



Small Interventions Act as a Catalyst for Big Change

APMAS is a pioneer in setting standards for Self Managed Financial Institutions (SMFIs) through the Quality Assessment (QA) system it has developed, in collaboration with M-CRIL from Delhi, called GRADES. To date, APMAS has completed over 200 assessments across Andhra Pradesh as well as in other states. One assessment which has inspired dramatic results was the assessment of four Mutually Aided Cooperative Societies (MACS) that are part of

ASP¹.

The QA was carried out in four MACS in Krishna district of Andhra Pradesh during May 2004 and brought forward a number of issues that affected the sustainability and self management capacities of the cooperatives. Some of the major challenges addressed were: low awareness levels about self management, low degrees of financial and operational self sufficiency and the absence of internal control systems such as auditing, cash management and loan tracking mechanisms. Further, the staff didn't have clarity about the vision and purpose of the MACS, nor the required capabilities to guide the MACS in the envisioned direction. As the ASP formed by amalgamating like-minded NGOs into one entity, the group also lacked a coherent action plan due to individual priorities of staff. The report prepared by APMAS not only highlighted these problems, but also provided clear and realistic recommendations for improvement.

The high quality and timely QA report provoked thought and discussions among members of the MACS, staff and the highest management levels of ASP. Based on the recommendations made by APMAS, ASP implemented a number of effective practices to improve the performance of the MACS. The major initiatives undertaken were:

¹ASP is a cooperative federation composed of one hundred independent and interdependent Mutually Aided Cooperative Societies (MACS) spread over twelve districts in Andhra Pradesh. The cooperative has over eighty thousand members, primarily women from minority and disadvantaged castes and communities, and is committed to the empowerment of its members.

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The impact of the QA and subsequent improvement to the MACS has helped ASP approach SIDBI (Small Industries Development Bank of India) for bulk lending. The APMAS rating has become the basis for disbursement of SIDBI funds to the MACS, as it demonstrates each MACS' capacity to handle a large loan. Using the QA rating has resulted in excellent repayment rates and improved efficiency.

1. To design a bookkeeping system that suited to the needs of its federation structure;
2. To develop business development plans for the MACS, and;
3. To devise internal control systems to improve the efficiency.

ASP also revised its strategy and organizational structure to improve the cohesiveness among the staff and accountability. Once these initiatives had been undertaken by the organization, ASP requested further assistance of APMAS in conducting flagship programs on financial analysis, accounting and bookkeeping to improve the staff capabilities.

In September 2005, APMAS was requested to perform a follow up QA in the four MACS it had assessed 16 months earlier. During the assessment, it became evident that there had been a substantial improvement across all areas in the performance of the MACS; they now had excellent loan repayment, accurate and up to date bookkeeping and improved staff performance.

It is evident that the Quality Assessment was a small step that acted as a catalyst to large-scale improvements in the MACS.



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