needed income and wealth.

However, not everyone will benefit from a loan for starting a business. Some early micro-loan providers assumed that if poor women received loans they would become entrepreneurs in a very short space of time and be able to sustain their families. Some loan-takers were entrepreneurs and became success stories and some were unable to succeed in income generating activities. In this sense, the experience is that some people have skills and opportunities to become entrepreneurs and therefore need loans whilst other people want to have loans to supplement household costs such as school fees and food.



In cases where lending practices have been too lenient, some women and men have been caught up in debt, often because immediate needs such as food for their families or school uniforms seem more important than investing the loan. When given out carelessly, external credit can make the poor poorer, sending them into a vicious circle of external loans and high interest rates, as have happened in microfinance. Loans are very useful for well-trained loan-takers who can manage them, but if they do not have this experience or if

they are unable to manage their resources, loans can be harmful. Providing microfinance options therefore require a design which ensures that finance is done professionally and loans are only given to those with the capacity to repay. Additionally, it is important that loan size and interest charges will be at a level that does not put normal living standards of entrepreneurs at risk.

For this reason, it is relevant to consider the best approach for proving microfinance schemes to persons from poor communities as seen from the point of view of the poor. It is highly relevant to provide a safe place to save up and some tools to utilise these savings, and start from there. Perhaps the key achievement of savings and loan programmes is to make people realise that they can work from their own resources. As members of the Bangladeshi SUPOTH Federations have expressed: *“Our own feet are the best feet to stand and walk”*.²



Fishing in SHG Federation's fish pond

² SUPOTH Federation members to external reviewer, PRA-expert Enamul Huda, in 2004



When the SUPOTH members or other savings and loan association members come to realise their own potential, that “it is possible to walk on our own feet”, they get also the capacity to imagine that is indeed possible to change their situation and their community for the better.

B. What is a Savings- and Loan Association?

Savings- and loan associations have many names, including Accumulating Savings and Credit Associations (ASCA) or simply Savings Groups.³ The term savings and loan association was chosen for this publication as ‘association’ emphasizes formal collectiveness and regulation⁴, whereas ‘group’ sounds more informal. The associations we are talking about have constitutions, elections and steering committees. In South Asia savings and loan associations are most often called self help groups.

Microfinance may be defined as the supply of financial services including savings, credits, insurance, and money transfers to microenterprises and poor households.

Savings- and loan associations is one form of microfinance and can be described as a organised group of ten to 30 members who pool their own savings in regular meetings, use their own savings as credit and collaborate to sustain systems that enforce transparency and repayment.

Source: Danish Forum for Microfinance Guidelines 2010

Savings- and loan associations usually have the following characteristics

A voluntary, relatively homogenous group...

A savings and loan association is a registered or non-registered group of savers having homogenous social and economic backgrounds, voluntarily coming together to save small sums of money regularly and mutually agreeing to contribute to a common fund in order to meet emergency needs. .

...pooling resources to lend to each other

In the group people pool their resources to create financial stability via loan grants collected by the group. aiming to make everybody of that group self-dependent or even self-employed.

...using peer support and pressure to pay back

The group members support each other and apply peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by microfinance institutions.

...with simple book-keeping

To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations

...hold potential for mobilisation

The experience of meeting, sharing and savings can be seen as a initial form of organisation, and therefore savings and loan associations can be the backbone of wider mobilisation of members, given that the purpose of the group is more than simply saving and lending.



³ Bouman, F., 1995: 371-384; and Allen, H. and Panetta, D., 2010

⁴ This could mean formal registration or just to have a constitution and simple by-laws, see the articles for elaboration

Apart from the above definitions of savings- and loan associations there are a number of characteristics that are important:

Self-selection:

Experience demonstrates that it is important that the group is voluntary, self-selected and homogenous, as it otherwise might be difficult to secure sufficient solidarity and trust – the very basis by which the groups function.

Savings- and loan associations often work in poor rural areas where traditional services cannot reach, and as such is more pro-poor than perhaps other financial services. Yet it is also true that still some poor people opt not to join or are excluded even from these groups. The civil society organisation which is promoting savings and loan associations might push for greater inclusion of the poorest, the disabled etc. but generally it must be emphasised that there will be those who will not be able to participate in a savings and loan association. Reasons for not joining would most often be the obligation to meet and save regularly, which is a considerable burden, particularly for migrant workers and other groups which typically are among the poorest. The associations are based on trust and social pressure. It creates unity to be able to save together and it is an embarrassment when not being able to pay back the loans which can create group conflicts among essentially neighbours and friends. However, not all continue to be part of an savings and loan association. Failure to keep up with meetings and savings obligations is the most common reason to be excluded. A large Indian survey found, that there was an average drop-out rate of 10 percent (Sinha et al. 2006: 46).

Financial Services included: give access to *loans* but also to a safe space for *savings* – also much sought after by poor people. In most cases, there is also an element of insurance as the associations in practice will most often step in to help members who are in trouble and e.g. need a loan urgently.

C. Comparing Savings- and Loan Associations with Microfinance Institutions

Counting by the number of clients, microfinance institutions with branches and employed staff are by far the most common provider of microfinance services. Some differences between microfinance institutions and savings and loan associations are summarised below

Savings- and Loan Associations	Microfinance Institutions
Community managed by members	Centrally managed by employed staff
Transparency ensured through participation of members in all transactions	Transparency ensured through external audits.
Interest rate on loans is paid back to members	Interest rate on loans can be used for investing in the institution (for non-profits) or for dividend to shareholders.
Serves 15 to 50 clients	Serves 200 to 9m clients

Although precise data is lacking on the poverty levels of clients, it seems likely that the members in savings and loan associations are poorer than the clients in professional microfinance institutions. At the same time, there is a limit to the loan size given out by savings and loan associations. As such, the division of roles between the two is usually that savings and loan associations cater for people who need small loans and convenient and safe savings options close to



home, whereas the professional microfinance institutions target relatively larger entrepreneurs and microenterprises. When members in savings and loan associations have gained economic capacity and need larger loans they might have to address the established institutions.

Savings and loan associations compared to specialised microfinance institutions

When savings and loan associations are compared to specialised financial institutions such as microfinance institutions or banks, it is possible to outline the following advantages and disadvantages:

Savings- and Loan Associations	
Advantages	Disadvantages
<ul style="list-style-type: none">■ Can be beneficial to poorer individuals living in less densely populated areas whom the established institutions struggle to reach■ Potential low cost per member reached⁵■ The interest on savings is more stable and higher than most other savings options in rural areas and microfinance institutions.■ Local savings are recycled and given as loans locally and payment of interests remains in the village■ Makes possible the involvement of less specialized Civil Society Organisations/Churches etc. in promotion efforts, although e.g. in India now civil society organisations will not be allowed to form self help group schemes with less than 50 self help groups as the Indian government emphasizes a need for professionalism in handling self help groups.■ Can strengthen the local civil society and may build democratic structures as well as generate social capital. Can be a platform where poor participants improve their understanding of their rights <i>and</i> they practice organising themselves■ Provides a platform for the delivery/promotion of other services/trainings (healthcare, literacy etc.)	<ul style="list-style-type: none">■ Transparency can be difficult: Possible dominance of the groups by elite members, possible fraud and exclusion of stigmatised groups■ Savings and loan associations are fragile structures and a slight deterioration in loan portfolio can seriously compromise their survival■ Time consuming for the members (typically weekly meetings)■ Loan funds are limited and it takes a long time to build up capital in the groups■ Limited types of financial services provided■ Groups do not fund their own replication, but sometimes they mobilise others. On the contrary, microfinance institutions fund their own growth through reinvestment of profits or external capital.

⁵ Mersland, Roy and Eggen, Øyvind 2007:49-50

Further Comments on Savings- and Loan Associations

Advantages

Locally embedded structure keeping members in control of resources: The recycling of local savings is a crucial factor, as this keeps the group members in control. Many rural dwellers e.g. in Northern Bangladesh are quite sceptical of micro-loan providers as they often demand the microfinance providers to save with the institution itself and not elsewhere. Understandably many savers prefer to control their own savings fund.

Financial services can be provided by non-specialists: With savings and loan associations the civil society organisation is not required to collect loans, which is often difficult as the civil society organisation doesn't have a lender profile and is known for handouts and social support. Experience shows that it is important to separate lending either as a department or separate entity entirely.

Can strengthen Civil Society development

There is a potential for wider mobilisation and building up of democratic structures based on the network of savings- and loan associations, and as the financial methods employed are relatively simple less specialized civil society organisations and churches can use the methods for their constituencies. The articles in this guide demonstrate clearly how such non-specialised partners realise this civil society development potential.

Potential platform for promotion of other services/trainings: Savings- and loan associations empower members and form small civil society organisations which hold great potential as a network of information, teaching of literacy, or more generally to foster democratic development. This is to some extent also the case for some Microfinance Institutions such as BRAC or Grameen.

Disadvantages

Possible elite dominance and fraud, exclusion of stigmatised groups: Fraud can be a problem in savings and loan associations, as well as in established microfinance institutions. Formed by a group of people, a savings and loan association comes from a particular cultural setting often with incumbents and inherited agendas controlled by elites. In these cases, the groups will obviously not develop democratic capacity and might even suffer disempowerment.

In some savings and loan association systems, fraud-ridden groups will often wither and die relatively quickly. The Village Savings and Loans Association system (described later in this publication) opted to prevent fraud by promoting cash out and closure of groups every year. This is one way to cut off elite capture and fraud. Promoting homogeneity in the savings and loan associations – as done by SUPOTH – is another way to prevent fraud. Another strategy is consciously to promote inclusion of stigmatised groups – as done by Shigikirana regarding people living with HIV and AIDS.

Promoting a cooperative and democratic spirit and leadership development are other ways to fight fraud and elite capture. However, leadership development and capacity development for group and individual empowerment takes many years - far more than the average three years for project funding to complete. For this reason, it is essential that Southern and Northern civil society organisations have a long term perspective while starting up savings and loan associations if the ambition is to go beyond empowerment of individuals and towards making a positive impact on civil society. Programmes and projects showing promising outcomes at civil society level have been running since the early 1990's (see chapter 2, 3, and 4).

Long term perspective for the members: It often takes several months to build up even small loan funds in financially weak associations. This may be one reason that the savings and loan association concept works best in rural areas as the social ties are stronger and the time perspective longer, compared to those used to quicker trades in the city. Savings- and loan associations do also thrive in many urban areas despite other financial providers but according to Bangladeshi civil society organisation promoters of savings and loan associations, it is generally more difficult to start them up there as social ties are less strong and people are more hesitant to trust one another.



D. Different Savings- and Loan Association Approaches

Within the work of savings and loans associations, there are different schools of thoughts and practices.

Terms and features of main types of savings- and loan associations

redistributed among its members so as to initiate a restart of the association, thus allowing new members to join while others can leave. This practice creates joint economic opportunities for both those eager to loan and do business, and those eager to save. It is a simple and very efficient approach.

Term	Acronym	Special features	Where
Village Savings- and Loan Association, Savings for Change a.o.	VSLA	Minimalist approach, which mainly focus on the financial tools This approach can be – and is often - combined with other components.	VSLA is applied in a number of African countries, starting up in Asia as well
Self Help Groups	SHG	Integrated approach, combines financial tools with other tools such as literacy, organisational management and rights based training empowerment. Focusing on general empowerment with financial tools as the base.	SHG has been developed in South Asia but some integrated approaches can be found in Africa as well

Keep it simple: Village Savings and Loan Associations' (VSLA) Approach

The VSLA approach emphasizes simplicity and is built on savings clubs traditional to many African societies, carrying various local names.

The approach is very well described in manuals used by implementing organisations. These organisations have different names for their particular variety of savings groups, for example Village Savings and Loan Associations by CARE, Savings for Change by Oxfam or Savings and Internal Lending Communities by Catholic Relief Services (Allen, H. and Panetta, D., 2010). The approach is mostly widespread in Africa.

With training a VSLA can be up and running within a few months. After an agreed time period typically up to one year, the group's capital will be

Design-wise a VSLA has some clear advantages in terms of cost-effectiveness and easy replication. Some VSLA promoters would argue that this methodology that VSLA should be seen solely as efficient tools for economic and social empowerment whilst decisions on how to promote capacity development of civil society should be left in the hands of members. Other VSLA promoters would argue that the promotion of VSLAs could and should be combined with political empowerment and through developing the groups into civil society organisations. However, the savings and loan associations' potential for a wider approach will take some more input to realise e.g. literacy and knowledge of human rights and training in organisational management. Examples of the latter are given in the chapters on CARE/Niger and Shigikirana, Burundi where the VSLA-approach was combined with wider agendas

such as gender equality and women's political participation. In CARE's case from Niger, networks of Village Savings and Loan Associations have been formed and these have evolved into a national political movement by women and in Shigikirana's case from Burundi, the creation of Village Savings and Loan Associations were built upon an earlier HIV/AIDS programme and have thus integrated HIV/AIDS awareness into the VSLA programme to secure further impact in this field.

The integrated approach: The South Asian experience

In the South Asian experience of savings and loan associations (often called self help groups or SHGs), the approach goes much further and combines financial elements with civil society development. South Asian self help groups are generally initiated by civil society organisations such as the Bangladeshi organisation SUPOTH (ch. 2) and Caritas' partners (ch.3) with broad anti-poverty agendas.

This perspective emphasizes that poverty is not just about money but also about lack of capabilities and manoeuvrability, in financial as well as personal and political matters.

Director Dayal Chandra Paul of SUPOTH formulates it this way: *"The poor in Bangladesh are not just poor. They feel unable to make their own choices. The poor experience to be stigmatised as lower human beings. The old Bengali saying goes: Poor people are bad people. Poverty is broadly believed to be a sort of destiny, a condition that almost deprives you of your humanity"*. Due to the firm stigmatisation of the poor in South Asia, the stronger the need for empowerment becomes. Ultimately the savings and loan associations contribute to that social empowerment.

The famous book *The pedagogy of the oppressed* by Brazilian priest and educationalist Paulo Freire is an important source of inspiration for self help group's approach to savings and loans. Paulo

A rights-based approach

During the last 10-15 years the approach to development aid has been moving from a needs based approach (focusing on the fulfilment of basic needs of the beneficiaries) to a rights based approach inscribed in the framework of human rights..

Fundamental to this approach is that the root causes of specific problems which violate the rights of individuals are being identified. And also subsequently that the rights of those affected are met.

An important element of a rights-based approach is the understanding that every individual is a "rights holder", who is entitled to have his or her rights enforced. For every right, there is a corresponding "duty bearer", who must respect and comply with this right. Often the "duty-bearer" is the state which is obliged to comply with this right. If a person has HIV/AIDS it is his or her right to be treated by the health institutions in a given country.

Development work will typically pursue a rights-based approach when targeting four areas:

- The most vulnerable groups in society.
- Identification of the actual causes of poverty and other violations of human rights.
- The relationship between rights holders and duty bearers.
- Boosting the chances of people influencing their own lives.

Freire lived and worked with the Brazilian poor and his thoughts has heavily influenced the development discourse in the 1970s and 1980s. The empowerment concept of today's development discourse still owes much to his thinking.

Paulo Freire's main contribution is his analysis on the discourse and the need to challenge the stigmatisation associated with poverty to empower the poor. For this to occur, the oppressed have to first become more conscious of



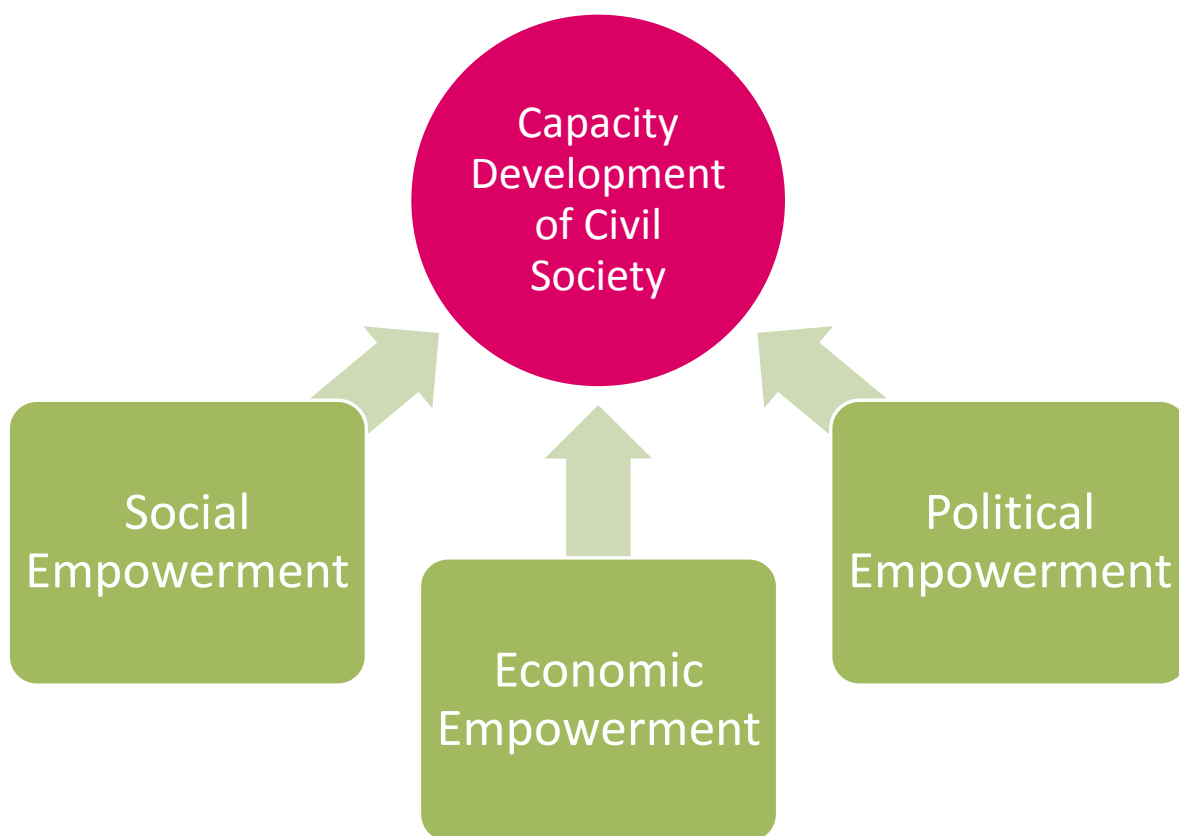
their situation. Then they will potentially be able to engage in dialogue with former oppressors about a more participatory and just society. At this stage a real societal impact is possible.

Freire states that often the oppressed initially wish to become oppressors like their patrons, as this is the type of power they know about. They basically want to switch roles, to be rich and rule. To go beyond this zero-sum game, according to Freire, facilitators should enable the formerly oppressed to engage in dialogue with the oppressors and to practice another kind of society.

The same endeavour forms part of a rights-based approach where the rights-holders get the tools to voice these rights, *vis-à-vis* the duty-bearers, and ideally in a dialogue. In a savings and loan terminology, this means that financial tools should complement other tools to ensure societal impact. The poor should be given the opportunity to participate, to have a voice and become citizens on more equal terms.

E. How Empowerment can translate into Capacity development of Civil Society

With savings and loan associations a rights-based discourse can be applied in practice. The participants learn a language that reflects their rights *and* they learn how to save, do business and organise themselves. A distinction between *practical needs* of the poor and *strategic interests* of the poor is useful here. This distinction, unfolded in Moser 1993, is mostly known from gender studies but is useful also for other marginalised groups. Through the daily practice in the savings and loan association members seem to get a perspective beyond their immediate practical needs enabling them to envision and work for a more sustainable change of their condition, or in other words formulate longer term strategic interest which includes securing rights to access education, land and resources.



Empowerment can, in the words of Nobel Prize-winning economist and development theorist Amartya Sen's be defined as "expanding people's opportunities to live the kind of life they value". In civil society thinking, empowerment can be described as having economic, social and political aspects. Where it is self-evident that empowerment through savings and loan associations is economic, it is also quite clear that empowerment through savings and loan associations has a social aspect as the groups encourage the individuals to voice their own concerns. Whilst empowerment concerns primarily the individual, capacity development of civil society takes place at a social or organizational level where a group of individuals work for societal or structural change beyond their individual interests. Yet at what point does individual empowerment translate into capacity development of civil society on a larger scale? Particularly South Asian savings and loan associations (self help groups) consciously promote empowerment with an economic, social and political aspect. In consequence, the savings and loan association itself works also as a basic organisational 'school' where this empowerment is articulated and practiced. The savings and loan associations develop leadership abilities among the group members. The political empowerment is possible since the individual savings and loan associations in South Asia are clustered in federations, which works as the mobilising force. Practically, this takes time. The savings and loan associations need to be more mature and to have covered the basic practical needs of members to really see the value of networking with other groups and to form Federations or clusters that can work at another level and eventually become civil society organisations. Hence, participation of the poor in savings and loan associations can contribute to a more equal society with self-reliant and responsible citizens being able to participate on more equal terms.

The results speak their own language

The chapters of this guide all provide evidence to the merits of building on savings and loan associations for civil society development. Some examples should be highlighted here.

Gender rights poster by SUPOTH



In the last five years SUPOTH's SHG Federations have been strengthened, also in terms of networking with local authorities. This has led to the implementation of land rights and to increased acceptance of tribal people. From 2006-2011, close to 600 poor SUPOTH members gained access to so-called *khas* land. Khas land means land left behind by migrants, most often going to India. As per the law, the poor are entitled to apply for leasing plots of this land but most often it is the well-connected well-off people who receive it. Through the work of the Federations, the poor gain access to the land that they are rightly entitled to. Members also gained political



representation through the election of five tribal community representatives to local councils. This has only been possible due to the efforts of self help group federations, which are able to voice the concerns of the poor *vis-à-vis* local authorities (e.g. the lands office) or back-up the election of tribal candidates.

With Caritas' Indian partners, there are many other examples of resource mobilisation ranging from access to land, to machines and a banana plantation acquired from Ministry of Agriculture.

There are also examples of female empowerment. SUPOTH's women recounted how they gained more respect from their husbands by being able to earn an income and by having their husbands join self help groups where they received training on women's rights, but also from the husbands themselves being a part of self help groups where they are trained on women's rights. Thus, the integration of financial aspects into wider programmes has added considerable value to self-realisation of participants (both wives and husbands) as highly capable human beings.

A recent large-scale study of Indian savings and loan associations (self help groups) conducted by Sinha, shows an equal broad development perspective, demonstrating that self help group membership provides a good basis for a political

career and social action. One third of self help groups studied have undertaken social action. Likewise, the case from Niger (chapter 4) shows how marginalised women are now running for Parliament and are getting elected with support from their VSLA groups and networks.

Self help groups in North East India have successfully worked for structural change at local level (chapter 3). However, general experience demonstrates that when self help groups themselves contribute to the empowerment of individuals, the clustering of self help groups into federations are necessary for a structural impact at a wider societal level. In other parts of India and in Niger, savings- and loans associations have formed federations and networks that have transformed into wider civil society movements.

In Burundi savings and loan associations contribute to civil society agendas. The savings and loan associations have proven to be efficient channels of information on HIV/AIDS and at the same time have managed to integrate people living with HIV and AIDS into the savings and loan associations. In this sense, new ground is pioneered by the attempt to integrate a particularly vulnerable group into general groups, instead of creating separate groups for them, as is often the case e.g. in projects for disabled people.



Access to the formal banking systems

Access to formal banks for poor people is typically complicated as they are often construed as unreliable clients by commercial banks. Through savings and loan associations, Bangladeshi SUPOTH members and Indian self help group members have gradually been able to access bank services and become customers and entrepreneurs. Lowering entry requirements of bank services has been an important development towards removing the stigmatisation that poor Bangladeshis experience.

The experience from interventions in Africa emphasize that it can be necessary to work informally as many areas have not been reached by formal institutions. In some cases the poor might simply see the savings and loan associations as a safer alternative than local banks or microfinance institutions. In places where banks and microfinance institutions are in place, a savings and loan association can still be the best place to learn financial management and this is acknowledged by many well established providers of financial services.

Savings and loan associations for bottom-up civil society capacity development

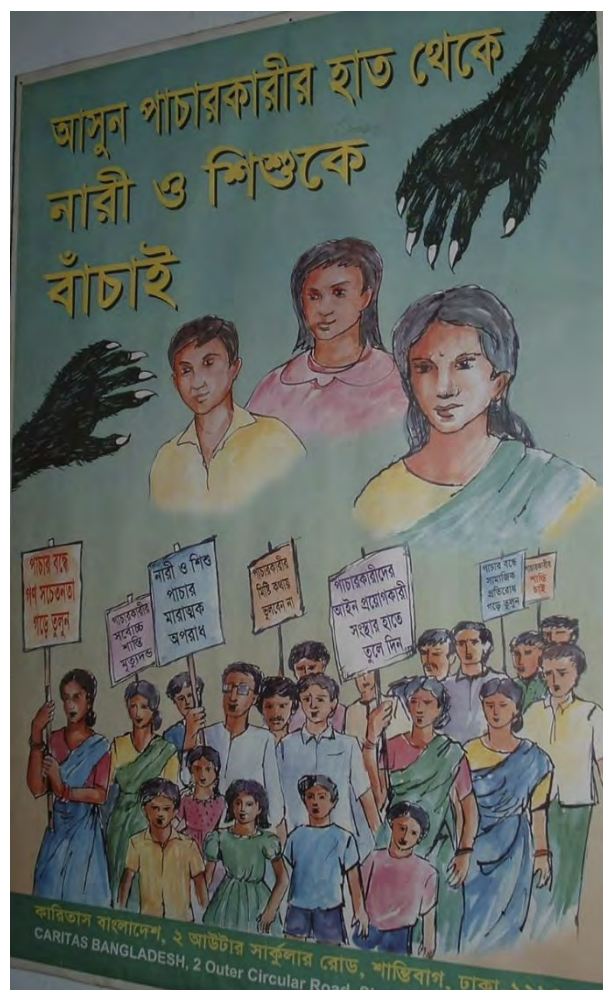
Comparing the two main approaches, it is clear that VSLAs (developed in Africa) have a structure that can easily be replicated in other areas of the world whereas self help groups and their Federations (developed in South Asia) have very promising practices and results but also a more complicated, broader agenda, which seem more difficult to transfer to other contexts. Thus, while self help groups have an integrated and more comprehensive approach which can lead to structural change, the VSLA has advantages in terms of cost-efficiency and easy replication.

However, in Africa there is also a need for social and political empowerment, and in African contexts people also struggle to identify opportunities and there seems also to be a need for people to become more aware of their own resources. There are also examples (chapter 4

about CARE's work in Niger) that it is indeed possible to combine the basic economic and social empowerment resulting from the work of the savings and loan associations with a political empowerment through clustering of the groups, with equally promising practices and results.

This guide argues that formation of savings- and loan associations combined with broader development agendas has much to offer the world's poor. The approach should be to walk on two legs, where civil society organisations consciously develop programme and project design that both fulfils short term needs and advocates an agenda for long term structural change.

Trafficking poster hanging in all SHG Federation





Chapter 2: SUPOTH - from Empowerment to Capacity Development

- How individual economic and social empowerment can lead to capacity development of Civil Society Organisations

By Kristine Kaaber Pors

This chapter will present the story of the Bangladeshi promoter of savings and loans associations, SUPOTH. The organisation established self help groups, which provide financial services, as well as empower participants socially and politically. The chapter shows how this move from individual empowerment to social mobilisation is undertaken and also discusses benefits and challenges.

“In the beginning we didn’t think about this. How we could become more powerful. But this has changed a lot. (...). Now we are free, smart and able to talk. We can talk about various issues with other people. And we can go everywhere now. Before we were very shy, and used to hide our faces behind our sari if someone talked to us. But now we are much more open, and we can go everywhere. We have more freedom I think. We think about what kind of clothes we wear – we now want to wear good clothes”⁶

This quote from a women taking part in one of the Self Help Groups (SHGs) of SUPOTH, gives

evidence to what is a successful savings and loans initiative in Northern Bangladesh.

The SUPOTH project is an example of holistic, integrated development with an overall vision: “a self-sufficient, tolerant and peaceful society where everybody has the possibility of developing his or her full potential”.

The starting point has been economic empowerment through savings and credit in Self help groups, so as to meet the immediate need of poor Northern Bangladeshis. Back in the late 1980s the founders, the Bangladesh Lutheran Church (BLC) and its Danish co-workers, based their vision on consultations with local people. The villagers’ future dreams were about peace, prosperity and better health, about increased participation and decision-making in their own lives. From the beginning SUPOTH aimed at reaching men, women and adolescents of the same communities, with the vision of an impact at the societal level.

As the quote above demonstrates, one of the most significant and visible outcomes of SUPOTH’s work is the change that it has led to in the lives of the women who take part in the SHGs. Many of these women used to be destitute and

By mid-2011 SUPOTH formed a total of 615 Self Help Groups, which are organised in 14 Federations in six districts of Northern Bangladesh. These Federations are registered as local Bangladeshi Civil Society Organisations. SUPOTH members total 14,000.

SUPOTH has received financial support from Danida since 1995 through Danmission and Danish Mission Council Development Department.

SUPOTH itself was founded in the late 1980s by the development wing of the Bangladesh Lutheran Church facilitated by Danish co-workers and the Canadian-American organisation CRWRC.

⁶ Haugen-Kossmann 2008a, 70

untouchable, and now they recount today how they feel more respected by the husbands and the community through their participation in entrepreneurship and in the work of civil society organisations.

The key to success for SUPOTH is the integration of economic empowerment: savings and income generation with social and political empowerment for the participants

individually and as a group. The match of meeting participants' immediate needs with longer term capacity development of their own upcoming organisation adds considerable value to the self-understanding and self-realisation of the participants as highly capable

human beings. Likewise, this often broadens the perspective of participants' wives or husbands. SUPOTH women explained that the change in their husband's attitude was a consequence of their husbands realising that women can contribute to household income. Acknowledging this contribution has enhanced women's role in decision making.

From Individual Empowerment to Self Help Group to Civil Society Organisations...

"SUPOTH's main contribution possibly is that the participants are aware of their own situation, let them be confident to stand on their own feet with their own resources" (Huda and Choudhury 2004: 48).

By 2011, 615 Self Help Groups - organised in 14 self help group federations - were already established. -, All SHGs have been registered

locally as People's Organisations/Civil Society Organisations in their own right and have a track record in entrepreneurship as well as advocacy, particularly in resource mobilisation.

To be a SUPOTH member essentially means that one has become a part of a self help group, which gradually becomes a structure mobilising its members to become involved in the local



community. Most visibly in the local political contexts are the federations of self help groups which advocate for self help group members' access to land and operate as both entrepreneur and primary health care taker. In this sense, SUPOTH

facilitates a move from individual empowerment to collective capacity development of future Civil Society Organisations.

SUPOTH's experience is that, when self help groups have worked for some time on savings and income generation and have been trained in organisational skills and rights issues, they are ready to see the value of a wider social empowerment and unite to form federations. Through this organisation, the economic and social empowerment of the individual members becomes political as the federations gradually manage to address e.g. land rights issues.

SUPOTH's approach to this process is to be active in developing the capacities from the self help group level to the federation level, and then gradually drawing back and letting the people take over the organisation of the federations.



The Four Tiers of SUPOTH

The SHGs and their savings routines offer a structure to daily life which is often desired by the poor. In his book *Portfolios of the Poor* Stuart Rutherford writes: “*more important than the return being generated is reliability, security and an appropriate structure that works with the particular cash-flow of the household*”.

The weekly or bi-weekly meetings with savings and mutual aid help structure the poor group members' lives more broadly. From joint savings and lending the SHGs gradually adopt a role of nurturing participation and leadership. The initial management of the group funds can be seen as a 'school' in management of resources, and the management of the groups themselves as 'organisational schools', practicing election and meeting procedures.

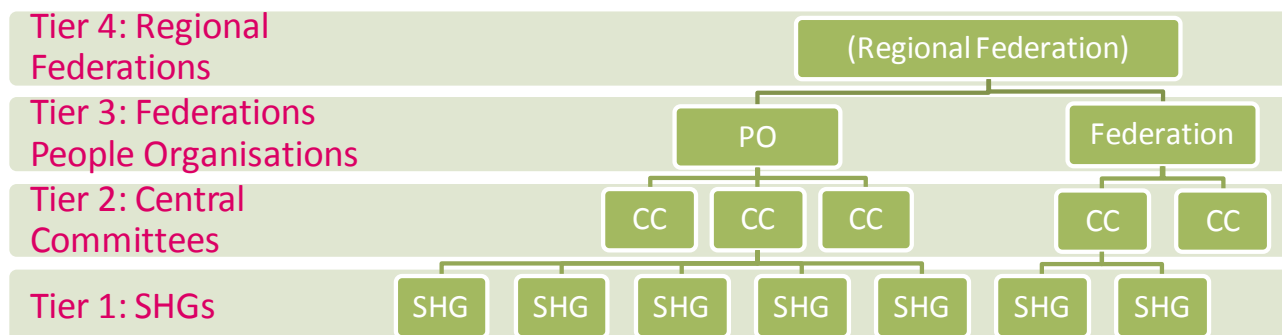
From the grass-root level of Self Help Groups, a wider organisation is materialising over four tiers.

initial stages of the Central Committees a small donor fund is given to offer water pumps and safe latrines if the communities agree to contribute. The Central Committees are formed after one year of work in the SHGs and continue until the formation of the Federations after two years of self help group work. Hence the Central Committees can be seen as a stage on the way to form Federations, which gradually take over the needed role of a uniting organisation for SHGs.

Third tier: Federations of SHG's, called People's Organisations cover an area corresponding to the lowest administrative level in Bangladesh and the politically powerful Upazilas or sub-districts where e.g. cases regarding land rights are settled. In the Federation Committees, men and women as well as different religious groups are represented. The Federations take on the role of advocate for SELF HELP GROUP member needs such as simple health services, micro enterprise development.

Fourth tier: Finally, the recent fourth tier: SUPOTH unite people at the district level through so-called Regional Federations.

Model: The SUPOTH Structure



First tier: the SHG's in the villages with wives in one group and their husbands in another, SHGs with mostly Muslim/Bengali people and others with Hindu/Christian/tribal people. Hence the SHGs are self-selected and homogenous.

Second tier: the so-called Central Committees covering 4-5 villages are comprised of men and women with contributions from SHG's. In the

First Tier: Self Help Groups and Economic and Social Empowerment

SUPOTH's operational manual summarises two major objectives of the Self Help Groups:

- **Self-sufficient members:** For members to become self-sufficient via the implementation of employment and income generating activities and skills development.
- **Empowerment:** To organize poor women and men at community and village levels and create social awareness among the poor. This is achieved via greater awareness of their basic human and democratic rights - particularly women's social and economic rights at the household level and the practice of democracy at the grassroots level.

SUPOTH sees the empowerment of participants as economic as well as social, thereby laying the foundation for political empowerment at the Federation level. The individual is empowered through participation in the organization. However, it is not only an empowerment of individual members alone - the self help group itself is enhanced as an organization.

How the Self Help Groups Work

Self Help Groups are relatively homogenous entities comprised of women or men separately, and the members will typically be of the same caste. The disabled and those in abject poverty will be given membership of primary groups, though the members should be "physically able" to attend meetings as stated in the SUPOTH manual. Husband and wife are encouraged to participate in different groups and though some of the older groups have fewer members, the Federation will back them up in getting more members so as to be more sustainable. An Executive Committee is formed through direct election of group members.

The initiative to form a self help group comes from the community or from an established Federation of SHG's. In a new village the process

will be to undertake a participatory appraisal to discover e.g. the composition of social groups, the poverty level etc. and then a SUPOTH field trainer or a Federation committee member visits the village to inform about the possibilities of the self help group approach. After these so-called pre-group formation motivation meetings, the community can call SUPOTH back in to actually form the self help groups. In the phase from 2006-11, 213 new self help groups were formed by SUPOTH directly and 243 by wider Federation.

After formation, the self help groups meet once a week to save an amount agreed upon at their first meetings. The SUPOTH field trainer attends the meetings in the first 1-2 years to train, first and foremost, how to undertake the savings and loan cycle and then broader social development aspects. The presence of a field trainer/federation representative with the groups will fade over time. For more advanced skills training, SUPOTH has in recent years linked with independent Federations and other actors such as BRAC and Grameen which already have these trainings in place.

Early SUPOTH: Learning from Indian MYRADA, the self help group approach was taken on, emphasizing that the new self help group members should not be only Bengali Lutherans but representing the whole community, in Northern Bangladesh (approx. 85 percent Muslims, 12 percent Hindus, 3 percent Christians and Buddhists). From the outset the cross-religious element was quite strong, presenting a totally new approach for the Bangladesh Lutheran Church.

As with the caste and gender aspect, the self help groups are kept homogenous at the grassroots level, whereas from the Central Committee level the composition becomes diverse. Religion-, caste and gender wise, this approach presents a healthy combination of having a well-known platform to start from (the homogenous self help group), and from there experiencing the pluralism in the upper Tiers (the CCs and the Federations)



Measuring Progress in Self Help Group Capacity

SUPOTH applies a graduation system where each self help group is marked within 3-5 years according to a set scheme called Community Capacity Indicators (see annex 1). The indicators are monitoring tools for assessing the degree of economic and social empowerment of self help group members, or in SUPOTH's words, how the SHGs move gradually from dependence on SUPOTH to consultancy to independency, measured on five key parameters. The groups monitor themselves on a six-month basis, assessing how far they've come within these areas and where they would like to be in six months time.

Community Capacity Indicators (for SHGs):

- Group Financial Capacity - Management of savings and loans within the SHGs, opening of bank accounts
- Group Management Capacity Governance: Election of committee and proper conduct of meetings in relation to Central Committee (CC)
- Group Technical Capacity: Literacy, keeping of ledgers
- Networking Capacity: Linkage with other local groups, local leaders, sub-district land offices
- Social Control Capacity: Ability to take decisions, knowledge of human rights, social welfare work or funding

Community Organizational Capacity (for Central Committees and Federations)

1. Shared Vision, Mission, Strategy and Values
2. Legal Identity/Government Registration
3. Stewardship Leadership
4. Human Resources
5. Management System
6. Networking
7. Gender Participation
8. Financial Sustainability

Second Tier: The Central Committee Level - SHGs Unite for Capacity Development

The second tier of the SUPOTH structure is the so-called Central Committees (CC), with member SHGs from 4-5 villages, often 10-12 SHGs under one CC with male and female self help group representatives of various religions and castes. However, the CC is established at a point where self help group members are willing to send representatives and commit financial contributions, which would typically be after one year of existence of the SHG.

A distinguishing factor of CCs is that when they start up, they administer a small revolving fund for water and sanitation for self help group villages and the revolving fund is maintained by the CC afterwards. In less densely populated areas, the CCs continue after the pumps and latrines have been distributed so as to continue supporting SHGs, and exchange experiences and voice concerns to the Federation. However, the CC cannot exist without various self help groups seeing its value and being willing to contribute. Often the CCs lose importance when the third tier, the Federations, are formed and start operating.

At the CC level, indicators have also been developed to guide 'Community Organizational Capacity' development.

Third Tier: The Federation/Civil Society Organisation level

The third tier of the SUPOTH structure is the so-called Federation or a Civil Society Organisation covering a sub-district which in densely-populated Bangladesh comprises about 25,000 people. Every self help groups and Central Committee elects 1-2 members for the general committee. To avoid persons gaining too much power, it is not possible for office holders from the lower levels (e.g. the CC) and Federation level (e.g. the chairmen) to push for more conducive and transparent leadership. This means in practice that one SUPOTH member cannot simultaneously

be chairman of his/her self help groups and member of the Federation committee. Meetings are held once a month.

At the Central Committee and Federation level the large general committees divide themselves into sub-committees, dealing with social justice e.g. women's rights; economic justice e.g. land rights; supervision of SHGs; primary health; and business. The sub-committees are keys to ensuring smooth functioning of the Federation. Whereas the Social Justice and Economic Justice undertake a classic rights-based work, the Supervision committee works internally with the lower levels to inspire them and train them.



Primary Health

As primary health care is a tremendous challenge in remote Northern Bangladesh, SUPOTH gives health issues priority with Federations as the operational units. The Federations form Health Committees and raise funds to pay small fees for health committee members to deliver basic yet vital services in the communities. The Primary Health Committee has been trained to deliver e.g. vitamin A to pregnant women and can for a small fee (paid by the Federation) instruct communities in issues such as the prevention of water-borne diseases. This means that Health Committee members get a small income for a critical service in areas where government health offers are almost entirely absent. Furthermore there are linkages from the Federation health committees to

existing clinics, enabling the Federation to act as a link to these services.

Business

To support the SHGs and members in business development, the Federations are dealing with applications from individuals or groups for micro-enterprise loans, and the Business Committee gives recommendations on the process. There are set criteria such as a business plan and clear preference is given to those with experience in group-based income generation activities. Repayment has been 98 percent.

In total more than 800 micro enterprises have been established, creating more than 1000 new jobs, and 160 micro enterprises being run by women. 80 percent of the micro enterprises were started by savings funds only, and only 20 percent have used the loans - a figure that bears witness to the power of the savings approach. 6 small and medium sized enterprises have been established, creating 42 new jobs.



Civic Education and Advocacy

The Federation of Social Justice and Economic Justice Committees work with a combination of civic education and advocacy. They focus on women's rights and poor people's rights to land. In this context, it has been a success to focus on access to so-called *khas* land, which is abandoned land from migrants to India. Poor people are by



law entitled to get access to lease that land, but this is in fact not happening. Due to the network and advocacy by the SUPOTH Federations, close to 600 SUPOTH members have through their group gained access to khas land. Furthermore, the Federations have undertaken local mediation regarding illegal divorce, dowry and early marriages. In the last 5 years more than 1100 local mediations have been reported. Another sign of social acceptance and influence of SUPOTH's members is that 50 percent of the Federations' representatives have become members of different local committees such as Village Councils and Union Councils.

Fourth Tier - The Regional Federation

The next step from the Thana Federations is to form an organisation corresponding to the district level, called a Regional Federation. Regional Federations are planned to become advocacy agents at district level and deal more with legislation and implementation of legislation, whereas the Thana Federation advocates for single members and groups. The Regional Federations will work with formal duty bearers such as district councils and also with moral duty bearers such as religious leaders, as e.g. important regulations regarding women's access to inherit land in Bangladesh are to a large extent left to religious leaders. The concept of Regional Federations is still very new and currently being worked on.

SUPOTH as a Model for Capacity Development of Civil Society

SUPOTH is truly playing the role of facilitator, stepping in strongly while e.g. starting up in new districts. One field worker is responsible for training 10 SHGs. As the SHGs mature, staff input is reduced. In districts where SUPOTH has already established Federations, the Federations are responsible to continuously form new SHGs, and this is sometimes a challenge.

SUPOTH has delivered a unique contribution to the development of the communities in which it has been working for more than 20 years.

Evidently, the time perspective and the linkages to development of the socio-political context are crucial when setting out to assess these results. In the early 1990s, just to form a self help group of people from outside the Bangladesh Lutheran Church was a great victory, and later on it was also a great victory that the Central Committees were capable to unite men and women, Muslims, Hindus and Christians. Around the year 2000, it was considered an achievement to establish strong links to local government, and throughout the 00's the move towards civic education and advocacy has been the focus along with the development of primary healthcare work and enterprises.

SUPOTH has contributed tremendously to gender equality amongst its members, after the principle 'walk the talk'. As men increasingly see the economic contribution of their wives, female social empowerment (which is dependent upon husbands' attitudes) is enhanced. In fact both husbands and wives are given their own space and opportunity in their own groups to learn about human rights and gender equality. From that basic experience at household and community levels, general political empowerment through the self help group federations can be developed.

There is thus a connection between the different forms of empowerment - social and political empowerment clearly is dependent upon economic empowerment and capacity development of civil society organisations is thus developed on that premise.

While starting up in new areas, SUPOTH has to start over again with basic savings, sharing among peers and then gradually build up Central Committees and Federations. However the pace is faster now, and other NGOs have come on the scene in Northern Bangladesh to form SHGs and Federations, and the need to link and specialise has become a new challenge. Yet it is clear that long term commitment has been paramount to the results achieved.

Chapter 3: North East India - financial Intermediation and Civil Society strengthening

- How Self Help Groups and their Federations combine roles of financial intermediation with civil society capacity development

Case: Caritas Denmark's Livelihood Programme in North East India:

By Peter Blum Samuelsen

Savings and Loans Associations – which in India are called Self Help Groups – have played and continue to play a vital role for a large number of the poor population in the country. Caritas Denmark has been working with a number of local partners in North East India to support the establishment and further development of Self Help Groups and related structures. This chapter presents some of the main changes this development has led to for individual women, business opportunities and political empowerment e.g. enabling poor to access resources.



India has a long history of civil society based on the concepts of *daana* (giving) and *seva* (service). Voluntary Organizations have been active since the medieval era but proliferated during British rule and during the second half of the 19th century as nationalist consciousness spread across India

and self-help emerged as the primary focus of socio-political movements.

With Mahatma Gandhi's return to India in 1916, the focus of development activities was on economic self-sufficiency. His Swadeshi movement, which advocated economic self-sufficiency through small-scale local production, swept through the country. After independence, the Government of India increased its presence in social welfare and development but recognized the potential for civil society to supplement and complement its efforts. Today, about 1.5 million NGOs work in India - many of them working together in associations for greater influence.

While Self help groups seem to be of indigenous and ancient origins, NGOs have played a pivotal role in innovating and developing the self help group model fully. In the 1980s, policy makers took notice and worked with NGOs and bankers to promote self help groups. Their efforts and the simplicity of self help groups helped to spread the movement across the country, becoming an

unparalleled vehicle for rural development. By the 1990s self help groups were viewed by state governments and NGOs to be more than just a financial mediator but as a common interest group working on other concerns as well. The agenda of self help groups included

social and political issues as well. The spread of self help groups also led to the formation of formally registered self help group federations with stronger political and advocacy capabilities in knowledge sharing and access to more capital.



Empowerment through Self Help Groups leading to a strengthened Civil Society

As from 1999 Caritas Danmark has been working in partnership with a number of Caritas organisations in the North Eastern states of India, being Arunachal Pradesh, Assam, Manipur, and Meghalaya. Under a joint programme for livelihood improvements through civil society, Caritas' current four partners are working with indigenous marginalized tribes by supporting them in their agricultural and income generating activities, as well as by raising awareness of their rights and by advocating official support from authorities through some 2000 self help groups.

Caritas has experienced at least four ways that self help groups are supporting the mobilization and advocacy of communities in North East India.

Social Empowerment

- Social interest groups help women get together to solve common problems, gain confidence, learn to speak out in public

Together with Caritas' partners, the formation of social interest and self-help groups, (consisting primarily of women) has had a substantial impact on their lives since the beginning of the Indian self help group movement. The status of women has generally improved as they have grown in confidence, changing gender dynamics and women's role in the household. When asking women what the biggest advantage of being part of a self help group is, the response time and time again has been that they can spend time with other likeminded women in similar situations and share problems and solutions. The sense of being part of a group with unity and common objectives provides the opportunity for women to break away from many years of discrimination. During the rice planting season the women would discuss everything from how to help each other in the fields to how they can involve their husbands more. The combination of being in a group, receiving training and starting to make money has

had a tremendous impact on their hope, confidence and general outlook.

Normally, the female members of self help groups do not experience much resistance from their husbands regarding their participation. Only in the beginning would husbands complain or even try to stop their wives from attending self help

The world largest microfinance sector:

Central Government of India has promoted numerous important schemes for rural development and some of them have successfully fuelled the self help group movement. Today, the movement is reaching 80 million self help group members out of a total population of about 350 million Indians living below the poverty line. Of the 80 million self help group members some 65 million belong to self help groups with "bank linkages" i.e. with external loans from banks typically at an interest of about 9% pa.

About 27 million Indians have larger business loans with Micro Finance Institutions at an interest of at least 25% pa. Due to easy access to capital, the number of Micro Finance Institution clients has grown with more than 190% over the last two years (2009-2010) as opposed to the self help group movement which has only grown 27% in the same period.

The total self help group portfolio is estimated at 6 billion USD as compared to about 4 billion USD loan portfolios with microfinance institutions. Much concern has been raised with the sharp growth of the microfinance institution sector and increased competition (300% portfolio growth through two years) which has resulted in poor portfolio quality and multi borrowing notably in Andhra Pradesh. This has resulted in a revised legislation and enhanced registration and monitoring of microfinance institutions in India.

Source: Report of the Sub-Committee of the Central Board of Directors of Reserve Bank of India to Study Issues and Concerns in the MFI Sector, RESERVE BANK OF INDIA, January 2011.

group meetings but when their wives began to earn an income, the men would show more respect for their wives. When interviewing women near Bangalore in South India the women were so confident that if their husbands were to stop them from attending self help group meetings they would rather separate from them than their fellow self help group members.

In North East India it is not uncommon that husbands would help more in the home and even with cooking and childcare if their wives can earn income. In addition to acknowledging wives' contribution to household costs, the men and the village committees are also taught about how to support their wives in economic empowerment.

In order to ensure stable member relations husbands of members cannot participate in the self help group meetings. This is due to the general status and power that men still enjoy which can adversely affect self help group decisions.

Generally speaking self help groups fight negative household influences such as alcohol amongst men, particularly in tea plantations. Moreover the actual sale of produce cannot be entrusted to husbands given strong temptations to spend money on alcohol. Though such problems have not disappeared, joining forces against alcohol has resulted in more peace and stability in member homes.



Summing up Social Empowerment

The social empowerment of North East Indian women is rendered possible through the economic empowerment of savings and credit schemes of the self help groups. The self help group provides the 'safe space' where women can formulate their wishes of greater equality and economic empowerment. Or in the rights-based discourse: women adopt a language about their rights *and* they get experience that enables them to save, do business and organise themselves.

Political Empowerment

- Democratic and civic education and constitutional practice results in self help group advocating and addressing local political issues and members standing for elections



Self help groups have proven to be a very strong tool in developing the democratic understanding and practice among women and the community at large. Women learn to speak out and articulate their issues in a larger group and at the same time follow strict constitutional rules. They become familiar with the importance of minutes, roles of secretary and president, administration of common fund as well as timely appearance that otherwise results in penalties instituted in the constitution. Specifically this has resulted in hundreds of self help group members getting elected to the local political body and more just stand for election. Today 30-40 % of the members



of the local democratic bodies are women, which was unthinkable just a few years ago. Although decision making is still dominated by men, the recent development has meant that men start to take issues raised by women more serious. Concretely, women have enforced more transparency in public processing as well as more focus on the problem of corruption. And it has become easier for self help groups to access schemes for support to local education, water, sanitation, and health.

Political empowerment does not only translate into advocacy towards the authorities. It also translates into addressing other local political issues and in taking social action to improve local conditions at large. In Manipur, a state in North Eastern part of India, the underground movement took a number of youth in hostage. The self help groups in the state entered into negotiations with the underground groups and successfully manage to ensure the release of the youth. The self help groups have also been able to negotiate that the underground is not disturbing their group meetings and income generating activities.

Women in the self help groups generally are much concerned of their children's education. In Manipur, the self help groups have several times managed to negotiate for the recruitment of a highly capable teacher at a higher pay against them paying 50% of the cost of the teacher.

During one visit to Manipur, Caritas Denmark asked a group of women how they have experienced a change in their living standard as a result of the participation in livelihoods activities through the self help groups. The women generally replied that they did not experience much difference in their living standards. This was of course a response that was surprising to hear, not least since their income had clearly increased and their businesses had grown from being part of the self help group. However, there was a simple explanation: Most of the women had decided to

spend all their profits in their children's education. Many of them now have highly educated children with jobs that their parents could have never dreamt anyone in their family could get. Clearly this



enhances the entire position of the family socially, politically and economically. It is generally found that where self help groups have been widespread in communities all children are going to school whereas the normal level is only 30-40 percent in the project areas.

Summing up on Political Empowerment

Self help group members have not only been trained in organizational development, 30-40% of them have also been able to translate that into a political career in local governmental bodies. It has also been easier for members to access resources such as education and water.

Economic Empowerment

- Economic Empowerment and Capacity Development of self help groups as civil society organisations: Mobilization of resources and schemes from authorities

Empowerment resource mobilization is a fundamental part of the training and support of self help groups. The most common resource that groups advocate for is external loans from banks based on their track record of savings and loans. The system of banks giving loans to self help groups is a distinct policy of the Indian government which is widespread since the loans are actually refinanced from the central bank which places targets for what is called priority sector lending. Thereby, self help groups are leveraging their own savings substantially resulting in the growth of economic activities which would have otherwise not been possible.

This approach is contrary to African best practice experience where external (donor provided) loans to savings groups is seen as “cold money” which groups are reluctant to repay. This is in stark contrast to their own “hot money” (savings) which is taken more serious when it comes to repayment. In North East India as in the rest of India, external loans from banks are generally taken more serious as they are seen as an important source of ongoing financing. If circumstances arise that loans cannot be repaid on time, it is the internal loans that are postponed – not defaulted, just rescheduled. The logic is that “friends are patient but the bank is not”. This system of “bank linkage” is well established and recognized as best practice inside and outside India.

It is, however, not always easy to obtain bank linkages in much neglected North East India. Many insurgency groups exist, particularly in states of Manipur and Arunachal Pradesh where killings and corruption is part of daily life. In this highly unstable and volatile environment opening a bank account can be rather difficult due to





resistance from risk adverse banks, restricted movements as well as long distances and poor transportation facilities. The Indian policy for self help groups financial inclusiveness however also has a solution to this problem. Reputable NGOs like Caritas's partner in Manipur can make use of the banking correspondence model that enables the NGO to represent a certain number of self help groups and then extend the respective loans to the self help groups against its own guarantee. In this way the NGO is doing all the work of disbursement and collection on behalf of the bank at no cost. However in some states like the mountainous Arunachal Pradesh where it can take days of walking to reach a bank branch, even this option becomes unrealistic and groups are unable to make use of the otherwise accommodative policies of financial inclusion.

In addition, self help groups as well as officially registered village committees and cooperatives can access many schemes for rural development availed by the Indian government. Caritas partners train the groups and committees and assist them in the application process to access water, power, and roads where groups do the work but get the materials for free. Training in agriculture, seeds, tools etc. are availed as a package called "farmers clubs" and groups supported by Caritas partners have accessed hundreds of those. Assets and schemes accessed by groups include handheld tractors, rice mills, solar power panels, chairs and community halls, wells, fishponds, weaving facilities, banana nurseries, fences, rubber, tea, jatropha fruits, water pumps, sewing machines and even farm animals such as piglets..

At the time of writing the completion report on one of the Danida funded grants, Caritas realized that the value of the 114 schemes (4,7 million DKK) mobilized by the communities had doubled the value of the component of the Danida grant (2,3 million DKK) used to build capacity of self help groups and village committees.

However, it must be noted, that one thing is to get the schemes mobilized, another thing is to make sure that these schemes actually reach the poor. Much of the allocation is lost in corruption down the 'channel' from Central government to the Regions and the local communities. An Act from the Parliament of India, the so-called *Right to Information Act* of 2005 has provided self help groups with new opportunities for insight. Self help groups are by this Act, as a citizens' group, entitled to "request information from a public authority", and any "public authority is required to reply expeditiously within thirty days". In other words, citizens are able to demand disclosure of all information related to the processing of the schemes they have applied for. Information is made public and has to be provided.

Summing up Economic Empowerment and Capacity Development of self help groups

In Caritas' experience, it is possible for the self help groups to take on a role as financial intermediary *and* at the same time form part of dialogues with local authorities to advocate for member rights and access to service schemes the local population are entitled to. In many parts of India the use of RTI in the fight for access to public resources or disputes is more widely used. But in highly destabilized North East India, communities do not always have a place to even demand information. Also, the groups and federations are weak and unable to stand up against high barriers in the systems blocking the supply of information. This is why one of the Caritas's partners has recruited a legal officer who is well experienced and able to train groups and trainers specifically to assist in the process of resource acquisition. Though the Rights To Information Act (RTI) is an important step ahead for the population, the day-to-day implementation will still need to be a priority for the self help groups and their Federations in the coming years.

Federations, joint Resource Centers and Cooperatives provide new Market Linkages

The vision of the Caritas programme is that self help groups, their federations, associations and cooperatives become vehicles for long term and sustainable civil society and livelihood support. This takes form through mobilizing and organizing local communities, monitoring of the work of authorities, and by facilitating access to livelihoods support services. The means by which this is achieved is the building of coalitions and networks for increased influence.

The Right to Information Act 2005 (RTI) is an Act of the Parliament of India "to provide for setting out the practical regime of right to information for citizens.". Under the provisions of the Act, any citizen may request information from a "public authority" (a body of Government or "instrumentality of State") which is required to reply expeditiously or within thirty days. The Act also requires every public authority to computerize their records for wide dissemination and to pro-actively publish certain categories of information so that the citizens need minimum recourse to request for information formally.



Caritas partners therefore facilitate capacity building to ensure sustained strengthening of self help groups through their federations. Federations and community trainers are equipped to train and form new groups on their own thus ensuring long term growth of groups. Further, numerous self help groups graduate from the support they have been getting, and rely only on support from their federation, if at all.

In India, as well as in Bangladesh, a federation can be seen as a civil society organisation in a Western sense, forming a voice and a platform for its members. However, in the South Asian context, a federation is at the same time an entity providing financial services and collaborating with banks. As seen from its members, probably the financial intermediary role is as important as its political role. Nevertheless, the classic Western Civil Society role, the political role, is there also.



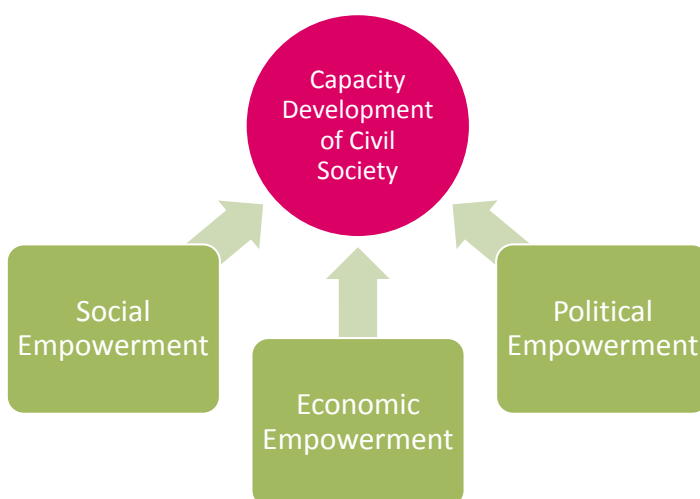
Close Collaboration between Self Help Group Federations and the Indian Government

The government actively supports self help group federations as a financing mechanism for self help groups as well as a strategy for sustainability and self help group duplication. In South India the self help group movement has transformed into local community based organisations with their own offices receiving subsidies from the government and self help group member payments for federation services. The role of the NGOs which originally founded the self help groups in South India, such as Myrada, are now only focusing on broader strategic initiatives and advocacy as well as capacity building at the higher level. Funding from foreign development aid is no longer needed since the Indian government is financing NGOs such as Myrada. This development is promising for the sustainability of the self help group federations, but of course the question may be asked if the collaboration with the government may also hamper the ability of the self help groups to be critical of the government. See also chapter 7 for more discussion.

The clustering of self help groups can also lead to the formation of cooperatives. In Assam, hundreds of self help groups have together formed the Self Help Multipurpose Co-operative Society, a consumer and marketing cooperative that today has 16 outlets and a coordinating office together with a storage and transport facility. The central coordinating office ensures that produce purchased from farmers at the respective outlets are redistributed to other outlets according to their demand, or sold externally through linkages with wholesale distributors. The cooperative coordinating office is likewise buying produce and other commodities according to demand at the outlets. The self help group controlled cooperative was initiated in 2005 and has already reached breakeven, thus approaching a stage of self-governance and self-financing.

Summing up: From Individual Empowerment to Capacity Development of Civil Society

The work with self help groups in North Eastern India demonstrates strong linkages to economic and social empowerment. In particular, this has enhanced the situation for female group members while empowerment of the individuals gradually delivers capacity development of the self help groups to small civil society organisations. Today self help groups form federations and manage to link farmers to markets as well as negotiate with local authorities to improve local conditions. Adding to this, the federations play a key role in voicing concerns of the self help group members, and to some extent, concerns for the poor people at large in gaining access to resources.



Chapter 4: Niger - Woman on the Move

By Maria Ploug Petersen

What started as a small scale community project in rural Niger in 1991 evolved into not only a model for self-sustaining village-level microfinance which has spread to 54 countries, but also into a nationwide social and political movement led by women in Niger. Now, women have a voice in local, regional and national level politics in Niger. This chapter provides an insight to this development and focuses on the empowerment of women.

In the early 90's, CARE launched a microfinance program in Niger following a participatory, community-based approach. At the outset, the project in Maradi, Niger, was focused on women's immediate financial and economic needs. CARE offered

various trainings in income generating activities, but the women themselves soon made it clear that what they wanted most was access to capital in order to fund income generating businesses. CARE began organizing savings groups and developed a method in close cooperation with the women. The groups of women called themselves Mata Masu Dubara (MMD), which in Hausa means "Women on the Move". The women have indeed been moving ahead since then.



For the project to succeed the group members would require training due to their lack of experience with such organizations or even the concept of systematic savings and credit.

Initially this training was not very formal. Eventually, the training became more systematized and increasingly streamlined. The training program supports the group for up to one year and includes skills to succeed in saving as well as establishing new businesses. The methodology is simple, user-friendly and easy to replicate. Today, VSLA training manuals are available online and used by multiple organizations.

The Village Savings and Loans Associations (VSLA) method took form and the project expanded into a programme with a wider outreach in rural Niger. Since then, the VSLA experiment has taken on a life of its own. For a variety of

organizations it has become a model for self-sustaining, village level microfinance (sometimes called "nano-finance" as the transaction amounts are so small) and has been gaining momentum through a growing number of similar

programs throughout sub-Saharan Africa and Asia. The VSLA model has spread to 54 countries in Africa, Asia and Latin America with over 4.6 million active participants worldwide, 80 percent of which are women. In Niger alone (the world's poorest country and the site of the first VSLAs), nearly 200,000 women have collectively amassed \$14 million in savings.



Replication and Sustainability

The strategy to use other local women to serve as village agents played a critical role in the success of the first VSLAs and the replication of the method. In general, the village agents would train and work with a group for about a year, at which time the group would continue on its own without outside help. This system of village agents has proven to be quite effective in spreading the model to new communities after the phase-out of donor funded interventions.

All of the groups that CARE established in 1991 are still functioning with members continuing to accumulate savings – now larger amounts – and taking and repaying loans with interest. In fact, following the women's lead, men in these villages have now started their own VSLAs. And young people who 20 years ago were just infants clinging to their mothers during group meetings have also started VSLAs of their own.

From Household Economy to National Policy

The saving and credit groups offered an opportunity for rural women in Niger to assemble on a regular basis. This opportunity did not exist earlier. In the past the only space for women to meet and discuss with other women was at the village well while fetching water. The MMD groups have given women a platform to discuss issues relevant to their everyday lives and engage in community politics. The female leaders of the groups have become authorities at the local level and are listened to and respected by traditional and religious leaders as well as by public authorities. This was unthinkable before the establishment of MMD groups, and it has greatly challenged cultural norms, which only perceive men as leaders with the authority to talk on behalf of women. The movement has given women a voice at local, regional and national levels.

From focusing solely on women's economic needs and providing training in VSLA and economic activities, the MMD programme evolved as the

The **Village Savings and Loan (VSLA)** model is based on a self-managed and self-capitalised microfinance method. By having its members mobilise and mediate local pools of investment finance, it offers savings, insurance and credit services in markets outside the reach of formal institutions.

Key facts:

- Repayment rates are the highest in the microfinance industry;
- Over 90% of groups continue to operate more than five years after receiving training;
- The average annualised return on savings is 36% (www.thesavix.org).

women started to organize, and make linkages across groups to address bigger issues outside the sphere of the individual household. As a response, the CARE MMD programme was re-designed with a new strategy to help support linkages between many VSLA groups and regional networks, and between the networks, service providers and other partners.

The programme gradually expanded from rural areas to include bigger cities. This became the start of a federation of MMD networks across the country with headquarters in the capital Niamey. Groups of urban women joined the movement and the federation became a forum for women across the country to fight for gender equality. They advocate for issues such as monitoring and making sure legal quotas of female participation in parliament and in communes is respected. With the influx of urban female groups, continuous efforts are required to ensure that: rural MMD women have a strong influence at the national level, that the movement is sufficiently representative of the rural poor, and that the MMD representatives are accountable towards their constituencies.



Women in Politics

It has been a deliberate CARE strategy to foster female participation in social life and politics and to strengthen the social movement as a goal in itself. CARE has supported the networks and federations in various ways with training of female leaders, political negotiation and social dialogue, literacy courses, and facilitation of meetings with public service providers.

In connection with the 2011 elections in Niger, CARE deliberately supported female candidates with training and support for their campaigns at local and national level regardless of their political affiliation. Through the help and support from their VSLA groups these women participated in Parliamentary elections and municipal councils in the beginning of 2011 with the number of women elected for Parliament and municipal councils increasing. Now women constitute 13 percent of Parliamentary members compared to only 4 percent in 2004. All of these women have received support from local VSLA groups.

One of the women is Mamata Tinou, a childless widow with a physical disability who used to be poor even by Niger's standards. However, when she joined a VSLA group she quickly proved her business talent. Eventually, she was elected leader of a large network of VSLA groups in her region. In 2010, Mamata Tinou was the first woman ever to be elected to the regional council. Examples like Mamata give an insight into how VSLA membership and training can help link women from the local to national level by giving them a platform and a broad support network. Far reaching groups and networks give the women not only a forum to discuss and identify key policy issues, but also a strong, unified political voice via electoral votes.



Social, Cultural and Political Change

The development of the MMD programme into a national movement in Niger is an example of how a project focusing narrowly on economic empowerment of women ended up facilitating processes of social, cultural and political change. The effective organization of women around saving and credit activities in their own villages opened up new economic opportunities and also enabled new social relations between women, men and local authorities. The identification of common issues across the groups and wider networks gave the movement a political dimension and an organizational structure which enhances political participation by women. The process has been led by women themselves and a key to the success is their ownership of the MMD movement and agenda. CARE in Niger has encouraged these developments, facilitated the processes and continues to play a supporting role.



Networking Strategy

CARE supports the formation of networks through a strategy which contains the following seven steps:

1. Discussion/awareness raising in groups on the network process, its implications, benefits, risks, etc.
2. A Memorandum of Understanding signed between CARE and groups which describes the collaboration and principles.
3. Drafting of a regulatory framework for the network and its legal recognition and registration
4. Establishment of management bodies and training of these by CARE
5. Planning of the developments to be achieved within the coming five years, first at the level of the individual member groups and thereafter at the level of the network. Development of an action plan which encompass both strategic and practical elements, one for each individual group and one for the network(s).
6. Establishment of a monitoring and evaluation unit for member groups and the network itself
7. Annual self-evaluation of group and network capacity and development of corresponding action plans.

After a period of two to three years the network will become autonomous and will no longer be in need of support from the project.

Chapter 5: Burundi - strengthening HIV/AIDS Awareness

By Cesalie Nicimpayie

In Burundi, the large-scale HIV/AIDS Programme “Dutabarane” was founded in 2003 by some Burundian Baptist churches in collaboration with the Baptist Union of Denmark (BUD). The HIV/AIDS Prevention and Care activities lead a network of groups living with HIV and AIDS. Following that intervention a need for economic empowerment was voiced from the people and communities involved. In order to respond to this request, a Village Savings and Loans Association (VLSA) scheme was set up and run by an independent organization called Shigikirana, founded by the Dutabarane programme.

This scheme has been very successful in terms of self-replication, membership growth and retention, far beyond expectations.

The VSLA addresses financial credit needs for the poor and disadvantaged groups in Burundi.

In rural Burundi banks and formal financial institutions, with their stringent lending and savings policies, have failed to target the poor with financial services.

The savings training approach provided by Shigikirana within local churches has helped to fill this gap and act as a key element of sustainable economic development. Churches exist within all Burundian communities and can reach into the deepest levels of the communities where financial institutions cannot.

Local churches act as implementing agencies, but they do not own or manage the group activities or funds. Pastors act as the mobilizing agents, not the bank managers. Dutabarane’s primary role is to provide technical support and training to associations where Dutabarane is the facilitator, not the implementer.



Shigikirana emphasizes church values that are known and central to rural people such as caring for and supporting those who are suffering in their communities, including those infected or affected by HIV and AIDS such

as orphans. Apart from biblical references, Shigikirana builds upon past experiences of Burundian culture known as “Ikiribi” where people would come together in great numbers to help each other either during the harvest or season period.

Shigikirana offers training to form savings and loan associations based on the VSLA methodology. In these associations members support each other’s physical need as well as provide social, psychological and emotional support, and association members are capable of



financing social and religious obligations such as weddings, baptisms, and funerals. With increased financial literacy and a strengthened asset base, individuals may begin or expand income generating activities. Such results promote self-esteem, stewardship, dignity and the overall enhancement of sustainable economic development which leads to the reduction of suffering within the communities. Civil war has meant that many rural Burundians have become displaced. Some of them have become so dependent on external relief aid and shelter that this has had an adverse effect on their attitude whereby they have become less self-reliant. When working with development aid in Burundi, it is necessary to draw a strict distinction between such relief aid hand-outs (also in the form of credit) called “cold money” and cultivating a new culture of collective (member) responsibility for group funds called “hot money”. Shigikirana members distinguish between donor “cold money”, leading to a dependent attitude and “hot money” leading to a more independent lifestyle. This has led to an understanding that working hard and using their own resources is one way out of poverty and towards empowerment, in particular for women that have been marginalized and denied basic education and equal opportunity.

Basic Savings and Loans Cycle

Shigikirana Savings and Loan uses the Village Savings and Loans Associations (VSLA) methodology to promote the formation of savings and loan groups. Shigikirana focuses on training the trainers in the savings-led methodology. Trainers use the VSLA curriculum to train self-selected groups of ten to twenty-five to:

- Build and manage a savings fund
- Lend money to group members under appropriate terms
- Set up group policies for conducting effective operations.



The Associations meet at regular intervals, weekly or monthly during the first cycle, according to the constitution agreed by the association. Shigikirana emphasizes three types of savings, namely: loan funds by regular member “share purchases”, daily savings and social funds. The loan funds are accumulated over a period of time before the loans are given to members, daily savings can be deposited and withdrawn at any

FACTS of Shigikirana:

Shigikirana started in March 2009 with a grant from the Project Advice and Training Centre (Danida). The first phase runs till Feb. 2012.

Till now 869 SLAs have been formed. The retention rate is 99 pct. Membership growth is 7, 7 pct.

time into the “lock box” and the social fund is saved to support members who are in distress. A lock box is used to keep the funds and prevent unauthorized cash movement. .

Associations do not have a ledger and each member has his or her own passbook in which all shares are recorded. Savings and Loan Associations are autonomous and self-managing. All transactions are carried out at the meetings in front of all the members to ensure transparency and accountability. The time period of a savings and loan cycle is one year, at the end of which groups conduct an end-of-cycle “share out” (also called an “action audit”) in which the group fund is paid out to each group member proportionate to the members number of shares and the total interest on loans and other fees accrued during the time cycle.

‘Facing Aids Together’ Curriculum

Shigikirana is composed of 63% women and 27% men - some who are either infected with or affected by HIV and AIDS. After 3 months of participation in savings groups, women are provided with a small amount of capital (loans) to invest in a new small business. After a year these women have experienced various economic development activities such as agriculture and business. Their self-esteem is boosted and they gain autonomy in household decision making.

The ‘Facing Aids Together’ curriculum is introduced after the first share out (end of first cycle). It’s a twelve lesson curriculum that was designed for microfinance clients. At every meeting once a week, once every two weeks or once a month, a lesson on HIV and AIDS that does not exceed 30 minutes is discussed among members. The Village Agents who are not the same people that were trained for VSLA are appointed directly from the groups and are taken for a 5 day classroom training in the curriculum. These volunteers are then commissioned to go and train others including their own groups. We encourage them not only to share the HIV and

AIDS prevention message to their groups but also to the rest of the community. So far more than 2.000 members over a period of two years have been reached with the HIV and AIDS prevention, care and support messages.

It is reported from people living with HIV and AIDS that there is no stigma and/or discrimination among members of savings groups. They all feel equal and ready to support each other. People living with HIV and AIDS openly disclose their status so that they can be supported by other members in case it is needed. One of the reasons, that this approach has been possible is that Shigikirana was constructed on the basis of the earlier HIV/AIDS Programme at Dutabarane and therefore did not need to start from scratch in opening up the taboo on HIV/AIDS in Burundian rural areas.

Impact of HIV/AIDS prevention message to VSLA groups

Of a small sample of 148 members randomly selected and interviewed, 135 members (91%) are able to describe 4 methods of HIV and AIDS transmission as the table on the right indicates. So far Shigikirana saving groups have more than 130 members who are HIV positive and who have openly disclosed their status.

Support to Orphans: With the emphasis from the Facing Aids Together curriculum on supporting Orphans, results from the study indicate that with 148 members interviewed, 113 (76%) have supported Orphans.

Support to People Living with HIV/AIDS (PLWA): Among the 148 members, 52 or 35% have supported people living with HIV/AIDS.

Stigma and discrimination: Amongst 148 members 20 (13, 5%) said they have people living with HIV and AIDS who are active in their groups.



From Welfare HIV/AIDS Programme to VSLA Programme

It has, however, been important to emphasize to the communities and the former beneficiaries of Dutabarane HIV/AIDS Programme that Shigikirana is not about handouts or subsidies as earlier provided by Dutabarane. Not all PLWHAs from Dutabarane have been able to participate in Shigikirana groups.

Shigikirana is about empowering people to use their own skills and resources to improve their financial situation. Group members learn to manage their own operations and after comprehensive training, they have the skills to act autonomously without external support.

Additionally, the communities are empowered to become self-reliant in managing their household finances, and community members come to realize their potential and develop a strong sense of human dignity, including becoming stewards of their finances.

Ensuring Support for the Most Vulnerable

Shigikirana has in a short time managed to form more than 850 VSLAs and combine this development with an agenda on HIV/AIDS, and some inclusion of people living with HIV and AIDS into the VSLAs. In a civil war and poverty ridden country such as Burundi this is a major achievement. With an adequate organizational set-up it has been possible to transfer from a welfare approach to a savings-led approach, which can be very challenging.

Apart from the HIV/AIDS Programme it still remains to be seen to what extent Shigikirana will contribute to a broader civil society agenda.



Chapter 6: Interesting Similarities with Scandinavian History

Many Danish development practitioners are inspired by the Scandinavian cooperative movement in the 19th century, and so were e.g. the Danish co-founders of SUPOTH were inspired by the. Driven by public enlightenment ideas not unlike Paolo Freire, people's high schools were founded to give the rural youth a sense of dignity, a sense of fellowship and tools to go back to their villages and start up cooperative dairies and banks along with voluntary organisations. As the whole Danish society by that time, the folk high schools were male dominated, yet the fact that women were also sent there, arguably paved the way for the later women's empowerment.

Principles of Cooperative Enterprises in Denmark

The cooperative enterprises had the following principles which made it attractive also for the poorer to join:

- the profit is shared amongst the members according to their share of work undertaken by the enterprise,
- the cooperative is open to new members from its catchment area, and every member has one vote at the general assembly despite the size of their shares.

These principles are echoed in the idea of the savings- and loan associations and of their Federations.

From Competition to Cooperation

An important characteristic is first of all that producers that could have been competitors instead choose to work together and join forces to reach a broader market. Classic Danish examples are the cooperative dairies or the butcheries. A Bangladeshi example could be self help group

enterprises where members go together around a larger shop. A recent good example is *Amul* today a multilateral dairy cooperative owned by millions



of milk producers in India. *Amul* was formed in 1946 with just two village dairy co-operative societies and 247 liters of milk.

Another characteristic of the cooperative enterprise is that it is owned by the members *and* do undertake services that the members need. The cooperative enterprise undertakes tasks related to the members' production, e.g. processing of the members' produce or render services to that production. This is much like the rice mills which are widespread in South Asian self help groups federations!

Mobilising the Poor?

Although the Danish cooperative movement did not as such have a political voice, there was a connection between the folk high schools, the empowerment of the rural people and of the cooperative movement. It was in the same period that the rural people got directly represented in the Parliament through the Danish Constitution of 1849. A parallel could be that without the empowerment rendered through the cooperation and organisation in the local organisational units, i.e. the cooperative enterprises and the self help groups respectively, the basic experience and self-esteem to lift up one's voice would not be there. The South Asian self help groups and their Federations are more direct in their empowerment ambitions, also in the public sphere.

There are of course also major differences, and probably the parallels are more interesting for Scandinavians than for South Asians. The differences could e.g. be the nation-building context of Scandinavia in the 19th century that in many ways is different from present-day South Asia.



Chapter 7 Promising Practices, Challenges and Recommendations

Promising Practices

Economic Empowerment - providing financial Stability

- Savings and loan associations effectively respond to the needs of the poor who are not able to access established financial institutions to save funds and obtain loans. They help those living in difficult financial circumstances gain much-needed stability
- Poor people often have difficulties accessing financial institutions such as banks or micro-finance institutions. Savings and loan associations provide an alternative that is geared towards their needs with small loan sizes, frequent savings opportunities and local situation of the financial service. Furthermore, savings and loan associations can help members get accepted by financial institutions in the longer term as they, through their participation in savings and loan associations, prove their financial credibility to a certain extent. In South Asia, savings and loan associations help link the poor to specialized financial institutions.

Social Empowerment

- Basically, savings and loan associations can serve as excellent platforms for informing others about social development e.g. health related messages regarding HIV/AIDS. Trust-based relations mean that information is likely to be perceived as trustworthy.

- Furthermore, depending on the project design, savings and loan associations hold the potential to challenge cultural norms and power relations as participation in the groups can enable women to gain self-confidence and their own means of income. These factors again lead to respect on equal terms by men in society and the family, and hence improve gender relations. The same goes for e.g. indigenous people or disabled people - participation in these groups help them to voice concerns and wishes and also boosts their self-esteem.

Steps of social empowerment through savings and loan associations:

- Savings and loan associations provide a safe space for small homogenous groups to formulate wishes and concerns on their own. It could be female groups from the same social strata e.g. low caste women and it could also be indigenous people in gender segregated groups. In SUPOTH, Bangladesh, it is a common feature that men, wives and adolescents go to their respective groups to understand and formulate how rights should be interpreted in their context.
- Savings and loan associations provide two legs: a language about rights and dignity; and a practical tool that enables members to voice their concerns, mobilize and earn a living.

Social empowerment in the form of change in attitude and knowledge at the individual level is needed to make financial operations effective. At the same time economic empowerment is needed to enable social empowerment; with the practice of economic empowerment people can become socially empowered.

Political Empowerment

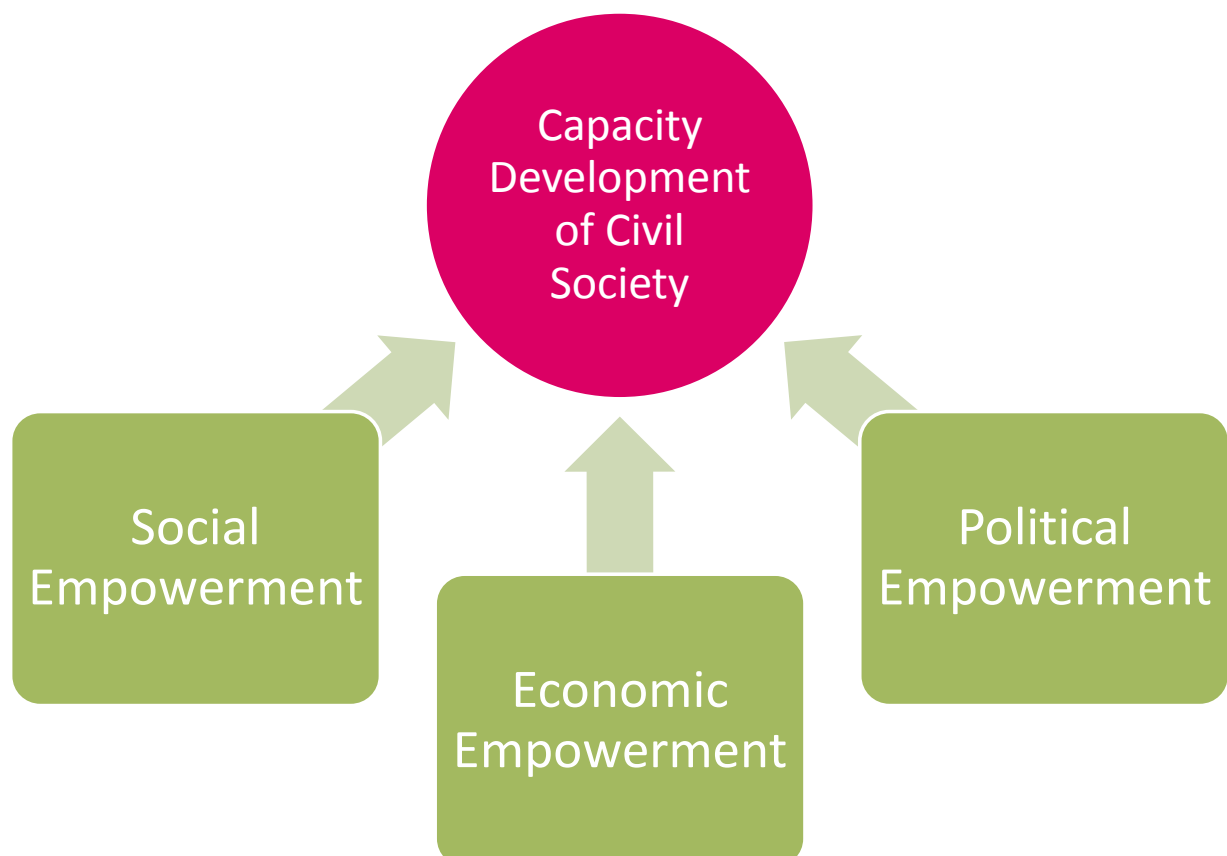
Savings and loan associations can serve as a place where members develop and practice their understanding of democracy.

- Through savings and loan associations members get access to a forum for discussing basic rights and why existing laws are not implemented etc.
- Savings and loan associations are places where members participate on relatively equal terms. Presumably traditional hierarchies would still exist to some extent but as the terms for participation are equal in savings amounts, loan conditions etc., the set-up pushes for equity and equality amongst members.
- Through savings and loan associations members learn about basic governance and management tools e.g. conduct of meetings and basic management (see annex 2).

Capacity Development of Civil Society

Savings and loan associations can become vehicles for long term sustainable civil society development, particularly when clustered through federations, networks and cooperatives where the focus can be less on daily management of savings and loans, and more on long-term issues of political strength and representation.

- This will in practice need a slightly more advanced organization in sub-committees which can focus on such issues like advocacy for land rights, primary health etc.
- Examples of Federation/cluster activities:
 - Mediation in local conflicts regarding gender rights issues
 - Pushing for election of savings and loan association members to local and regional councils – and even some examples of parliamentary elections (Niger)
 - Holding authorities accountable for implementation of legislation at local and district levels
 - Resource mobilization for the local communities





Transformation from a service-delivery approach to a savings-led approach

With an adequate organizational set-up, a project with a welfare and service-delivery approach can be transformed into a savings-led approach, which also contains the potential for social and political empowerment. From that basis civil society organizations can be developed to work for social change.

A delicate Balance to work with the Government

In India the government actively supports savings and loan associations (self help groups) and their federations as a financing mechanism as well as a strategy for sustainability and SHG duplication. Where this is very encouraging as seen from a sustainability perspective, it is also obvious that a very close relationship to the government might limit the critical voice that the SHGs and Federations can provide, as seen from a civil society perspective.

Savings and Loan Associations can also work in Islamic Contexts

Basic savings and loan associations can also work in Islamic contexts. Please see the literature list for a few references.

Vulnerable States and Situations

Savings and loan associations can sometimes work in vulnerable situations where the specialized financial institutions can not operate. VSLA groups in particular are well suited to this given they operate with no contact to banks. As a post-war economy, Burundi, and some of the states in North East India can be perceived as vulnerable situations. Nevertheless vulnerable states and situations continue to pose numerous challenges - we still have a lot to learn.

Challenges

Sustainability of clusters and federations:

A challenge related to the development of a savings and loans association is the sustainability of their federations. Indian Federations studied in 2006 (Sinha et al.) were still dependent on advice and in some cases also funding from their promoting organizations. Indian APMAS (2007), a major SHG Federation resource centre, is relatively optimistic with regard to Federation sustainability, outlining how they manage to diversify their income base via offering different services to their savings and loan associations and members.

The degree of Federations' sustainability depends on the success of their income sources, which are primarily membership fees and enterprises. Hence the Federations have to look after their members and the savings and loan associations, to maintain support and at the same time look for other income sources. It is particularly difficult for federations to cover costs for the 'softer aspects' such as promoting social development e.g. gender equality at a large scale, as members naturally are more focused on the more narrow financial aspects of its work. From a more pragmatic sustainability perspective, however, it is probably less severe that relatively costly training on social issues fades over time, if the training has been translated into the Federation's daily practice of advocate and mediator. But also these functions are the most difficult to sustain. To secure sustainability Federations might over time need to focus on the needs of their net-savers (Mersland and Egger 2007). Again this emphasizes that donors should apply a long-term perspective while entering this field. Having said that, Federations in South Asia have definitely come to stay, also because the government (most known in India) steps in to support.

Fraud and corruption

- Savings and loan associations and other micro-finance institutions can potentially lead to corruption and abuse of funds for personal gains. This can be prevented by taking cash out on a regular basis, e.g. once a year, or by increasing transparency of financial operations, group meetings.

Reaching the poorest?

- Microfinance is a very effective approach to serving the poor, but still fails to reach the levels of the very poor and the rural poor. Savings and loan associations is probably the most pro-poor microfinance methodology, but there are some people who need basic health and basic education and have difficulties even to be part of a savings and loan association. They opt not to join, or are excluded from the group
- There are examples of forming exclusive savings and loan associations with e.g. disabled people and people living with HIV/AIDS, as sometimes vulnerable people would ask for such safe spaces, even though this is against normal aims of mainstreaming. More research is needed to see how that can become sustainable, but definitely a long-term perspective is even more needed here.

Key Recommendations

Savings and loan associations is a promising method but should be adapted

Savings and loan associations are relatively simple and cost-efficient to establish and manage with good description of methods in place, but savings and loan associations can't just be replicated from one country / culture to another, there has to be an adaptation to the local context.

- Empowerment and capacity development of civil society has a philosophy but not a standard technique, and must be developed in dialogue with the context. Blueprints are therefore impossible. Peer to peer learning between South Asia and African contexts can be recommended, although South Asian models developed through many years in that context can not just be transferred to the African setting, but elements can be taken and piloted, probably simplified and with a long time perspective.
- Southern organization promoting savings and loan associations should take the role of facilitator and not step into an implementing role, since this will undermine the ownership and future sustainability of the savings and loan associations and their federations/clusters.

Change takes time

- Savings and loan associations can be formed in a short space of time, but for savings and loan associations to influence civil society, a long term perspective is needed. With Bangladeshi SUPOTH, 20 years passed from the first savings and loan association to recent recorded achievements. Today however, SUPOTH estimates that it takes 3 years to form a savings and loan association and 7 years to have federations up and running, as people (even in Northern Bangladesh) are more reluctant to change.

If an impact at civil society level is envisaged, Northern partners should expect to offer support for 10 years (and draw back steadily over time).



Annex 1: References

The list of references is divided amongst general articles; South Asian methodology with self help groups and Federations; Village and Loan Associations methodology; Islamic contexts.

General:

Allen, H. and Panetta, D., 2010, *Savings Groups: What Are They?* The SEEP Network, Washington DC. Provides an oversight over savings groups world wide covering also other forms than those mentioned in this guide, also so-called ROSCAS, ASCAS, Savings for Change in addition to self help groups and Village Savings and Loan Associations.

Allen, Hugh (2010): Shigikirana: *Burundi – Programme Evaluation Report*. Evaluation of Shigikirana (ch. 5) emphasizing that this particular VSLA programme is indeed a very successful programme, also measured by standard hard-core financial indicators. Can be accessed through Baptist@baptist.dk

Bouman, F., 1995: Rotating and accumulating savings and credit associations: A development perspective. *World Development*, 23 (3). Discusses more in depth the basic traditional savings groups of many African, Asian and Latin American societies, and their attributes and limitations

DANIDA, 2008: The Civil Society Strategy. Strategy for Danish Support to Civil Society in developing countries. - See chapter one for a brief introduction

Freire, Paolo, 1967: *Pedagogy of the oppressed*, Penguin Educational Books

Mersland, Roy & Eggen, Øyvind (2007): *You Cannot Save Alone - Financial and Social Mobilization in Savings and Credit Groups*, University of Agder, NUPI - Norwegian Institute for Foreign Affairs. Available online at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1032247. The study outlines how social and financial mobilisation in savings and credit groups are interlinked and reinforce each other. The claim is that social mobilisation in the form of change in attitude and

knowledge at the individual level is needed to make financial operations effective. At the same time financial mobilisation is needed to enable social mobilisation; with the practice of financial mobilisation people can become socially mobilised.

Moser, Caroline (1993): *Gender, Planning and Development: Theory, Practice and Training*, Routledge, 11 New Fetter Lane, London EC4P 4EE, the United Kingdom. The book outlines the distinction from feminist research between *practical needs* versus *strategic needs*, which also is reflected in the widely applied Gender and Development approach upon which Danida and other national donors base their gender equality strategy

Nussbaum, M. (2003): *Capabilities as Fundamental Entitlements: Sen and Social Justice*. *Feminist Economics*, 9(2/3): 33-59. The article provides an interpretation of Amartya Sen's capability approach emphasizing that empowerment includes various aspects of life, which again provides a philosophy for development practitioners' integrated programmes

Rippey, Paul & Fowler, Ben (2011): *Beyond Financial Services: A Synthesis of Studies on the Integration of Savings Groups and Other Developmental Activities*. AKDN Communications, Geneva, Switzerland. Overview over savings groups and their integration with social aspects. The study deals less with integrated models such as the Indian self help groups, and more with savings groups integrating one particular aspect, e.g. HIV/AIDS

Rutherford, Stuart et al. 2009: *Portfolios of the Poor. How the World's Poor Live on USD 2 a Day*. Princeton University Press. One of the most quoted books in microfinance, with a thoroughgoing study of poor people's living conditions in selected countries in Asia and Africa.

Samuelsen, Peter Blum (2005): *Guidelines for ADP – MFI Integration: Bridging the Gap through the World Vision Savings Clubs*. Presented at the Fifth World Vision Micro Finance Summer School 12th -23rd July 2005, London, UK. Outlines how broader development programmes and microfinance initiatives strengthen each other with cases particularly from World Vision's work in Southern Africa

Sen, A. K. (2004): *Capabilities, Lists, and Public Reason: Continuing the Conversation*. *Feminist*

Economics, 10:3: 77-80. One good discussion of the capability approach. There is a rich literature on this.

South Asian Self Help Groups and Federations, case studies:

APMAS (2007): *SHG Federations in India*. APMAS, Hyderabad, India. APMAS is a major Indian research and consultancy centre for self help groups and their federations. This study describes more in detail the characteristics of Indian SHG Federations and their factors for successful sustainability

CGAP Occasional Paper NO. 12 AUGUST 2007, Building financial systems for the poor, SUSTAINABILITY OF SELF-HELP GROUPS IN INDIA: TWO ANALYSES

Harper, Malcolm (2002): *Promotion of Self Help Groups under the SHG Bank Linkage Programme in India*. MicroCredit Innovations Department, National Bank of Agriculture and Rural Development, Mumbai, India. Gives a critical perspective on the formation of SHG Federations and their many roles, and argues amongst other things that the SHG Federations would be more efficient financial mediators if they did not take on other agendas such as promoting human rights.

Haugen-Kossmann, Klara (2008a+b): *Micro-Finance and Empowerment From a Woman's Perspective. The Effect of Micro-Finance on the Empowerment of Women in Bangladesh*: field report and cand. merc. int. thesis (Taps: 181.637) from Copenhagen Business School based on a two months field work with SUPOTH, Bangladesh

Kumar, Sunil (2010): *Study on SHG Federations - Challenges and Opportunities*. Available online at: <http://www.birdindia.org.in/doc/REPORT%20ON%20SHG%20FEDERATIONS.pdf>. Explores SHG Federation's opportunities and challenges with a discussion of SHG Federations' contribution to impart sustainability to the large SHG Federation bank linkage programme

MYRADA (2001): *The MYRADA experience – A Manual for Capacity Building of Self-Help Affinity Groups*. MYRADA, Bangalore, India. Provides a

detailed manual how to set up self help-groups and their Federations

Sinha, Frances et al. (2006): *Self Help Groups in India. A Study of the Lights and Shades*. Care, CRS, USAID, QTZ. A large study of Indian self help groups and their federations looking at their financial as well as their social aspects

SUPOTH (2010): *Manual for field workers*. Can be accessed at dmcedd.org

Village Savings and Loan Associations methodology:

2011: Microfinance in Africa: State of the Sector Report "Closing the Gap" (search Google). Or the 2009 State of the Sector Report: http://www.care.org/getinvolved/advocacy/access-africa/pdf/access_africa_sos_report.pdf.

There is literature available regarding the VSLA methodology which can be accessed at www.VSLA.net and also the MMD programme in Niger is well described elsewhere, see care.dk for links

Islamic contexts:

Segrado, Chiara: 2005 Case Study: "Islamic microfinance and socially responsible investments". *Microfinance at the University*, University of Torino. http://www.microfinancegateway.org/gm/document-1.9.24702/31442_file_Islamic_20microfinance.pdf and generally <http://www.microfinancegateway.org/p/site/m//template.rc/1.9.24702>

Annex 2: The SUPOTH Community Capacity Indicators

The tool illustrates how the savings- and loan associations of SUPOTH gradually build their skills and the group's capacity in the five defined areas of financial, management, technical, networking & local resource mobilization and social control. The groups do the monitoring themselves every six months, but are supported to do this in the first 1-2 years.

Group Name : ----- Field Office : -----
 Group Formation : ----- Worker Name : -----
 Address : ----- Name of Facilitator : -----
 : ----- Date : -----

CCI	Financial	Management	Technical	Social control	Networking	Total	Average
Average Achievement Six Months Targets							
Year Target							

FINANCIAL CAPACITY

SI No	Particulars	Idea Generation	Cooperation	Limited Co-cooperation	Consultancy	Independence
		1	2	3	4	5
1	Savings	<input type="checkbox"/> Staff emphasize the importance of group savings	<input type="checkbox"/> Group members regularly save with the help of staff	<input type="checkbox"/> 70% of group members regularly save & understand the importance of savings with the support of staff & leaders	<input type="checkbox"/> 80% of group members regularly save & understand the importance of savings with the support of leaders	<input type="checkbox"/> 80% of group members regularly save & take decisions on how to use savings
2	Profits	<input type="checkbox"/> Staff emphasize the importance of profit	<input type="checkbox"/> Group members understand the importance of profit & investment	<input type="checkbox"/> Group members achieve 50% profit target	<input type="checkbox"/> Group members achieve 75% profit target	<input type="checkbox"/> Group members achieve 100% profit target
3	Fund	<input type="checkbox"/> Staff emphasize the importance of fund raising	<input type="checkbox"/> 25% group fund target achieved	<input type="checkbox"/> 50% group fund target achieved	<input type="checkbox"/> 75% group fund target achieved	<input type="checkbox"/> 100% group fund target achieved by members
4	Bank	<input type="checkbox"/> Staff emphasize the importance of opening bank accounts	<input type="checkbox"/> Open bank accounts with the help of staff	<input type="checkbox"/> 6 members can operate their own bank account with the help of staff	<input type="checkbox"/> 9 members can operate their own bank account	<input type="checkbox"/> 10 members can operate their own bank account
5	Loan	<input type="checkbox"/> Staff encourage group members to use savings wisely	<input type="checkbox"/> Group has a loan policy and they start using savings	<input type="checkbox"/> 8 members use their savings in IGA and return regularly	<input type="checkbox"/> 12 members use their savings in IGA and return regularly	<input type="checkbox"/> All group members use their savings on a rotational basis and return on time
6	Budget	<input type="checkbox"/> Staff discuss the need for budgeting with group members	<input type="checkbox"/> Understand the importance of budgeting and preparing the budget with the support of staff	<input type="checkbox"/> 3 members can prepare the budget with the support of staff	<input type="checkbox"/> 4 members can prepare the budget	<input type="checkbox"/> 4 members can prepare the budget on time & group acts accordingly and trains others
7	Project	<input type="checkbox"/> Staff encourage group members to start projects	<input type="checkbox"/> Groups take initiative for long & short-term projects with the help of staff	<input type="checkbox"/> Group implements a short term project	<input type="checkbox"/> Group implements 2 short and 1 long-term project	<input type="checkbox"/> Group implements 3 projects

Sl No	Particulars	Idea Generation	Cooperation	Limited Co-cooperation	Consultancy	Independence
		1	2	3	4	5
8	Accounting	<input type="checkbox"/> Staff emphasize the importance of accounting	<input type="checkbox"/> Group has all account documents and maintains accounts with the help of staff	<input type="checkbox"/> 2 group members maintain accounts with the help of staff	<input type="checkbox"/> 3 group members maintain group's accounts	<input type="checkbox"/> 5 group members maintain group's accounts
9	Audit	<input type="checkbox"/> Staff help group members understand the importance of audits	<input type="checkbox"/> Group members are audited with the help of staff	<input type="checkbox"/> With group members present, leaders are audited and profits distributed with the help of staff	<input type="checkbox"/> With group members present, leaders are audited and profits distributed	<input type="checkbox"/> 5 members are audited and the results are shared with other members. Profits are also distributed regularly
10	CCC contribution	<input type="checkbox"/> Staff emphasize the importance of CCC contributions	<input type="checkbox"/> Group contributes to CCC with the support of staff	<input type="checkbox"/> Group contributes to CCC with the support of staff & group leaders	<input type="checkbox"/> Group contributes to CCC with the support of staff & group leaders, and understands the importance of fund raising	<input type="checkbox"/> Group contributes to CCC regularly
11	Revolving fund use	<input type="checkbox"/> Staff encourage the use of the revolving fund in the group	<input type="checkbox"/> Group receives the revolving fund with the help of staff	<input type="checkbox"/> Group uses the revolving fund in IGA with the support of staff	<input type="checkbox"/> Group receives & uses the revolving fund for projects, and returns again	<input type="checkbox"/> Group receives CCC loan for IGA and returns with selected installment service charges
Total Achievement :		Total Six Months Target:				
		Year Target:				
CCI average Achievement		Six month average target:				
		Average target yearly:				

MANAGEMENT CAPACITY

SI No	Particulars	Idea Generation 1	Cooperation 2	Limited Co-cooperation 3	Consultancy 4	Independence 5
1	Conduct meeting	<input type="checkbox"/> Staff conduct group meetings and attend the meetings regularly	<input type="checkbox"/> Group members understand the importance of group meetings and conduct meetings with the help of staff	<input type="checkbox"/> Two group members can conduct meets with limited support of staff	<input type="checkbox"/> Three group members conduct meetings with all group members present	<input type="checkbox"/> Five group members conduct regular meetings with all group members present
2	Operate bank accounts	<input type="checkbox"/> Staff give ideas to the group on operating a bank account	<input type="checkbox"/> Two group members operate the bank account with the support of staff	<input type="checkbox"/> Three group members handle the bank account	<input type="checkbox"/> Five group members handle the bank account and train two new members	<input type="checkbox"/> Seven group members understand the bank account and encourage others to do the same
3	Change committee	<input type="checkbox"/> Staff raise awareness among group members about changing the group committee	<input type="checkbox"/> Groups understand the importance of changing the committee & they change their committee with the support of staff	<input type="checkbox"/> Groups can change their committee with the help of staff	<input type="checkbox"/> Groups change their committee regularly	<input type="checkbox"/> Groups make their own decision to change their committee
4	Delegate authority	<input type="checkbox"/> Staff encourage the group to delegate and exercise authority	<input type="checkbox"/> Groups understand their responsibilities & delegate authority to one another with the help of staff	<input type="checkbox"/> Group members delegate authority with the help of staff	<input type="checkbox"/> Groups take responsibility and delegate authority	<input type="checkbox"/> Groups delegate authority among their group members
5	Build relations with CCC	<input type="checkbox"/> Groups build networks with CCC with the help of staff	<input type="checkbox"/> Three group members attend the CCC meeting	<input type="checkbox"/> Groups visit the CCC sub committee and receive advice	<input type="checkbox"/> Group, CCC meetings and members discuss the project. According to the nature of the problem, CCC can change the group	<input type="checkbox"/> CCC sub committee visits group project and participates in problem solving
6	Monitor & supervise group activities	<input type="checkbox"/> Staff monitor, supervise and encourage group activities with group members	<input type="checkbox"/> Group members monitor and supervise the group with the help of staff	<input type="checkbox"/> Group members monitor and supervise group activities with limited support of staff	<input type="checkbox"/> Group members monitor and supervise group activities	<input type="checkbox"/> Group monitors and supervises their own activities
7	Plan & implement	<input type="checkbox"/> Staff raise awareness of the importance of planning	<input type="checkbox"/> Make plans with the support of staff	<input type="checkbox"/> At least two leaders can make plans and work accordingly	<input type="checkbox"/> Five leaders prepare a plan of their own and work accordingly	<input type="checkbox"/> With the help of 5 leaders, the group prepares a plan with the participation of all, and works accordingly
Total Achievement :		Total Six Months Target:				
CCI average Achievement		Six month average target:				
		Average target yearly:				

TECHNICAL CAPACITY

Sl No	Particulars	Idea Generation	Cooperation	Limited Co-cooperation	Consultancy	Independence
		1	2	3	4	5
1	Functional / Adult literacy	<input type="checkbox"/> Staff initiate adult literacy for the group members	<input type="checkbox"/> 80% of members complete and pass a basic course	<input type="checkbox"/> 70% of members complete and pass a secondary course	<input type="checkbox"/> 60% of members can read and write after completing a literacy class in the last year	<input type="checkbox"/> 60% of group members can read and write after completing a literacy class
2	Weekly savings from the Pass Book	<input type="checkbox"/> Staff raise awareness among group member on the importance of filling out weekly savings in the Pass book	<input type="checkbox"/> 30% of members can fill-out weekly savings in the Pass book with the help of staff	<input type="checkbox"/> 40% of members can fill-out weekly savings in the Pass book	<input type="checkbox"/> 50% of members can fill-out weekly savings in the Pass book on their own	<input type="checkbox"/> 60% of group members can fill-out weekly savings in the Pass book and teach it to others
3	Cash Book	<input type="checkbox"/> Staff raise awareness among group members on the importance of Cash Book writing.	<input type="checkbox"/> Two members can write in a Pass Book with the help of staff	<input type="checkbox"/> Three members can write in a Pass Book with the help of staff	<input type="checkbox"/> Three members can write in a Pass Book	<input type="checkbox"/> Four members can write in a Pass Book and teach others
4	Regulation application	<input type="checkbox"/> Staff raise awareness among group members on the need for applying regulation	<input type="checkbox"/> Two members can apply regulation with the help of staff and also teach others	<input type="checkbox"/> Three members can apply regulation with the help of staff and also teach others	<input type="checkbox"/> Three members can apply regulation with the help of staff and also teach others	<input type="checkbox"/> Four members can apply regulation with the help of staff and also teach others
5	General Ledger	<input type="checkbox"/> Staff raise awareness among group members on the importance of writing a General Ledger	<input type="checkbox"/> One member can write a general ledger with the help of staff	<input type="checkbox"/> Two members can write a general ledger with the help of staff	<input type="checkbox"/> Three members can write a general ledger	<input type="checkbox"/> Three members can write a general ledger and teach others
6	Training received	<input type="checkbox"/> Staff raise awareness among group member on the importance of arranging training	<input type="checkbox"/> Three leaders get training	<input type="checkbox"/> Three leaders share and implement training experiences in the group	<input type="checkbox"/> Six trained leaders use their experience in the group	<input type="checkbox"/> Ten members get training in several subjects and use training in group work
7	Prepare plan and implement	<input type="checkbox"/> Staff raise awareness among group members on the importance of preparing & implementing a plan	<input type="checkbox"/> All the group members understand the importance of preparing and implementing a plan	<input type="checkbox"/> Two members can prepare & implement a plan	<input type="checkbox"/> Three members can prepare & implement a plan	<input type="checkbox"/> Four members can prepare a plan and all group members participate in implementing the plan
8	Mother & child care (infant & child weight)	<input type="checkbox"/> Staff understand the importance of child weight for group members	<input type="checkbox"/> All members can weigh a child with the help of staff	<input type="checkbox"/> Three members weigh a child and fill-out the health card with the help of staff	<input type="checkbox"/> 80% of members understand the child weigh, fill-out the health card, tika and give advice to others	<input type="checkbox"/> Parents understand tika and the weight card and five members can give necessary advice

TECHNICAL CAPACITY

Sl No	Particulars	Idea Generation	Cooperation	Limited Co-cooperation	Consultancy	Independence
		1	2	3	4	5
9	Box library	<input type="checkbox"/> Staff understand the importance of the Box library	<input type="checkbox"/> The group is a member of the Box library	<input type="checkbox"/> Five members understand the importance of the Box library and help others understand	<input type="checkbox"/> Eight members understand and use the Box library and motivate others to use it	<input type="checkbox"/> Ten members understand the importance of the Box library, read regularly and motivate others to read
10	Sanitary latrine and using pure water	<input type="checkbox"/> Staff help members understand how to use the sanitary latrine and pure water	<input type="checkbox"/> 40% of the members understand the importance of using sanitary latrines and pure water and encourage its use to others	<input type="checkbox"/> 60% of the members understand the importance of using sanitary latrines and pure water and encourage its use to others	<input type="checkbox"/> 80% of the members understand the importance of using sanitary latrines and pure water and encourage its use to others	<input type="checkbox"/> All members use a sanitary latrine & pure water
11	Make ORS and awareness of arsenic & iodized salt.	<input type="checkbox"/> Staff encourage the group to make ORS & Iodized salt	<input type="checkbox"/> Group members learn the importance of ORS & Iodized salt	<input type="checkbox"/> 60% of the group members use ORS & Iodized salt	<input type="checkbox"/> 60% of the group members use ORS & Iodized salt and try to teach the community	<input type="checkbox"/> 100% of the group members use ORS & Iodized salt and teach the community
12	Cultivate modern methods	<input type="checkbox"/> Staff emphasize the importance of modern cultivation to the group	<input type="checkbox"/> 100% of members understand the importance of modern cultivation	<input type="checkbox"/> 40% of group members cultivate through modern methods	<input type="checkbox"/> 60% of group members cultivate through modern methods	<input type="checkbox"/> 80% of group members cultivate through modern methods
13	Make compost pit	<input type="checkbox"/> Staff emphasize the importance of making a compost pit to the group	<input type="checkbox"/> 100% of members understand the importance of compost	<input type="checkbox"/> 40% of members make compost and use it	<input type="checkbox"/> 60% of members make compost and use it	<input type="checkbox"/> 80% of members can make compost fertilizer, use it and teach others
14	Budget	<input type="checkbox"/> Staff discuss the group's budget and its importance	<input type="checkbox"/> Group members are aware of the importance of making budgets	<input type="checkbox"/> 2 members can prepare a budget	<input type="checkbox"/> 4 members can prepare a budget	<input type="checkbox"/> 5 members can prepare a budget and teach the importance of budgeting to others
15	Audit	<input type="checkbox"/> Staff inform the group members about the group audit	<input type="checkbox"/> 80% of members in the group understand the audit	<input type="checkbox"/> 2 members can audit group papers	<input type="checkbox"/> 4 members can audit group papers	<input type="checkbox"/> 5 members can audit and teach others
Total Achievement :		Total Six Months Target:			Year Target:	
CCI average Achievement:		Six month average target:			Average target yearly:	

NETWORKING & LOCAL RESOURCES MOBILIZATION CAPACITY

Sl No	Particulars	Idea Generation 1	Cooperation 2	Limited Co-cooperation 3	Consultancy 4	Independence 5
1	Group can network well	<input type="checkbox"/> Staff emphasize the importance of a group visit	<input type="checkbox"/> 2 group members communicate with other groups with the help of staff	<input type="checkbox"/> 3 members communicate with other groups with limited help from staff	<input type="checkbox"/> 5 members communicate with other groups	<input type="checkbox"/> 7 members of the group communicate with other groups
2	Network with local community	<input type="checkbox"/> Staff encourage group members to network with the local community	<input type="checkbox"/> Group understands the importance of communication with the local community	<input type="checkbox"/> 8 group members communicate with the local community	<input type="checkbox"/> 13 group members communicate with the local community	<input type="checkbox"/> All members network with the community for the required time
3	Good relations with local govt.	<input type="checkbox"/> Staff inform members about local govt.	<input type="checkbox"/> 2 members communicate with local govt. with the help of staff	<input type="checkbox"/> 2 members communicate and build good relations with local govt. with limited help from staff	<input type="checkbox"/> 3 members communicate and build good relations with local govt. with limited help from staff	<input type="checkbox"/> 5 members communicate and build good relations with local govt. with limited help from staff
4	Networking with government & non government	<input type="checkbox"/> Staff emphasize the importance of networking with govt. & other NGOs for group members	<input type="checkbox"/> Group members get introduced to govt. & NGOs with the help of staff	<input type="checkbox"/> Members communicate with other institutions and gain support with limited staff assistance	<input type="checkbox"/> All group members network with several govt. & NGOs institutions and gain support	<input type="checkbox"/> The group networks with other govt. & NGOs to gain support
5	Network with other training centers	<input type="checkbox"/> Staff give suggestions for several training centers	<input type="checkbox"/> Group members gain knowledge of other training centers with the help of staff	<input type="checkbox"/> 2 members receive training and use their experience	<input type="checkbox"/> 3 members receive training and use their experience in the group	<input type="checkbox"/> 6 members participate in several trainings and share expertise with the group
6	Network with Thaana land office to lease Khash Land & Ponds	<input type="checkbox"/> Staff give the idea to network with the Land Office for Khash Land & Ponds lease	<input type="checkbox"/> Group members network with the Land office to lease Khash Land & Ponds with the help of staff	<input type="checkbox"/> 2 members network with the Land Office for Khash Land & Ponds lease with limited support from staff	<input type="checkbox"/> 4 members networking with the Land Office for Khash Land & Ponds lease	<input type="checkbox"/> 7 members network with Thaana Land Office for Khash Land & Ponds lease
7	Gender equity (good relations between men & women)	<input type="checkbox"/> Staff give ideas to group members for women rights / equal rights	<input type="checkbox"/> 3 members understand the importance of equal rights with the help of staff	<input type="checkbox"/> 5 members understand the importance of equal rights with the help of staff	<input type="checkbox"/> 10 members understand the importance of equal rights, and help others to understand	<input type="checkbox"/> Group members understand equal rights and encourage others to as well

Total Achievement :

Total Six Months Target:

Year Target:

CCI average Achievement:

Six month average target:

Average target yearly:

SOCIAL CONTROL CAPACITY

Sl No	Particulars	Idea Generation	Cooperation	Limited Co-cooperation	Consultancy	Independence
		1	2	3	4	5
1	Group takes decisions and acts accordingly	<input type="checkbox"/> Staff help the group take and document decisions	<input type="checkbox"/> Members understand the importance of documenting decisions and can write them down with the help of staff	<input type="checkbox"/> The group can take and document decisions	<input type="checkbox"/> The group takes and documents decisions and acts accordingly	<input type="checkbox"/> The group takes and documents decisions themselves and acts accordingly
2	Leadership development	<input type="checkbox"/> Staff help members understand the importance of leadership, and help select leaders	<input type="checkbox"/> Leaders understand the importance of their responsibilities.	<input type="checkbox"/> Elder leaders help new leaders carry out their duties	<input type="checkbox"/> 5 leaders in each group carry out their duties effectively	<input type="checkbox"/> 5 effective leaders in a group carry out their duties
3	Group participation in problem solving	<input type="checkbox"/> Staff discuss problems and solutions with the group	<input type="checkbox"/> The group discuss problems among themselves and take initiatives with the help of staff	<input type="checkbox"/> The group can identify some problems and solve them	<input type="checkbox"/> The group identify their own problems and solve them	<input type="checkbox"/> The group solve their local problems and the community encourages group participation
4	Good relationships within the group & local community	<input type="checkbox"/> In the interests of the group, staff promote the importance of building good relations with community members	<input type="checkbox"/> The group understands the importance of good relations with the community and takes the initiative.	<input type="checkbox"/> The communities are aware of group activities	<input type="checkbox"/> The community helps with group activities	<input type="checkbox"/> Community people encourage the group to carry out development work
5	Equal rights for both men & women	<input type="checkbox"/> Staff raise human rights awareness in the group	<input type="checkbox"/> The group understands human rights	<input type="checkbox"/> The group discuss human rights among themselves and others	<input type="checkbox"/> The group knows about human rights and related practices	<input type="checkbox"/> Group members know their rights and practice exercising them with others
6	Social development work	<input type="checkbox"/> Staff discuss social development work with the group	<input type="checkbox"/> The group understands development work	<input type="checkbox"/> The group carries out development work and encourages community people to participate	<input type="checkbox"/> The group participates in community development work	<input type="checkbox"/> The group understands social development work and acts accordingly
7	Build relationship with the group, CCC & federation	<input type="checkbox"/> Staff give ideas to the group, CCC and Thaana federations	<input type="checkbox"/> The group involves CCC and builds relations with the Thaana federation, with the help of staff	<input type="checkbox"/> The group actively participates in CCC with the help of the Thaana Federation	<input type="checkbox"/> The group participates in arranging work other than with the Thaana federation	<input type="checkbox"/> The group participates in other work than the federation and is eager to solve problems and make decisions
Total Achievement :		Total Six Months Target:				
Average Achievement of CCI:		Six month average target:				
		Year Target:				
		Average target yearly:				



Danish Forum for
Microfinance



Danish Mission Council
Development Department

