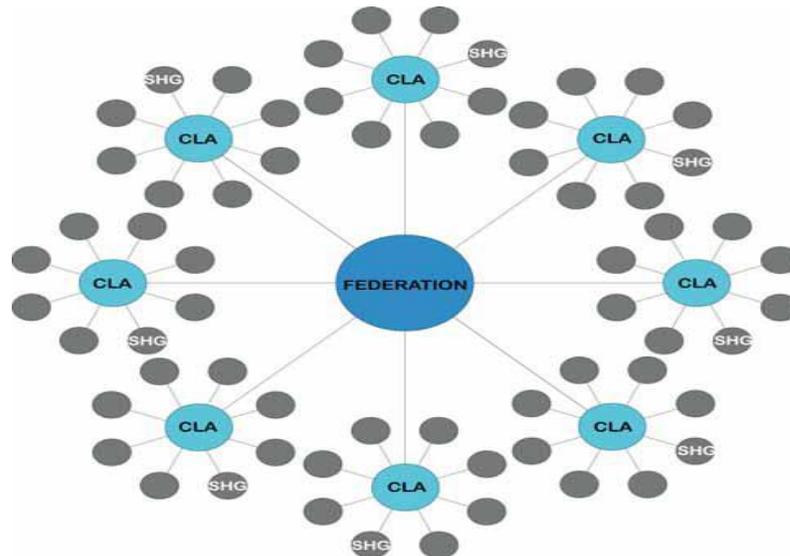


Ethiopian Orthodox Church- Children and Family Affairs Organization (EOC-CFAO)

Self Help Groups (SHGs), Cluster (CLA) and Federation Level Associations Organizational Manual



Prepared By YEM Consultant Institute

November 2011

Table of Content

Page

Acknowledgments

Acronyms

Part I: Background_____

1.1. An Overview on the Poverty Situation and Development Strategies in Ethiopia____

Part II: Overview of the Self Help Group SHG Approach/Strategy_____

2.1. Historical Development of the SHG_____

2.2. *The Context for SHGs*_____

2.3. The purpose of the Guideline_____

2.4. The Target and Scope of the Guideline_____

Part III: Self Help Group (SHG) Organizational Manual_____

Chapter 1: Working Strategy and Structure of SHG_____

- 3.1. What is Self Help Group (SHG)?
- 3.2. Objectives of Establishing SHG
- 3.3. Goal Setting and Vision Building of SHG
- 3.4. Operating Principles of SHG
- 3.5. Organizational Structure of SHG
- 3.6. Leadership in SHG
- 3.7. Roles and Responsibilities of Members
- 3.8. Major Function of SHG

Chapter 2: Internal Working and Operational Rules

Part IV: Cluster Level Association (CLA) Organizational Manual

Chapter 1: Working Strategy and Structure of CLA

- What is Cluster Level Association (CLA)?
- Goal Setting and Vision Building In CLA
- Organizational Structure of CLA
- Roles and Responsibilities of CLAs

Chapter 2: Internal Working and Operational Rules

Part III: Federation Level Organizational Manual

3. Federation Level

- 3.1. **Attributes of a Federation**
- 3.2. Formation of Federation and take over
- 3.3. Functions of a Federation
- 3.4. **Possible activities of a Federation**

- 3.5. Capacity building inputs to a Federation
- 3.6. Self-assessment at Federation level
- 3.7. Possible alternatives to a Federation

4. Time Frame

Annexes

Annex 1. Assessment Form	52
Annex 2. Sample Pass Book	53
Annex 3. Sample Minute Book	54
<i>Annex 4. Attendance</i>	55
Annex 5. Sample Loan Ledger	56
Annex 6. Summary of the Role and Functions of SHG Levels	57

Background: Overview of SHG Approach

Part I:
**Self Help Group (SHG) Organizational
Manual**

Chapter 1: Working Strategy and Structure of SHG

1.1. What is Self Help Group (SHG)?

A Self – Help Group (SHG) is small, autonomous, non-political group of people living in the same vicinity of near each other preferably from the same socioeconomic background and sharing common concerns, who come together voluntarily to work for their mutual personal, social and economic development. All members participate directly and fully in all group functions. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG is between 15 to 20 women.

1.2. Objectives of Establishing SHG

The institutional arrangements to be built at the community and village level are designed to enable the poor to form their membership organizations and subsequently associate themselves at higher levels for undertaking various functions in a self sustainable manner. Such associating and federating structures will enable us to achieve both economies of scale and greater voice in negotiating better services for ourselves.

1.3. Goal Setting and Vision Building of SHG

Members in a group develop strategic plan and prepare a time-bound plan of action. They work consistently to achieve these plans. Once they get used to working in cycles to achieve plans, they set goals. The goals are specific, measurable, achievable, and realistic and time bounded (SMART). SHG has short-term and long-term goals in the area of economy, social and political matters. Goals are both developmental and empowerment goals.

SHORT TERM GOAL (1 YEAR)	LONG TERM GOAL (3 YEARS)
Economic <ul style="list-style-type: none">• Group savings will be 1000 Birr per member• 6 members will be motivated to start IGAs• maximum loan amount will be 3000 per member	Economic <ul style="list-style-type: none">• Group savings will be 3000 Birr per member• All members will be motivated to start IGAs• Maximum loan amount will be 8000 per member
Social <ul style="list-style-type: none">• All SHG member’s eligible children will be in school• Group reps to seek opportunities for SHG to get involved in a community and social action programs	Social <ul style="list-style-type: none">• All SHG member’s eligible children will be in school and higher learning institutions• 50% all members will take an active role in community related programs• Group members will encourage their

<ul style="list-style-type: none"> • Child labor of SHG member's children will be reduced • SHG members' levels of education and awareness increased 	<ul style="list-style-type: none"> • children to participate in social programs • Increased level of women's health education, and children's rights reduce child rape cases
<p>Political</p> <ul style="list-style-type: none"> • Introduce the SHG concept to community leaders and help them to gain a better understanding of the concept. • Make efforts to regularly visit community leaders' court/offices to establish & identify potential networks. 	<p>Political</p> <ul style="list-style-type: none"> • Take the SHG concept to high/regional government levels • Members of the SHG to attend conferences that help them gain insight to the political environments

Members are encouraged to make individual goals for their personal and family's development. These goals and the progress made to achieve them are shared with other members in the weekly meeting. This helps the members to support one another and grow together.

Groups are facilitated to make self-assessment of their group on a six monthly basis. Participatory grading tools are used. Members decide on the areas to be assessed and rank them in a 5-point scale.

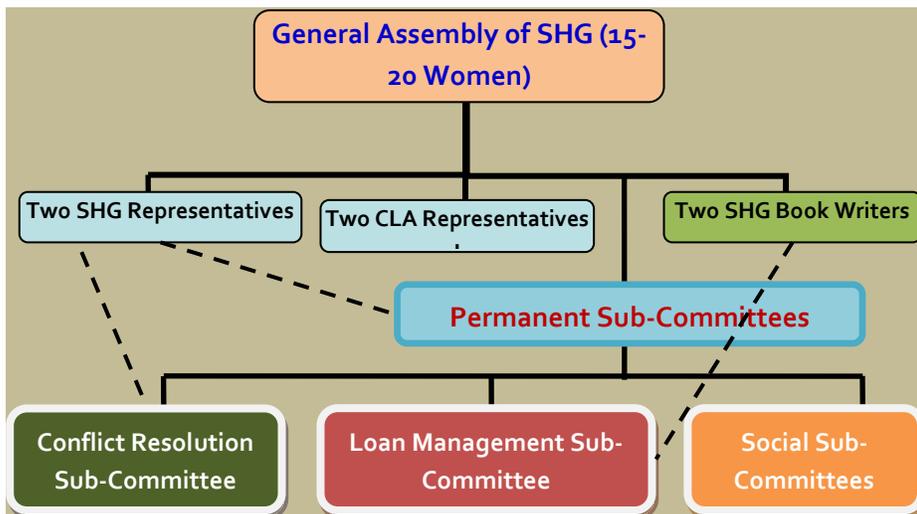
1.4. Operating Principles of SHG

- (a) **Small Group:** The concept encourages formation of small groups in order to enable effective participation of all members. Generally groups with members ranging from 15 - 20 have found to be very effective. In any case the group would not increase the member more than 20.
- (b) **Homogeneous:** If the members belong to the same social and economic strata, if they have similar concerns, and if there is a natural affinity among them, it becomes very easy to work as a group.
- (c) **Functional and fully participation:** The group has to meet regularly, at least twice and month. All members need to attend all meetings.
- (d) **Autonomous:** The groups are autonomous in their functions. They operate base on their own bylaws, rules and regulation. All members meet together and decided the rules and regulation based on concerns. The group is accountable to itself in terms of its functioning.
- (e) **Collective Leadership:** Though the groups have a Representative, Assistant and Treasurer, the office bearers cannot take any involvement in on their decision. All decisions are made in the group meetings when all members are present. All decisions are therefore made in consensus. The position of the office bearers is seen more as responsibility than as power. Nevertheless, the office bearers are rotated regular basis to avoid concentration of power in the hands of a few.

- (f) **Membership Voluntarily:** The group forms on its own based on the concept explained to them. Membership in a group is to be decided between the prospective member and the other members of the group, and not by anybody else. The group should be formed on self-selection basis. Members should select each other and finalize the membership of the group.
- (g) **Mutual Help:** The SHGs strive for the personal social and economic development of the members, though mutual help.
- (h) **Regular Savings:** The SHGs focuses on savings and credit activities for mutual help. Saving is not from surplus, but from whatever little the members can put aside from their consumption. The group members collectively decide the size of the amount saved and the frequency of saving.

1.5. Organizational Structure of SHG

The decision making organ of SHG is the general assembly which consisted of _____ members, the whole members of SHG (See the organizational Structure). The general assembly selects the office bearer of the SHGs through democratic election process.



Working relationship

The selection of the office bearers is based on specific criteria; some of good characteristics of office bearers and role and responsibilities are the following:

(a) SHG Representatives Quality and Role

Qualities of good Representatives	Role of Representatives
<ul style="list-style-type: none">➤ Able to carry information accurately from members to other forums and back to members➤ Well informed Aware of happenings around & keeps oneself well informed➤ Initiation / innovation➤ Commitment	<ul style="list-style-type: none">➤ To ensure that the weekly meetings takes place regularly➤ To facilitate good relationship between members of the group and to ensure the smooth functioning of SHG➤ To facilitate group members to resolve any conflicts that may arise in the SHG➤ To build relationship between the SHG and other institutions➤ To share all relevant information gathered from training sessions attended and from external contacts with rest of the SHG members➤ Jointly operate bank account as authorized by the group➤ To monitor the financial affairs of the SHG including maintenance of records, audits and fund management➤ To check with decisions made in the Minute book before signing➤ Represent the SHG in other forums➤ Facilitate the group to carry out the decisions of the SHG➤ Try to mobilize local resources for the benefit of SHG

(b) SHG Book Writer Quality and Role

Qualities of Book writer	Role of Book writer
<ul style="list-style-type: none">➤ Present and visible in the community➤ Capable of running a group➤ Honest and intelligent➤ Patient, available, dynamic➤ Literate➤ Is willing to learn and can pass on his/her learning's to other members	<ul style="list-style-type: none">➤ To ensure updating of all book of accounts➤ Records the savings of each member in the savings book➤ Records the amount of savings collected in the cash book➤ Records the amount of loans paid back in the cash book➤ Records the amount of fees collected in the cash book➤ To ensure that books and documents are kept safely and in good condition and to produce them whenever required

- Is neat and keeps books in good condition.
- Capable of recording transactions in the cash book
- To ensure the audit of SHG finances
- To attend training sessions when organized
- To ensure that a second line of book writers are developed in SHG
- To prepare and present the monthly report to members, to CLA and NGO
- Work for improvement of literacy and numeracy skills of the SHG members
- Training members in bank transactions

(c) Role of CLA Members

Qualities of good Representatives	Role of CLA Representatives
<ul style="list-style-type: none"> ➤ A woman of strong character ➤ Communicable ➤ Present and visible in the community ➤ Capable of running a group ➤ Honest and intelligent 	<ul style="list-style-type: none"> ➤ To attend all meetings and training sessions ➤ To orient and brief SHG members about CLA activities ➤ To identify issues and problems that cannot be solved by the SHGs and attempt solution with help of CLA ➤ To ensure proper flow of subscription and other funds between SHG & CLA ➤ Ensure proper repayment of CLA loans ➤ To visit weak member SHGs and motivates their performance ➤ To involve AAP and conduct periodical assessment ➤ To ensure that minutes have been properly recorded ➤ To share experience of success and failures in their SHGs with all CLA members

1.6. Leadership in SHG

Whenever more than one individual come together for a certain purpose, leadership becomes necessary. Whether it is the affairs of a family, activities of a peer group, or the governance of a nation, leadership is necessary. Depending on the nature and activities of unit for which leadership is required, its style may differ. In the case of SHGs collective form of leadership is encouraged. All decision in groups is made by all members in consensus. The whole group is responsible for, and accountable to, all its decisions. However, in order to see that certain functions of the group are carried out smoothly, each group needs three office bearers, indicated above namely, representatives, book writers and CLA representatives.

These positions have more responsibility than power. Group representatives would not make any decisions unilaterally in the leadership in SHGs is based on consensus. All

decisions would be made in meetings attended by all members of the group (at least more than 80% attendance). Groups would decide themselves on term of office for group leaders, but would be encouraged to rotate leaders regularly to avoid the accumulation of power in the hands of a few. Groups are required to make the rule that office bearer may not make any decisions on their own.

1.7. Roles and Responsibilities of Members

The major roles and responsibility of SHG members are:

- ✘ To attend the group meeting regularly
- ✘ To participate actively in the group meetings and voice opinion clearly and freely
- ✘ Promptly attend the training programs
- ✘ Share problems, experience, feelings and ideas with all members of SHG
- ✘ To save at least the minimum amount agreed upon by the group ever week
- ✘ To bring pass book for updating in each SHG meeting
- ✘ To obtain loan for valid purposes and never to miss utilize a loan
- ✘ Prompt repayment of SHG loan with interest
- ✘ To ensure that all group members utilize their loans for the agreed purpose
- ✘ To ensure that they repay the same on time
- ✘ To conduct the cash transactions with the SHG only during the meeting
- ✘ Share responsibility of SHG collectively like going to bank by rotation
- ✘ To ensure the rotation of representatives
- ✘ Participate in community / social action programs

1.8. Major Function of SHG

The major function of the SHG focused on the following activities:

- ✘ Meet every week
- ✘ Save in the meeting
- ✘ Discuss issues, take decisions in meetings
- ✘ Manage credit
- ✘ Monitor credit utilization
- ✘ Ensure regular repayment of loans
- ✘ Maintain required books of accounts
- ✘ Establish linkage with government department
- ✘ Organize training and awareness programs
- ✘ Organize exposures to other SHGs
- ✘ Initiate community and social action programs in the village
- ✘ Initiate credit plus activities.
- ✘ Initiate IGAs

Chapter 2: Internal Working and Operational Rules

- 2.1. To operate internal work in a systematic manner, Self Help Group has to fix rules through consensus. Rules should be fix in a way so that all members able to follow them and supportive to achieve the group's objective.
- 2.2. Each member of the group have different situation and needs, but in a group it is necessary that all member should work in a group spirit then only objective of group can be achieved. Through this spirit group's rules has formed and imposed equally to all members of the groups. Rule ensures operation of activity and role responsibilities of each member.
- 2.3. **In General Assembly/Weekly Meeting** with the consensus of all members, in the following way rules should make and get signature of all members by entering in meeting minutes register.

Members are facilitated to make simple rules for their group. They write down these rules as their bye-laws and follow them. Members form their own rules and byelaws and record them in the first page of their Minute book. The rules are very basic. They would talk about coming regularly to the meeting, coming to the meetings on time, saving regularly, respecting one another etc.

- (a) **Meeting Related Rule:** - It is compulsory for SHG formed under the Tebeber, to conduct weekly meeting. Day, time and place of meeting should be fixed with consensus and all must be intimated to ensure maximum presence.
- (b) **Attendance Related Rules:** - The presence of all members in meeting is compulsory. If, any member is not participating in a meeting then she has to inform in advance with reason. If member, without any prior information, absent or comes late in a meeting then penalty should be taken from these members. Group can fix some amount for penalty. Penalty amount should be nominal so that all members will able to pay.
- (c) **Rules Related to New Membership and removal of member from Group:** - Group can make rules for removal of member. If, any member leaves the group before minimum fixed period then group can keep some amount of his savings. If any member leaves group any time then up to that period she will equally share profit or loss of that period. Likewise a group can make rules to add new member, until the group member reached to 20. New member has to deposit the amount equal to the saving of old members. Also new member has to deposit the expenditure done by other members in cash box, account books; in

account opening etc. if group wants to remove any member then it will be necessary to hear that member before making any decision

(d) Saving Related Rules: - Members should fix the saving amount by consensus. Saving amount will be that, which all members can deposit on time. After some time, if all members are agreed then group can increase the saving amount. If in any meeting any member does not do saving then in next meeting she can deposit the saving. Group can make rule to charge penalty for late submission of savings. Group corpus will be form from savings.

(e) Loan Related Rules: - Fixation of minimum and maximum loan amount by the group. Provide loans to group's members only from its corpus. Fix penalty for late repayment of loan. Any amount can be fixed as penalty. There can be two types of loans: -

- i. **One time repayment:** - at the time of loaning, member can give proposal for repayment of loan on fixed time period. In this type of loan members have facility to repay the loan in one time and before completion of time other members cannot demand to repay the amount.
- ii. **Repayment in Installments:** - In this type of loan at the time of loaning member can give repayment proposal in equal installments in fixed time period. Repayment of installment starts with the loan.

(f) Rules Related to Interest Rate: - Group should fix rate of interest in a way so that it remain less than rate of interest charged by local money lenders and may be greater than bank interest rate. If member fails to repay the loan on fixed time of period then extra interest can be charged as penalty on remaining loan amount. Group can make rules in following way: -

- i. If, group increase rate of interest any time then it will be applicable for those member who are taking loan on or after that date.
- ii. If, in case meeting has not been organize in fix time period even though no relaxation on interest amount will be given to members.
- iii. At the time of repayment first interest then principal amount will be taken.
- iv. In case of death of member the membership of the group can be given to any member of his family and he/she will be responsible to repay the loan amount.

v. Interest on saving: - no interest will be paid on savings.

- (g) Rules Related to Working Period of Office bearers:** - The working period of the office bearers will be fixed as representative's working period will be for one year. Likewise book writer's working period can be for one year. The CLA representative's working period can be two years. It can be increase for one more year if work found satisfactory. If any person is unable to fulfill her responsibility then through consensus General Assembly can remove that person from the post before completion of work period.
- (h) Rules Related to Decision Making:** - all decisions in a group will be taken with consensus of all members. Although minimum 80% members' presence is compulsory to take decision on any issue.
- (i) Rule related to prioritization of Loan Disbursement:** - Group decides that which activity preference will be given. The member has to give loan proposal which should have the purpose of loan, loan amount, and repayment period and installment amount. Before sanction of loan proposal, group will evaluate the need and repayment capacity and then prepare a repayment schedule in a way so that member is able to repay the loan amount in given time period. In case of natural calamity, accident or health problem, member fails to repay the loan on time in that case he can request to the group and group can change the repayment schedule.
- (j) Rule for Discipline:** - the objective of rule regarding discipline is not only for penalty or to increase the income. It is to make person sincere towards the group. Penalty makes person sincere and responsible towards the group and its working.
- (k) Bank Account of SHG:** It will necessary for group to open a bank account in nearest nationalized bank. Elected members will keep the bank book, pass book and other documents.

2.4. Model Agenda of SHG Meeting:

It is compulsory for group to organize meeting on a prescribed day. The meeting will be organized at members' house in rotation or other convent place. Time and place of meeting should be decided by consensus and information should be given to all members otherwise all member will not be able to come to meeting. The meeting time and place can be change but prior information of the same would be necessary to give to the members.

The meeting process should be simple. The different steps of meeting process will be focus on financial discipline but their objective will be economical development. The following steps are applied for group meeting: -

Step – 1: - Initiation of Meeting:

- a.** All members will gather on pre-decided day, place and time.
- b.** The meeting can be started with songs, or oath.
- c.** After this one member will read all the rules one by one and other member will repeat the same.
- d.** All members will sit in circle and if, book keeper is not a member of group then it is compulsory for her to participate in a meeting.
- e.** Cash box and records/ books will be kept in the middle.
- f.** Moderator of the day will start the meeting. Although representatives will chair the meeting formally but in each meeting all member will select one member to chair that meeting. Due to this all member will get opportunity to chair the meeting. Representative of the group will support them to organize meeting in proper way.

Role of Moderator

- © To ensure the participation of all the members in the proceedings of the meeting
 - © To ensure discipline in the meeting
 - © To handle the cash transaction of the day and to remit cash to the bank account
 - © To furnish the cash bank receipt counterfoil to the SHG in the next meeting
 - © To ensure that all decisions taken during the meeting are recorded in the minute book
- g.** If book keeper is absent then group can take decision to authorize any other educated person to write the records/ meeting minutes.
 - h.** Book keeper should write meeting minutes and different details like Name of Group, Meeting date, attendance, reason of absent etc.
 - i.** All decisions in a group will be taken through consensus. Although to maintain transparency minimum 60% member should compulsorily be present in the meeting at the time of decision.
 - j.** If, required minimum number of members will not participate in meeting then decision taken in such meeting will not be acceptable. Group should not distribute loan in such meeting. Less than 80% member's present should not be continuous in meetings. In that case group will not be able to get the eligible marks in grading and will remain endure from other schemes and banks.

- k. If any member, remain absent in continuous three meetings then other members should try to know the reason and if found unsatisfactory reason, notice should be given to that member.

Step – 2: - Discussion in Meeting

Member can start discussion with topics like education, health, water and other related issues. so that all members will become aware about the present conditions and will be able to give the suggestions to improve the same. Through these discussions the knowledge level of the members and understanding will increase. After that member can discuss the issues on which decision has to taken. Book keeper should write these discussions and decisions taken, in meeting minutes register.

Step – 3: Reconciliation of Cash

Book keeper will do entry of opening balance, which is a closing balance of last week, in cash book. One member will reconcile the cash of cash box with cash book and details written in meeting minutes register. After reconciliation, member should keep cash back into cash box.

Step – 4: Verification of Purpose of Loan

Book keeper will give information about loan disbursed in last meeting by reading cash book and meeting minutes register. Moderator of the meeting will ask the members about utilization status of loan amount. Any important information should enter in meeting register.

Step – 5: - Receipts

- a. One member will collect the amount. It will be collected in following series
 - ☞ Penalty
 - ☞ Interest
 - ☞ Repayment of Principal
 - ☞ Savings
 - ☞ Other
- b. If any member is unable to repay the loan amount in the meeting then group will be informed. After discussion group will fix the next date and amount for repayment.

- c. If any member due to any reason unable to repay the loan amount and due to this she not attending the meeting then group should motivate that member by identifying the reason and repayment of loan should ensure in coming week.
- d. If, any member unable to attend the meeting due to any reason and wants to deposit savings and installment of loan amount, she can send it with the help of other member. The amount will be deposited in her name but in the meeting register she will be marked absent. After getting all receipts, accounts will be reconciled with cash and bank pass book and information of same will be given to members.
- e. Any other payment like member's traveling allowance, bank interest; payment to book keeper etc. will be done in the same time.
- f. Cash shall be kept in cash box.

Step – 6: - Loan Proposal Approval and Distribution Process

- (a) Representatives will ask members to tell their loan amount
- (b) Before assessment of any new proposal it will be ensured that member has returned previous loan amount completely with interest.
- (c) It will also be ensured that member is doing saving regularly and timely;
- (d) Book keeper will inform the members about applicant's attendance details, proposed loan amount, purpose of loan and repayment period.
- (e) Applicant will inform the group about loan repayment period, installments, and type of loan and about resources through which she will repay the loan.
- (f) All members, through consensus will take decision whether approval should be given or not? And what will be the loan amount.
- (g) Book keeper will enter the transactions detail in cash book, meeting minute register of SHG and in members pass book.
- (h) In case of lack of available corpus fund SHG can reduce the applicant's loan amount demanded.

Step – 7: - Reconciliation of Cash Book

- (a) After completion of all receipts and payments book keeper will write remaining cash in cash book and group register. This amount should reconcile with cash book and amount written in meeting minute register.

- (b) If remaining cash amount will not reconcile with cash book and entry of meeting minutes register then other member should recount the remaining amount. If still amount is not tallied then with the consensus of all members book keeper will reconcile the amount by showing the difference as an income or expenditure. Book keeper will prepare note on it and will get the signature of president.
- (c) Any entry cannot be deleted only amount received and amount balanced can be change in cash book and meeting minutes register.
- (d) Cash box should lock.

Step – 8: - Reminder to Loan Receiver about Principal and Interest Amount

- (a) Book keeper will inform about the status of principal loan amount.
- (b) Representative of the meeting will remind the members about loan repayment. Likewise reminder will be given for repayment of interest amount.

Step – 9: - Attendance and Valediction of Meeting

- (a) Group will take decision, which member will keep the cash box and which one will keep the key. Like wise decision for account books and registers;
- (b) Any member or book keeper will do entry of attendance in cash book and meeting minutes register and all members will do the signature.
- (c) Book keeper will read the name of members who came late in the meeting and penalty will be collected in this meeting or in next meeting.
- (d) Return the pass books to the members. Book keeper will read the entry of cash book and meeting minutes register in front of members.
- (e) Book keeper and any member will do signature in cash book and meeting minutes register.
- (f) One member will be selected to send the monthly progress report to CLA.
- (g) Fix the place for next meeting.
- (h) Representative, will close the meeting and all member will keep the materials with them safely;
- (i) In the next day of the meeting saving should be deposited in bank account and deposit slip will be kept for record. In the next meeting

deposit slip will be shown to all members. This will help to keep transparency among the members.

Summary of Weekly Meeting Process

- Sit in a circle
- Prayer
- Select a moderator
- Record the attendance
- Set the agenda
- Review the previous meeting minutes
- Ensure that all issues on the agenda are discussed
- Ensure that all members participate in the decision making
- Complete financial transactions related to Savings, Repayment, and Lending etc.
- During every meeting at least one issues other than savings and credit to be discussed.
- Record the proceedings during the meeting itself and read them out to all members
- All members must sign in the resolution book

2.5. In Case of Death of Group Member

During the membership each member has to nominate one person. At the time of death, saving of that member, after deducting the loan amount rest amount will be given to nominee.

Part II:

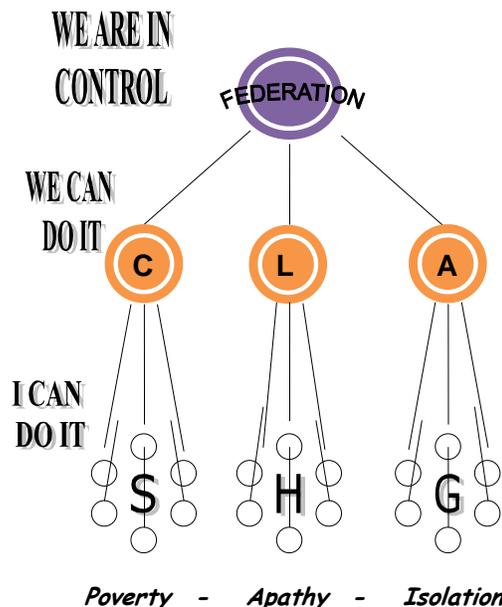
Cluster Level Association (CLA) Organizational Manual

Chapter 1: Working Strategy and Structure of CLA

1.1. What is Cluster Level Association (CLA)?

“**CLA** is a democratic body of SHGs, by SHGs for SHGs. A CLA is the network of 8 – 12 SHGs located nearby (within same geographical area) and working on the things that cannot be done by SHGs themselves effectively”. However, the number of SHGs that form CLA depends on circumstances.

CLA is simply a network of several SHGs living in the same area. Each member SHGs shall send at least two representatives. All member SHGs will send an equal number of representatives regardless of their strength/quality they possessed.



Stop and check!!

At this stage, SHGs (>8) shall conduct group grading after setting some measuring stick for “maturity level” before CLA formation. Do not count the number of moths SHGs have passed (depending on the quality of SHG, 4-6 months could be enough). Those SHGs that have met the minimum required point and are living in the same geographic distance (1-2 km radius) should form their network (CLA).

CLA Formation

© Steps

- ✘ Awareness creation among the SHGs regarding the importance of CLA
- ✘ Grading SHGs in same geographical area
- ✘ Underwent Basic Training
- ✘ Selection of strong SHGs
- ✘ Introduction of CLA concept
- ✘ Selection of CLA members
- ✘ CLA Formation

1.2. Goal Setting and Vision Building In CLA

Once a CLA is formed and understands its roles. Each constituent SHG conducts a participatory needs assessment. They prioritize the needs and send one or two needs to the CLA. The CLA compiles the needs and further prioritizes them to come up with their first action plan. The initial plan could be very short and made up activities within easy reach of the CLA.

It is advisable that the CLA does not wait too long to come up with their first action plan and start implementing the same. The first plan could be ready within 3 to 4 months of the CLA formation, by which time the CLA has received basic training and the SHGs are ready with their prioritized needs. Undue delay in action can cause frustration.

After a CLA has gone through one or two cycles of Action plan, the members gain tremendous confidence. They could then have a goal setting exercise. Goals could be short and long term. Short term goals could be those they want to achieve in a year and long term could be for 3 years.

Develop a Vision Statement

The vision of CLA is the positive change or impact it seeks to create in its community.

Example of Vision Statement of CLA

-----CLA aspires to bring about a significant and sustainable positive change in political, social and economic well-being of women in the society in general and SHG members' in particular.

Develop a Mission Statement

A mission statement is a broad statement of CLA's/Federation's general purpose and values. The mission statement is linked to the organization's vision of how it contributes to the development of a better community. The mission statement is unique to every CLA/Federation and expresses its motivation in choosing its special mission.

Example of Mission Statement of CLA

Significantly and sustainably improving economic, social and political conditions of the women and the community at large through collaborative actions of SHGs and empowering individual members to help themselves

Developing Values

Values are the principles or beliefs which guide a CLA's members/partners as they pursue the organization's purpose.

Example of Values of CLA

- **Self Help:** Each individual under SHG can change her life via her effort!
- **Collaboration:** We in CLA peruse collaboration as the ruling standard in all our activities!
- **Integrity:** We promote honesty, ethical conduct, culture of teamwork, and mutual support among members!
- **Initiative:** We encourage and reward individual and group initiative and creativity among members!

Develop Goals of the CLA

A mission statement describes a CLA's general direction; goals are more specific. These are the achievements the CLA will pursue in order to fulfil its mission.

Goals are general statements, which are limited in number and focused on the unique mission of the organization. Goals of CLA focused on Community action and society Action

Community Action related goals: these are any activities carried out for the advantage of one community village, it helps to create and maintenance of public facilities or services.

Example: Clean Water Project
: Maintenance of road

: etc.

Social Action Related Goals: these are any activities executed to trade out the deficit and vulnerability of individual or society.

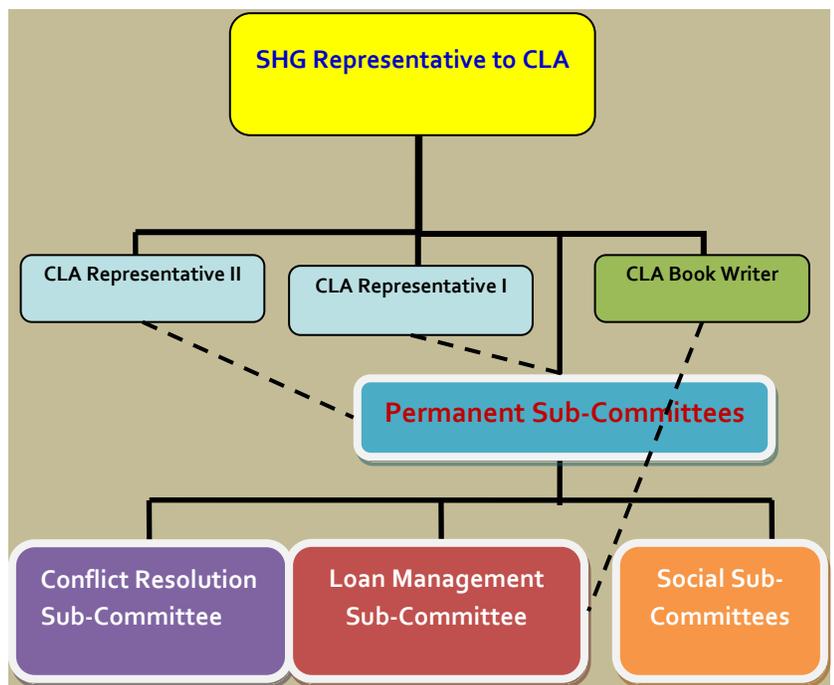
Example: Campaign against child labour

: Fight Domestic Violence

: etc.

1.3. Organizational Structure of CLA

The decision making organ of CLA is the general assembly which consisted of 16-40 members, the whole members of CLA (See the organizational Structure). The general assembly selects the office bearer of the CLAs through democratic election process.



✚ 8-12 SHGs (less than 8 on exceptional cases) who should have completed 6 months and from a same geographical area can form one CLA.

✚ Two selected members from each CLA should be represent in CLA

✚ The CLA Book writers and two representatives must be selected by consensus among the SHG representatives to CLA

✚ It is advisable that CLA representative and book writers are from different habitations.

✚ Number and function of sub-committees has to be decided by CLA based on felt need.

✚ The **CLA forms sub-committees** to handle their activities. The sub-committees reflect the action plan and the goals set by the CLA. There are normally 4 to 6 members in each sub-committee. Sub-committee members are selected from the CLA but a few may be co-opted from constituent SHGs based on their competence.

1.4. Roles and Responsibilities of CLAs

As clearly stipulated the CLA

- has clearly defined functions that do not overlap with the activities of the SHG
- Should not get involved in economic activities for personal gain, but establish linkages and access to information / resources to SHGs.

To be more specific, the CLA has 6 main functions. They are:

(1) Strengthening SHGs and Forming new ones

- Nurturing, Monitoring, Training and Auditing constituent SHGs
- Conflict resolution in constituent SHGs when the SHG is unable to resolve internal conflicts
- Forming new SHGs within the geographic area as need arises

(2) Resource Mobilization through Linkages with other service providers

- The CLA is encouraged to establish linkages to access material resources and social services.
- CLAs need to raise funds to support their activities as well as some of their administrative expenses.

(3) Planning and Implementing need-Based Projects

- Apart from accessing needs, there could be several need-based projects that the CLA could implement for their constituency as well as for the entire community. The CLA does a participatory needs analysis exercise and prioritizes the needs. Needs that are high priority are taken up for implementation. Here again, the CLA could access resources from donors and other service providers to be able to implement projects. Some sample projects that CLAs have initiated and implemented are:
 - © Pre-school for young children
 - © Tuition classes for school going children
 - © Literacy classes for SHG members and others
 - © Grain mill
 - © Grain bank – coordinating purchase of grain during harvest time and resale
 - © Water shed management

(4) Address Social Issue

- Development aims at establishing value systems in the community that respects rights and duties of men, women, girls and boys likewise so that relationships among them are strengthened and restored.
- Self Help Groups discuss social problems in their meetings. They soon come to a consensus on right and wrong values as well as helpful and harmful social customs and practices. Changing these is not easy since there are powerful forces upholding the negative practices. Examples;
 - © Campaign against child labour
 - © Fight Domestic Violence, etc.

(5) Administrative Functions of a CLA

- Community Facilitators start reporting to CLAs;
- CLAs raise money for own Administrative needs;
 - ✓ Contributions from SHGs;
 - ✓ Administrative costs of projects implemented;
 - ✓ Service fee for services rendered to SHGs
 - ✓ High investment / Low risk IGAs managed by SHGs
- CLAs start paying remuneration of Community Facilitators they want to retain

(6) Creating Linkage and Networking

- For wider growth and brooder attainment of goods in social, economic and political matter CLA should establish linkage and networking
- CLA need to develop a relationship with number of other agencies which include government, line department, CBOs, NGOs, etc.

Chapter 2: Internal Working and Operational Rules

1.1. To operate internal work in a systematic manner, CLA has to fix rules through consensus. Rules should be fix in a way so that all members able to follow them and supportive to achieve the CLA's objective.

1.2. CLA Members are facilitated to make simple rules for their CLA. They write down these rules as their bye-laws and follow them. Members form their own rules and byelaws and record them in the first page of their Minute book. The rules are very basic. They would talk about coming regularly to the meeting, coming to the meetings on time, saving regularly, respecting one another etc.

1.2.1.Meeting Related Rule: - It is compulsory for CLA to conduct Monthly meeting. Special meeting should be called as and when required. Day, time (Preferably fixed day of the month) and place of meeting should be fixed with consensus and all must be intimated to ensure maximum presence.

1.2.2.Attendance Related Rules: - The presence of all CLA members in meeting is compulsory. If, any member is not participating in a meeting then she has to inform in advance with reason. If CLA member, without any prior information, absent or comes late in a meeting then penalty should be taken from these SHG. Group can fix some amount for penalty. Penalty amount should be nominal so that all SHGs will able to pay. CLA meeting should have at least 80% attendance.

1.2.3.Rules Related to Working Period of CLA Representatives: - The working period of the CLA representatives will be two year. If any person is unable to fulfill her responsibility then through consensus General Assembly can remove that person from the representation before completion of work period.

1.2.4.Rules Related to Decision Making: - all decisions in a CLA will be taken with consensus of all CLA members. 80% members' presence is compulsory to take decision on any issue.

1.2.5.CLA can evolve any role and regulation after discussion with member SHGs and follow them up by passing a resolution in their meeting.

1.2.6.CLA shouldn't interfere with administrative and managerial rules of member SHGs and respect the autonomy of members SHGs.

- 1.2.7. Constituent SHGs pay a small **monthly contribution to the CLA** to meet their administrative expenses. The amount is agreed upon by the SHGs and the CLA. It is good for the CLA to open a bank account in their name for safe keeping of their administrative funds, wherever possible.
- 1.2.8. Unlike the SHGs, **no saving or lending activities take place at the CLA** among the members. CLA members should not gain any personal economic benefit at the CLA level since they also belong to a SHG. Their benefit is mainly social recognition. As a group the CLA will not involve in day to day business activities. They could however access business opportunities for SHGs.

Self Help Groups (15-20 Women)	Primary membership – General Body <ul style="list-style-type: none"> ▪ Savings / Credit and all economic activities ▪ Affinity among members ▪ Basic social issues in family and community
Cluster Level Association (8-12 SHG)	Representative level <ul style="list-style-type: none"> ▪ Strengthening SHGs and forming new ones ▪ Linkages to other service providers ▪ To establish value system in the community
Federation (8-12 CLA)	Identity of the Institution <ul style="list-style-type: none"> ▪ Maintain the identity of the Institution ▪ Lobby and Advocacy for pro-people’s policies ▪ Legal body to interact with external bodies

Part III

Federation Level Organizational Manual

5. Federation Level

The Federation is the apex body of the Community Institution. At the formation stage, a Federation is made up of 8 to 10 Cluster Level Associations, each of which would have 8 to 10 Self Help Groups. This means up to 2000 members representing that many households. Considering an average family size of 5, a Federation directly influences about 10,000 people. This is community's power. The size of the Federation would continue to grow as more SHGs and CLAs are formed over the years.

Although the term apex body is used for the Federation, it does not imply absolute power at the hands of the Federation members representing the CLAs who represent the SHGs respectively. The power still remains with the General Body, which is made up of the SHGs. The SHG members are the "Owners" of the Community Institution and the ones who make the ultimate decisions. The CLA and the Federation are representatives of the SHG members placed in position for certain well defined functions.

5.1. Attributes of a Federation

The Community Institution at Federation Level will have the following attributes

- It has clearly defined attributes based on its functions
- The Federation has its own objectives and activities that compliment those of the SHGs and CLAs
- The Federation's Executive Committee plans and implements activities of the Federation

5.1.1. The Federation is an institution in its **own right with a unique identity**. The identity of the Federation evolves from the vision and mission of its members in the SHGs and CLAs.

5.1.2. The representative body of the Federation is **made up of two representatives from constituent CLAs**. The representatives are carefully selected by the CLAs based on criteria developed by them. CLA representatives serve for an agreed term on the Federation. The term is 3 years. It is possible that the term of a member ceases at CLA level but continues at the Federation. The member would however continue to be a SHG member. However, if a person is no longer member of an SHG she or he cannot be a member of a Federation any more. Change of representatives is staggered. The Federation's members meet once in two months. At the initial stages the Federation could meet more often.

5.1.3. The Federation is the legal holder of the Community Institution and is registered with a government agency in accordance with a legal system that is close to the operational attributes of the Federation. This has to be done after a careful study of the legal framework and its

compatibility to the SHG concept. If no legal framework is compatible it is wise to lobby for a new law. The Federation should comply to all the laws of the land.

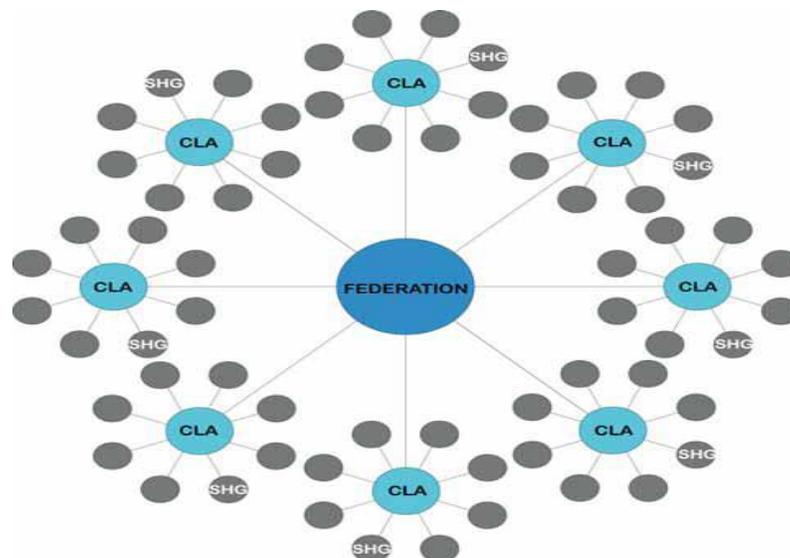
- 5.1.4. The Federation has an Executive Committee to act on behalf of the representatives of the Federation. The Executive Committee members are selected from among the Federation members based on criteria set by the Federation. The Executive Committee members serve for a fixed term. A member can be on the Executive Committee only as long as s/he is on the Federation. The Executive Committee should not have more than 8 members in order to maintain its capacity to act.
- 5.1.5. The Federation comes up with a clear Vision, Mission and Objectives, which are developed by participation of the General Body and shared by them.
- 5.1.6. The Federation sets up **task-oriented Committees** to achieve tasks identified by them. These committees work for a fixed term. The Federation hires professionals as and when needed. These external professionals could be on the task-oriented Committees. The Federation could appoint full time staff to fulfill roles that are felt needs.
- 5.1.7. Federations **provide access to relevant knowledge and information** for the constituency. Some Federations have a Resource Centre to serve this purpose.
- 5.1.8. The Federation would have **its own office**, communication devices and printed stationary

5.2. Formation of Federation and take over

- The Federation is to be formed when the Community Institution has grown to the right stage in terms of quantity and quality
- The capacity of the Federation is built to manage the Community Institution and it takes over from the promoting organization

- 5.2.1. The Federation is to be **formed when the time is ripe**. The quantitative indicator is that there are sufficient number of SHGs and CLAs – 8 to 10 CLAs. Qualitatively, the CLAs must be strong and fulfilling their roles and responsibilities well. Delaying the formation and handing over of responsibilities will retard the process of empowerment.
- 5.2.2. When the **above indicators are discussed and agreed on** (see section 4.8) between the CLAs, the Promoting Organization could start facilitating the process of forming the Federation.
- 5.2.3. The Federation concept is to be explained to the CLAs and the SHGs. Once they are willing and consent, the **process of assessments** can begin. Assessments will be made based on key indicators jointly selected by the CLAs and the project officer / community facilitator. CLAs that are assessed to be qualitatively good will join the Federation.

- 5.2.4. **Two members from each CLA are carefully selected** to represent them in the Federation on a rotational basis. The criteria may be different. The term of the CLA representative on the Federation is 3 years. In the first term, one of the representatives stays longer by a year such that the replacement of members is staggered.
- 5.2.5. **Role transfer exercises** are conducted to identify remaining activities done by the promoting organization that needs to be taken over by the Federation for independent operation. In this exercise, activities still done by the promoting organization are listed out. The timeframe, perhaps in phased manner, for the Federation to take over these activities are written against the activities after due consideration by the Federation.
- 5.2.6. **Capacity Building needs** are identified in the role transfer exercises. A plan is worked out and implemented. External resource persons may be contracted for.
- 5.2.7. Once the Federation is confident to take over the activities, **the promoting organization phases out**. This is a willful step taken by the promoting organization in acknowledgement of the empowerment of the community institution. The Federation could even take over the fixed assets in the field that belonged to the promoting organization.



5.3. Functions of a Federation

A Federation has clearly defined attributes based on its functions

- The Federation has its own objectives and activities that compliment those of the SHGs and CLAs

- The Federation's Executive Committee plans and implements activities of the Federation
- 5.3.1. A newly formed Federation goes through a strategic planning process to come up with its **Vision, Mission and Goals**. This would be the shared outlook of the entire Community Institution and hence representatives from the SHG and CLA levels participate in the process. It would be good for an outside Resource Person to facilitate the process rather than the Promoting Organization to maintain objectivity. NGOs have their own focus and might unconsciously influence the strategic planning of a federation.
 - 5.3.2. The Federation **takes over administrative and management roles** of the Community Institution from the Promoting organization. Role transfer exercises are conducted between the Promoting Organization and the Federation such that the Federation will slowly take over activities still carried out by the Promoting Organization.
 - 5.3.3. By **delegating responsibilities** to the CLAs and SHGs the Federation ensures that the Community Institution functions well and is managed by democratic principles.
 - 5.3.4. The Federation provides **legal identity** to the Community Institution. It should therefore consider various options and register with the appropriate legal authority in the country. Where laws are not compatible the Federation would lobby for a suitable law to provide them legal status.
 - 5.3.5. The **Federation provides services** to the community to maintain equity, peace and justice. Members in the community whose rights are violated can come to the Federation office.
 - 5.3.6. The Federation ensures that the entire constituency and community have **access to relevant knowledge and information**. This could be in the form of a Resource Centre.
 - 5.3.7. Each SHG would pay a small, token **contribution to the Federation** as a mark of Solidarity. This may be in the region of USD 0.50 per year. Administrative expenses of the Federation are mainly raised by the CLAs. The Federation would share their plans and budget to the CLAs, who in turn will raise the needed funds.
 - 5.3.8. The Federation would **call the General Body** as and when need arises. Normally the whole.
 - 5.3.9. The General Body would come together once a year to make an **annual assessment** of the work of the Federation. Participatory assessment tools are used. An external facilitator may be hired by the Federation for the process
 - 5.3.10. The Federation would **pay for the services received** from the Promoting Organization as well as other resource persons and professionals

5.3.11. The **Executive Committee** of the Federation could have task-oriented committees to implement various planned activities. Main functions are:

- To ensure democratic functioning of the People's Institution
- To play an important role in ushering Economic empowerment
- The Federation leads the People's Institution to Social empowerment
- The Federation bring Political empowerment to the people
- The ultimate role is to usher a free and fair society where there is respect and dignity for all members

5.4. Possible activities of a Federation

- It would be presumptuous to list the activities of a Federation since it would depend on the individual Federation and the environment in which it operates. Some possibilities, based on experience are listed.
- In general the Federation would prepare an activity plan based on assessed needs. They would ensure that this plan is fulfilled by delegating responsibilities to SHGs, CLAs and the executive committee as well as the sub-committees of the Federation.

Activities that a Federation could take up are based on their strength and the functions that the environment demands. Some principles that drive the activities are:

5.4.1. Activities that meet the need of the Community

- A Federation could set up a Community Resource Centre where the community could access relevant information on health issues, market issues, issues related to various government schemes etc.
- The Resource centre could have models of various appropriate technologies, where community members could come and try these out and gather further information
- Provide insurance schemes to the constituency and the community through linkages. These could be health, crop and general insurance
- The Federation could effectively use the print and electronic media to raise awareness on various issues, thereby reaching out to larger society
- The Federation could take up large water conservation measures like watershed management and ecological protection measures covering vast geographic areas with participation from the constituency and community.

5.4.2. Activities where power and influence matter

- Through contacts established and maintained with the police and judicial system, the Federation ensures that justice is imparted to victims of

injustice within reasonable time. To champion the cause of the weak and the powerless in society

- Maintain regular contact with local government and work as an extension arm of the government in immunization programmes, relief operations, literacy drive, initiatives of peace and reconciliation etc.
- Establish and maintain contacts with elected representatives at higher levels such that

5.4.3. Activities where large numbers matter:

- Organize rallies / campaigns for mass awareness on various social and economic issues
- Propagate and maintain values for the community to follow
- Putting up candidates based on criteria to be elected representatives of the people
- Lobbying and Advocacy for policy changes on various issues that affect the community

5.5. **Capacity building inputs to a Federation**

- Federation members need Capacity Building inputs to understand their roles and responsibilities and function effectively
- Capacity Building inputs are to be provided to the Federation to help them take over from the Promoting Organization and effectively conduct the business of the People's Institution.

Federation members need to clearly understand their role of taking over from the Promoting Organization and maintaining a Community Based Organization. They would need Capacity Building inputs in administration and management of an organization.

- Federation members are trained to fulfill their roles and responsibilities, especially on **human rights, child rights and women's rights**.
- Capacity Building inputs are provided for **lobbying and advocacy**.
- Federation members need inputs in **administration and management** of the People's institution including financial management. This is important as the federation need to be able to assess the performance of its CLAs in these aspects and give advice. A Federation also might be involved in fund-transfer to CLAs/SHGs, hence need to have the skills to manage this.
- The Executive committee and other task-oriented committee members are provided inputs in **project management and financial management** to be able to take up bigger projects than what the CLA would manage. This does not mean that the federation will implement itself, but may need to oversee the tasks delegated to CLAs and SHGs through their committees.
- The Federation would need other Capacity Building inputs as and when need arises.

External Resource Persons are contracted for Capacity Building inputs of a Federation. The Federation should build a data bank of resource persons for various capacity building needs.

5.6. Self-assessment at Federation level

The Federation has to undertake a self assessment, monitoring of its performance and evaluation of its outcome timely.

The Federation would carry out a self assessment of its performance once in a year. The executive committee members as well as all the Federation members would be involved in this participatory assessment. The assessment will be focused on effective and timely fulfillment of planned activities as well as planning of activities in keeping with the goals and objectives of the Federation.

Once a year, the Federation would call the general body. This would be an occasion when the Federation provides a report of the year's activities and share their plan for the next year. This would also be a time when the general body makes an annual assessment of the Federation. The assessment would be based on the relevance of the Federation to the constituency and effectiveness of interventions.

5.7. Possible alternatives to a Federation

In certain circumstances, it may not be possible to build the groups to the Federation level. Possible alternatives are described in this section

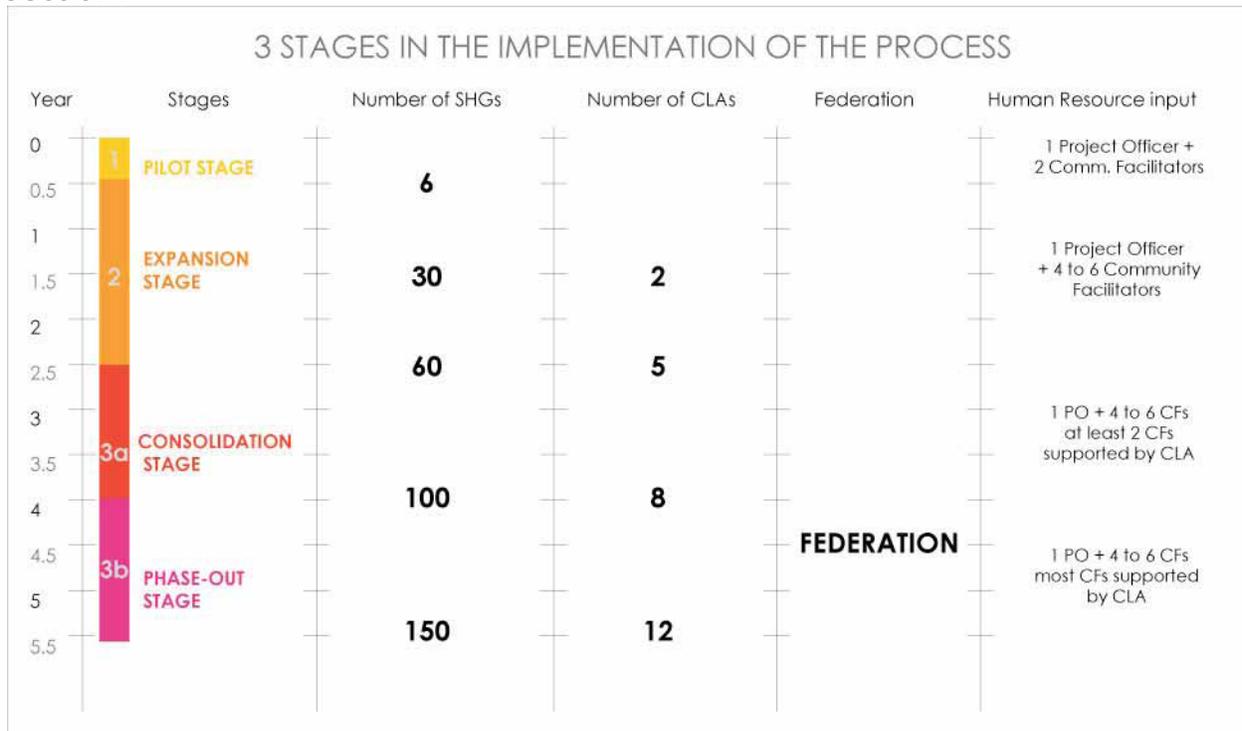
Here are few cases where the Self Help Group is not necessarily built to the Federation level but still has value and purpose.

- In communities where population is low, it may not be viable to form 100 SHGs and 8 to 10 CLAs for the formation of Federation. When there are only 3 to 4 CLAs formed it is better to bring them in to Union.
- There may be cases, where a Promoting Organization has just formed a few SHGs, perhaps 15 to 20 and has to close office and leave the place due to unforeseen circumstances. To avoid abandoning them it is necessary to help them form one or two CLAs before withdraws.
- There are cases when the objective of a program holder limited to the formation of SHGs in such circumstances, a minimum of 10 SHGs and one CLA could be formed.

6. Time Frame

The Self Help Group concept is one where numbers are important for the empowerment process since strength lies in numbers. In the process of implementation process a balance has to be maintained between “Quality” and “Quantity”. Indicators for self-assessment of quality parameters for the different levels of the people institution are given in previous chapters.

A thumb-rule indication of the quantitative growth of the process is given in this section.



It would be helpful to break the whole process into 3 stages being, Pilot stage, Expansion stage and Consolidation/phase out stage. A table of the 3-stages is given above showing the desirable growth rate of SHGs, CLAs and the Federation. Pilot stage: This would normally be for a period of 6 months starting from the formation of the first Self Help Group. It is advisable to go slow at this stage since the Promoting Organization and the people involved are not familiar with this approach and a lot of learning-by-doing needs to take place. The communities where the groups are formed also need to understand and accept the concept, which could take time.

Finding and retaining the right Community Facilitators is a crucial step at this stage. It may be good to start with just 2 CFs at the Pilot stage. The Promoting Organization would get to understand the roles and responsibilities of the CF

before they identify more CFs. It would also be a stage for the CFs to understand and respond to their tasks.

Forming one Self Help Group every month and providing them at least 4 modules of training inputs by the Community Facilitator, could be a good pace at the pilot stage. Forming too many groups at this stage should be avoided.

Expansion stage: This would be a two year period. A Promoting Organization that is serious about this approach starts getting a feel of implementation by the first 6 months. This is followed by the expansion stage when the rate of group formation has to increase at a substantial rate to achieve numbers. It would be necessary to identify few more Community Facilitators. To have a team of 4 to 6 CFs (including the 2 who are already there) would be good. By now, the Promoting Organization and the already formed SHGs would have a good understanding on what is to be expected from a CF. Thus promoting organizations should identify additional CFs in a community with the help of existing SHG members from the very community.

The goal set at this stage should be to form 24 SHGs by the end of the first year – in addition to the six already formed - and another 30 SHGs in the second year bringing the total number of SHGs to 60 ($6+24+30=60$). Once there are around 10 good SHGs, the CFs should start focusing their attention on preparing the SHGs on the Cluster Level Association concept and formation of the first CLA. It is important that the promoting NGO is aware of the pace the group formation takes place in order to make the CF familiar with the CLA concept in time.

One of the functions of the CLA is to take care of their constituent SHGs and form new groups. Hence by year 2 of the expansion stage, the already formed CLAs would also be forming new SHGs. That is how the formation of 60 SHGs and 5 CLAs is viable. The numbers are again indicative. The actual numbers may be slightly less or more depending on the environment.

Consolidation stage: This could be for a period of approximately 3 years. The rate of SHG formation and CLA formation would continue and further increase since more and more CLAs are formed and are getting involved in the process of group formation and strengthening. A crucial activity at this stage would be the handing over of roles and responsibilities by the Promoting Organization to the People's Institution.

Formation of the Federation would be another important landmark. The Federation is formed when the number of SHGs is around 100 and there are 8 CLAs or more. This status could be reached in around 4 years from initiating the process. The Capacity of the Federation is built by the promoting organization for the next 1 to 1 years with the phasing out process taking place simultaneously.

By 5 to 6 years, the Promoting Organization should be able to phase out completely.

The number of Community Facilitators does not increase at the Consolidation stage but remains at 4 to 6. The Community Facilitators are gradually taken over by the People's Institution from the Promoting Organization. This transfer starts from the time a CLA is 6 months old.

The formation of new SHGs and CLAs continue even after the Federation is formed and the Promoting Organization has phased out. There may have been 8 CLAs when the Federation was formed. 3 years later, there could be as many as 15 CLAs under the Federation. The growth in numbers continues as long as the Federation wishes. The Federation may draw a limit based on geographic coverage or an administrative boundary, but otherwise the strength of this approach is that people can join the people's institution on an ongoing basis.