

SERP – APMAS Partnership Agreement For the Period 2005-2008

1. Context of the project:

Society for Elimination of Rural Poverty (SERP) has been implementing the World Bank funded District Poverty Initiative Project (DPIP) since June 2000 in six districts of Andhra Pradesh. The project objectives are to enable the rural poor, particularly the poorest of the poor, strengthen and secure their asset base and improve their livelihoods. The phase II of the Project, called Andhra Pradesh Rural Poverty Reduction Project (APRPRP) is reaching 600 poorer mandals in the 16 districts of AP. The programme merged with the programme 'Development of Women and Children in Rural areas' – DWCRA providing a common platform for the SHG movement across the state has been named as **Indira Kranthi Padham**. The programme thus implemented across the 22 project districts of Andhra Pradesh covering 864 Mandals has evolved federations of SHGs at village (30,000 VOs) and Mandal (864 MSs) levels reaching about 5.0 lakh SHGs.

The project initiatives have resulted in developing large social capital including the formal associations of women in the form of SHGs and SHG federations at village and mandal levels and District federations in some districts, developing a cadre of Community Resource Persons, and community activists, setting up of Mandal level Training centers, and intensified savings, credit and livelihood promotion activities through the SHG federations. Besides the project staff and the staff of federations the efforts have resulted in developing a large pool of resource persons at different level including Mandal resource persons (11,980) and district resource persons (268) have also been trained and deployed in the project. Nearly 80% of the 26,178 Community Activists and 5,581 Paraprofessionals have also been trained. A large number of Mandal federations through the village procurement centers are engaged in procuring and marketing fifteen to twenty major agricultural, horticultural and NTFP commodities, impacting the livelihoods and household level incomes of about 70-80 thousand producers and collectors. The village organizations of SHGs, VOs are now providing finance to producers for purchase of agricultural inputs, which is a crucial intervention in enabling the producers to have access to finances other than the money lenders and also choice on whom to sell their products to. In a few districts, issues related to Gender, Health and Food security have been taken up on a priority basis.

While there has been a significant effort made on institution building and microfinance, including APMAS making its contribution to the process in select districts, there is still need for greater collaboration between APMAS and SERP in the area of institution building, microfinance, livelihoods promotion, capacity building of primary and stakeholders and project staff, convergence, quality enhancement of SHGs and their promoted federations for these to become sustainable and to address the needs & aspirations of their members.

2. About APMAS:

Mahila Abhivruddhi Society, Andhra Pradesh (APMAS) has been established as a State Level Technical and Management Support institution for women's self-help movement. APMAS works for poverty reduction by supporting people's organizations through Capacity Building, Quality Assessment, Research & Advocacy and livelihood promotion. APMAS provides its services to the SHPIs (Self Help Promoting Institutions) involved in promotion of SMFIs (Self managed Micro Finance Institutions), on a fee for service basis. APMAS currently has 45 professionals working to enhance the quality of SHG movement in A.P. To strengthen the SHG movement, APMAS has positioned four Quality Enhancement teams at the field level. At present, APMAS is working in eleven districts of Andhra Pradesh - Adilabad, Nizamabad, Cuddapah, Chittoor, Anantapur, Kurnool, Prakasam, Nellore, Guntur, Krishna and Ranga Reddy. In other districts of AP, Capacity Building services are provided on a demand basis. So far, APMAS has training more than 15,000 professionals and para-professionals through ToT approach on various modules related to institution building and microfinance. APMAS is governed by prominent and experienced professional drawn from all sectors. Dr. Kotaiah, former Chairman of NABARD is the

Chairperson of APMAS. There are five senior Government Officials, representatives of financial institutions, NGOs and MACS on the Board of APMAS.

3. Ongoing Collaborations with SERP/IKP:

In Andhra Pradesh a large number of SHGs are promoted with active involvement of Government of AP and NGOs. However, the quality of SHGs is not satisfactory, across the districts. SHG Federations are being promoted at the village and mandal level, to ensure provision of wider range of products and services for SHGs and also improve the performance of the member SHGs.

The initiatives of APMAS focus on facilitating the SHGs and SHG federations to become sustainable, member owned and member managed institutions. APMAS not only believes in improving the quality of the SHGs and their Federations but also in increased outreach (of the poor) and diversity of the Federation models. In this context, APMAS has strategic partnerships with Government of Andhra Pradesh (IKP/Velugu, Women Empowerment & Self Employment, APUSP and APRLP) and has been closely working with NABARD, SIDBI, Bankers, NGOs and CBOs to understand, adopt and bring out best practices.

The ongoing collaborations between APMAS and IKP/Velugu have focused on Capacity building of primary stakeholders, Community resources persons and project staff on institutional building, PTM, Book keeping, etc, Quality assessment of Mandal Samakyas and Village organizations, development of Modal Mandals and Village Organizations, undertaking the action oriented studies, on the job support, etc. We have already entered MOUs with seven districts. Efforts are on for another 3 districts. We are actively involved in NGO—GO collaboration. APMAS solely facilitated state workshop and many districts workshops on NGO-GO collaboration. APMAS is one the members of State Coordination Committee on NGO—GO collaboration. In coordination with Government we have also organized several meetings and workshops at state and districts level on the issues related to MF and Livelihoods. APMAS anchored the empanelment of NGOs in 12 districts for watersheds. Our regional teams have developed good rapport with all District officials, DPMU and DCBC staff and are closely collaborating on many development issues especially on Velugu and APRL Project activities.

4. Project Operational Area:

Operational Area:

The project would be implemented in 11 Districts (Adilabad, Mahaboobnagar, Anantapur, Chittoor, Ranga Reddy, Nizamabad, Kurnool, Cuddapah, Krishna, Guntur and West Godavari). As APMAS has been supporting IKP project in these districts for past 2-3 years (except Mahaboobnagar district) it would be easier for APMAS to develop context specific strategies in these districts and support IKP and CBOs in implementation of the same.

Areas of Support:

As per the understanding between APMAS and SERP, APMAS would provide its support to SERP at three levels with degree of variation. APMAS would provide intensive support at the Cluster level (5-7 Mandals), limited support at the district level to the DPMU in transformation of TTDC in to SMELC like institution by synchronizing the activities of DLRC, and strategic support at the state level by providing need based CB support to higher level staff, participating and conducting state level events, and through providing required support and feedback for developing policies and guidelines to support the SHG movement.

- **Cluster Level** -Support Area Coordinators in Achieving the intended Results in 19 Clusters from the 11 Districts
- **District Level** - Developing TTDC/DLRC in to a SMELC like Resource Centers and provide need based support to DPMUs in 11 Districts

- **State Level** - Support SERP in Capacity Building and Nurturing of the Area Coordinators, developing required IB/CB/MF products, policies/guidelines, participate in planning and review meetings,

5. Major Activities & Deliverables

There has been a mutual understanding that APMAS will take a lead role in anchoring the 19 Selected Clusters (three per DPIP district and One per APRPRP district). Each of these clusters would have one cluster mentor to support the IKP team of that particular cluster. As per the recent guidelines of the SERP each of the districts would be divided in to several clusters (5-7 mandals per cluster) with required management and implementation staff. SERP wants APPMAS to support the selected clusters to achieve the anticipated results in addition to providing minimal support at District and State Level. As per the plan developed by SERP each of the clusters would be given required functional autonomy in respective of planning, budgeting and implementation of the activities with required human resource like CCs, MTCs, MBKs and other Social capital.

Broad Activities at cluster level

- Participatory Situational Analysis (diagnostics/CBNA/Social Issues/Livelihoods) at the mandal level
- Action planning, short, medium & long term, based on the ground realities
- Detailed activity plan for one year with clear roles & responsibilities (Action plan developed based on the local situation)
- Capacity Building as per the need – Support staff, EC of VO/MS and para-professionals
- Continuous training inputs at the SHG level, old & new groups.
- Support MS in dealing with the social issues (demonstration to MS and its support staff)
- Focus on the issues/problem solving - Demonstration
- Member education programs at the village level
- Mentoring & Capacity Building of staff (CCs, MBKs, MTCs, Area Coordinators, etc.).
- Institutionalizing the monthly review & planning process at mandal level.
- Building the capacities of the project staff on the visioning to be adopted at mandal level.
- Promotion of convergence with line departments, resource agencies to meet the needs and aspirations of SHG/VO/MS
- Establish self assessment methodologies at SHG, VO and MS level.
- APMAS would support the MS and VO in developing its Livelihood agenda (as part of its perspective/action plan)
- APMAS would support MS and VO in the areas of market linkages, value addition, productivity enhancement and risk mitigation
- Support MS in product development based up on the need and demand.
- Vision documents developed by MS for sustainability

Broad Activities at District level:

- Developing TTDC into a SMELC like institution to build the social capital and to ensure that the MVTCS function effectively servicing the CB needs.
- TTDC and DLRC activities are synchronized to ensure appropriate support for livelihood promotion in the district.
- Provide need-based support to DPMU in implementing the IB & MF strategies of the project.
- Support the effective use of TTDCs and MVTCS for ongoing CB activities in the district.

Broad Activities at State Level:

- Support SERP in building the capacities of the Areas Coordinators from all the districts
- Participate in various planning, review and thematic workshops & meetings.

- Provide strategic support to SERP in developing savings, lending and insurance products.
- All the guidelines related to IB & MF and on various aspects of developing the training modules will be supported.

Expectations from DPMU/SERP:

- Create common understanding on the deliverables and role clarity of various stake holders among district administration, support staff, elected representatives, etc. prior to the start of implementation
- APMAS will have the liberty of picking of staff from pool of available persons and will have complete functional autonomy in facilitating the all support staff on developing sustainable institutions.
- Necessary instructions to be given by the District Collector to all line departments to work in tandem with CBOs (SHG/VO/MS)
- Compulsory participation of PD, DRDA in monthly cluster review meetings.
- Quarterly review by PD DRDA and APMAS on the project progress
- If there are administration or political problems or interference, PD or Collector to solve it.
- Sudden decisions at field level (special drives, release of CIFs) should always be as per annual action plan and in consultation with APMAS
- IKP to release grants to MSs for their capitalization
- APMAS to be part of all decision making and policy recommendation committees
- Ensure that the staff allocated to these mandals is exclusively available for this.
- Staff of IKP/DRDA fully involve themselves in the recovery of CIF and other loans.
- Logistic and other support provided for the implementation of various activities.

Assumptions

- Timely flow of funds available
- No frequent changes in the policies and systems of the project:
- Consistent commitment and cooperation district and state administration/SERP towards project objectives
- Minimum staff turn over at field level
- Bankers increased allocations to federations (VO/MSs) from year to year
- District to make available the required budget for HR development of all field functionaries.

Risks:

- Political interference
- Competition among SHPI s/MFIs
- Non-cooperation of district administration or line departments

Performance Indicators:

At Cluster Level:

At SHG level:

- 2/3rd of the SHGs are rated as "A" grade
- 90% of the groups avail external loans
- 70% of SHGs use MCP and CRI prior to avail external loans
- Repayment of bank loans >90%
- Average loan size >Rs. 10,000/-
- At least 2/3rd of SHGs actively engaged in VO activities.
- 90% of PoP & Poor are covered in SHGs
- Internal Repayment rate >=75%
- 90% of the SHGs rated every year using CRI

VO Level:

- Repayment rate (internal and external)>=90%

- At least 2/3rd VOs rated as “well performing”,
- X% of VOs are bank linked
- VO EC is able to manage all the activities including legal Compliance if registered
- 75% of VOs able to meet their costs.
- 80% of the VOs conduct regular EC, Sub-committee and GB meetings with 75% at least attendance
- 50% of VOs actively engaged in dealing with social issues and 75% of VOs have social issues in their agenda

MS level:

- MVTC providing services as per the CB needs
 - Existence of Annual training calendars and budget
 - At least 50% of MSs meet their costs (OSS)
 - Repayment rate (internal and external)>=90%
 - 80% of the VOs conduct regular EC, Sub-committee and GB meetings with 75% at least attendance
 - 80% VOs institutionalized required systems related to managerial and Financial
 - Review the performance and monthly action plans of staff
 - Existence of MOU with Velugu and other organizations, Annual & quarterly action plan & budget
 - 90% of MSs have regular up to date & accurate maintenance of books of accounts
 - 50% of MSs actively engaged in dealing with social issues and 90% of VOs have social issues in their agenda
 - The EC members of MS are able to manage their affairs. Each of the MS have their BDPs for at least 5 Years
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- MS staff have required capacities to play their role effectively in IB & MF.
 - MS staff have required capacities to play their role effectively in supporting the MS/VO/SHG in dealing with Social and issues related to rights and entitlements
 - All the para professionals are trained to provide the mentoring services to CBOs.
 - EC of VO and MS have the capacity to manage their affairs effectively.
 - Monthly review and planning meetings are used as forums for problem solving.
 - Increase in the quality of the SHGs each year
 - Increasing percentage of VOs /MS receive loans from banks and other financial institutions.
 - At least 50% of the federations supported would be successfully managing the livelihood activities
 - At least 50% of the federations would have had established linkages with marketing and technical resource organizations
 - The selected social capital across the clusters have skills and competencies in livelihoods promotion and would have gone through at least two cycles of Livelihoods promotion

At District level:

- TTDC and DLRC activities are synchronized to ensure appropriate support for livelihood promotion in the district.
- MVTCs are equipped and fully operational and support assured for MVTCs and CLRCs with the facilitation support from TTDC.
- The Resource Teams at TTDC are equipped to build the capacities of the social capital, provide services as per the needs of MS for a fee, able to access grants and other fees to meet its operational costs, appropriate livelihood services are provided.
- DPMU staff effectively support their project staff in implementing the IB & MF strategies of the project.

At State level:

- Area coordinators equipped with required capacities to support the Cluster level staff
- SERP offers various products and services to the DPMUs to address the needs of the project staff and SHG members.

- Various training modules and technical series developed and used by the project staff
- Policies and guidelines issued by SERP and other stakeholders are supportive to the sustainability of SHG movement and responsive to the needs of the members.

6. Management of the partnership:

While this document broadly outlines the activities that APMAS will undertake in the 11 selected DPIP and APRPRP districts, a more refined and detailed plan will be developed for each of the district based on a more in-depth understanding of the ground realities and in consultations with the DPMUs. The support at the Cluster level is more intensive as the issues would be different in different districts and even they are several cluster-specific issues that must be part of the cluster and mandal level planning. As APMAS will be more intensively working in the selected 19 clusters from 11 districts, it is highly desirable that the planning process is transparent, inclusive and participatory.

Based on the mutually agreed activities and deliverables, structure review & planning mechanisms have to be put in place. At the district level, PD and APMAS representative will review the progress and the plan once a month. At the end of each of the quarter a 3 months' progress review need to be done at the district level, PD, APMAS representative and a SERP representative could also join such a review meeting. A more comprehensive half-yearly review will be undertaken by SERP CEO along with APMAS CEO. The PDs and the APMAS Regional Managers will join the half-yearly review meeting at Hyderabad. APMAS will submit a detailed progress report to SERP once in six-months and also on an annual basis. Based on the annual report, outcome based annual review can also be undertaken.

From APMAS side, the overall management of the partnership lies with the CEO of APMAS. The 5 Regional Managers based at Hyderabad, Anantapur, Cuddapah, Nizamabad and Vijayawada will manage the day today operations of their respective districts under the overall guidance of CEO. Each regional team is constitute 4 to 5 professionals in the areas of Capacity building, Institutional Building, Livelihoods, Project Management who will extend their expertise to SHGs, federations, Banks, SHPIs on sustainable manner. Each of the districts will be supported by a 2 member senior team with the support of 2 Head Office staff providing the needed support. For providing intensive support in the selected 19 Clusters from 11 districts, 19 fulltime staff will be engaged. In addition, APMAS will seek the support of individual affiliates and resource persons to meet the demand for the services. The State level team also provides state level support, ToTs, material development, communication, etc. Over and above APMAS is governed by committed, renowned and experienced professional who will also extend their advice and suggestions to the project from time to time. For Specialized themes/sectors such as Gender, Marketing, Dalit, Disaster, Disability, etc. we draw expertise from the pool of Resource persons who have been associated with APMAS for last few years.

All financial aspects will be managed by Program Support Unit located at Head office under the guidance of CEO. We have experienced staff and standard accounting package which would help in managing all financial matters efficiently and effectively.

7. Budget:

The total project cost is Rs. **66,392,876** /- out of which APMAS will share 25% (Rs. 16,598,219 /-) of the total budget and the remaining 75% (Rs. 49,794,657 /-) of the budget could be released by IKP project to APMAS. While the figures are indicative, the value of APMAS effort over a period of one year could be reviewed in the annual planning process and 75% of the total cost would be paid by SERP to APMAS.

Total cost for supporting 11 Districts, 19 Clusters and State Level activities	66,392,876
SERP contribution (75%)	49,794,657
APMAS contribution (25%)	16,598,219

Action Plan for the First Year

Cluster Level Action Plan

- Selection of Cluster
- Design of participatory diagnosing
- Situational analysis
- Sharing of info/Orientation on findings to MS and its staff
- Identify broad areas where the movement is good and where not (issues)
- Development broad action points to address the issues (Action planning, short, medium & long term, based on the ground realities)
- Develop a first year action plan with output/outcome indicators
- Focus on Social Capital
- Streamlining of MS meetings with the staff
- CB for the EC and CB for Sub-committees
- Basic MIS establishment
- MCP & Annual plan related to the IB,MF & livelihoods
- Each VO planning for MCP with related to activities handling
- Sub sector areas identification across Mandal level
- Sensitize Bankers on credit linkage by conducting seminars
- Exposure visits –Cluster wise
- Support MS/VO and staff on identification and tackling of social issues
- Exposure visits to APMAS staff to ATP-Gandlapenta
- SHGs will be divided based on the Grades
- Focus on the issues/problem solving - Demonstration
- Member education programs at the village level

District level Action Plan

- Constitute an internal committee to develop a concept note on Resource Center (after visiting SMELC, and other Resource Centers)
- Understand the role of TTDCs in each district along with other stakeholders
- Conduct Demand Analysis for the TTDCs

- Identify Resource Persons from ZS/MS/Support Staff
- Build their capacities on various aspects
- Facilitate development of Training calendars
- Provide support to Master Trainers in conducting CB initiatives
- Develop theme wise teams (assessment, problem solving, Livelihoods, Gender & Social Issues, Advocacy)
- Establishment of required systems, data base etc.
- Support DPMUs in building the capacities of higher level staff/trainings
- Facilitate convergence at district level and TTDC level (DLRC)
- Facilitate the link between the MVTC and TTDC
- TTDC would become as resource center for all poverty reduction programs
- Theme wise teams initiate actions in the district (ex: identifying problems/best practices, livelihood opportunities)

State Level Action Plan:

- Support SERP in building the capacities of the Areas Coordinators from all the districts
- Participate in various planning, review and thematic workshops & meetings.
- Provide strategic support to SERP in developing savings, lending and insurance products.
- All the guidelines related to IB & MF and on various aspects of developing the training modules will be supported.
- Share the best practices identified across the districts and support for cross learning
- Conduct joint workshops with SERP on emerging issues/themes
