

5. MAHALIR THITTAM

5.57 New Affiliation Norms for NGOs and new NGO agreement

Rural Development and Panchayat Raj (CGS-I) Department

G.O. (Ms) No.155

Dated:05.09.2007

Read:

1. G.O.(Ms.) No.116, Social Welfare & Nutritious Meal Programme Dept., dt. 31.7.2002
2. G.O.(Ms.) No.125, Social Welfare & Nutritious Meal Programme Dept., dt. 20.8.2002
3. From the Managing Director, TNCDW Ltd., D.O.Lr.No.2042/B2/2006, dt. 19.6.2007

ORDER

The Managing Director, Tamil Nadu Corporation for Development of Women Ltd., has sent a proposal for approval of the new accreditation and affiliation norms of NGOs; payment norms for group formation, capacity building and monitoring of Self Help Groups and implementation of new NGO agreement with required modifications in Vazhndhu Kaattuvom Project blocks.

2. The success of the IFAD Project paved way for the now popularly called "Mahalir Thittam" project, which was launched during 1997-98 with State Government funding and was progressively extended to all the 30 districts. Tamil Nadu Corporation for Development of Women implements Mahalir Thittam in partnership with Non-Governmental Organisations (NGOs) which form SHGs, train and monitor them. The NGOs are provided costs for group formation, training and monitoring. The NGOs which are interested in partnering with Tamil Nadu Corporation for Development of Woman limited for implementation of Mahalir Thittam are affiliated, if they satisfy the prescribed norms.

3. As on 31.5.2007, there are 3,38,496 SHGs formed under Mahalir Thittam with 54.46 lakh members. 628 NGOs are affiliated to TNCDW as partners and Mahalir Thittam is implemented through them. In the year 2002 – 03 Mahalir Thittam was restructured and the payment norms to NGOs for various services provided by them were reduced substantially. To affiliate the NGOs with Mahalir Thittam, the following norms have been followed:

1. The NGO should have completed minimum 3 years of existence from the date of registration.
2. The NGO should have already formed atleast 100 functional groups which are credit rated / credit linked at the time of application.
3. The NGO should have adequate infrastructure facilities not less than 1500 Sq ft inclusive of Training Hall.
4. The District Level Co-ordination Committee should recommend the application and forward it to TNCDW Head Office.

4. In the G.O. 1st read above orders were issued, for the formation of Panchayat Level Federations & Block Level Federations. However the formation of the PLFs has been only on paper and are very weak because of lack of capacity building as well as a comprehensive strategy to strengthen them. The Government of Tamil Nadu is very keen on strengthening the PLFs and transforming them into sustainable institutions of the SHGs. The PLFs can play a very useful role to further the SHG movement and also act as a bridge between the community and the government. With this objective in mind, the government had announced many measures to strengthen the PLFs in the year 2006-2007.

- Provision of seed money of Rs. 10,000/- to 4000 well functioning PLFs every year and to cover all PLFs in 3 years.

- Recognising PLFs on par with NGOs for the purpose of formation, monitoring and training of SHGs.
- Manimegalai award for the best PLFs at State and District levels.
- PLF representative as member in credit rating committee.
- PLFs vested with powers of certifying satisfactory completion of training programmes and unique group formation.
- Managing SHG infrastructure like buildings.
- Basic training for PLF Office bearers.

5. Gradually the PLFs are getting strengthened and are aware of their roles and responsibilities. 3597 PLFs have been given Seed Money in 2006-2007 and it is proposed to cover another 4000 PLFs in the current year. To further strengthen the PLFs, the following strategy is proposed:

- 1) According official recognition to PLFs as a representative body of SHGs
- 2) Building the capacity of office bearers and members on Governance aspects and financial management
- 3) Developing community trainers from among PLF members

5(1) According official recognition to PLFs as a representative body of SHGs:

It is necessary to recognize one Panchayat Level Federation per panchayat as a representative body of the SHGs. In many panchayats there is only one PLF per panchayat. The following criteria can be considered, for officially recognising a PLF:

- 1) Office bearers have been elected democratically and there is periodic rotation of leadership.
- 2) Atleast 60% of the SHGs in the panchayat are registered as members.
- 3) The membership of the PLF need not be restricted to only Mahalir Thittam groups but can include all SHGs in the panchayat.

The announcement of Manimegalai Award and providing seed money to well functioning PLFs is also part of this strategy to accord official recognition to PLFs. In the new agreement, it is proposed to make payment of monitoring cost is Rs.300/- per SHG, contingent on the SHGs registering as a member in PLFs.

5(2) Building the capacity of office bearers and members on governance aspects and financial management :

The PLF office bearers and members need structured training on their roles and on governance aspects including financial management. These trainings are proposed to be imparted through reputed developmental organizations with experience in federation development. Tamil Nadu State Non- Government Organisations & Volunteers Resource Centre will also be focusing on PLF training in the current year. Exposure visits have been planned for PLF members in the Action Plan.

5(3) Developing community trainers from among PLF members

It has been planned to develop 2500 community trainers in the current year from among PLF/SHG members. These trainers will take up the training for new SHGs. Cost provision has been made in the new agreement for paying these community trainers directly.

6. VISION FOR TAMIL NADU CORPORATION FOR DEVELOPMENT OF WOMEN LIMITED:

TNCDW's objective is to strengthen the ongoing SHG movement by making it sustainable, more inclusive and ensure economic empowerment of the members. To achieve these objectives, the following strategy is being followed by TNCDW:

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- Promotion of new SHGs among the uncovered poor through NGOs and other community based organisations like PLFs, Village Poverty Reduction Committees.
- Strengthen the PLFs in the interest of sustainability of SHGs. It is proposed to develop inclusive and well functioning PLFs in all panchayats within the next 5 years.
- Encouraging credit linkage through Banking institutions and promoting economic activities.
- Ensuring convergence with SGSY, Tsunami Rehabilitation schemes, Vazhndhu Kaattuvom Project, TAHDCO and other government schemes.
- Creating a platform for convergence of various government programmes on community outreach and awareness by using SHGs as a conduit to reach large sections of the rural population.

7. TNCDW has been brought under the control of the Rural Development & Panchayat Raj department primarily to converge the different schemes meant for SHGs like Swarnajayanthi Gram Swarozgar Yojana, Mahalir Thittam, Tsunami Rehabilitation and Vazhndhu Kaattuvom. The existing NGO agreement has expired. There is a need to recast the NGO agreement suitably to translate this vision of TNCDW into tangible outcomes in the field. The new NGO agreement has been formulated keeping in view these developments as well as the pros and cons of the earlier agreement and is based on the following principles:

- a) Stress should be on quality of NGOs and not on their numbers
- b) Providing adequate compensation to the NGO partners for the services provided.
- c) Promoting economic activities of the SHGs and thereby economic empowerment.
- d) Providing adequate space for the growth of community based organizations like PLFs/ Village Poverty Reduction Committees

8. NEW ACCREDITATION NORMS AND AFFILIATION OF NGOS

In order to affiliate the NGOs with Mahalir Thittam, two sets of criteria have been proposed:

1. Eligibility Criteria
2. Evaluation Criteria

The applicant NGO has to satisfy the eligibility criteria to be taken up for evaluation. In the evaluation criteria, scores are awarded on four parameters. Based on the scores obtained, the NGOs are graded as 'A', 'B', 'C' & 'D'. Those NGOs receiving 'A', 'B' & 'C' grades become eligible for affiliation whereas those NGOs receiving 'D' grade are ineligible. It is proposed to do the grading exercise of NGOs at the end of affiliation period which may be one or two years depending on the grade. Based on the grading exercise results, the affiliation of the NGO can be renewed or otherwise. The period of renewal will depend on the grade obtained by the NGO. The regular grading of the NGOs will be undertaken by the district Project Implementation Units.

9(1) Eligibility Criteria:

Sl. No.	Description	Means of verification
1	Governance <ul style="list-style-type: none"> Whether registered organisation in existence for more than 3 years 	<ul style="list-style-type: none"> Certificate of incorporation Certificate of renewal (latest) Audit reports for last 3 years
2	<ul style="list-style-type: none"> Whether the NGO has complied with all the statutory formalities as per the Act under which it is registered for the last 3 years 	<ul style="list-style-type: none"> Minutes of EC and GB meetings
3	<ul style="list-style-type: none"> Is the objective of NGO in line with TNCDW's objective 	<ul style="list-style-type: none"> Memorandum of Agreement Byelaws
4	Infrastructure <ul style="list-style-type: none"> Office with training hall with minimum 1500 Sq.ft along with training accessories Communication facilities (like telephone, computer, internet facilities) 	<ul style="list-style-type: none"> Physical verification of office, training hall etc.,
5	Whether the NGO is blacklisted or has come to adverse notice	<ul style="list-style-type: none"> Certification by District Collector

Evaluation Criteria:

Sl. No.	Description	Means of verification	Indicator	Score
1	Presence of District Project Coordinator & functional specialists : (Capacity Building, Bank Linkages, Marketing, Finance & Accounts and Others)	<ul style="list-style-type: none"> Pay roll Staff profile 	• 1 DPC & Atleast 4 functional specialists	05
			• 1 DPC & Atleast 3 functional specialists	03
			• 1 DPC & Less than 3 functional specialists	01
2	Presence of staff at grass root level : SHG – Cluster Coordinator Ratio (Cluster Coordinator should be a full time employee)	<ul style="list-style-type: none"> Pay roll Job allocation chart 	• 1 : Less than 50 SHGs	10
			• 1 : 50 to 1 : 75	06
			• 1 : 75 to 1 : 100	03
			• Above 1 : 100	0
3	Credit Linkage coverage : % of total groups credit linked (*)	<ul style="list-style-type: none"> Statement of NGO with Bank advice & Sanction letters 	For NGOs with less than 1000 groups	
			• More than 50%	20
			• 41% – 50%	15
			• 31% - 40%	10
			• less than 31%	0
			For NGOs with 1000 & above groups	
• More than 40%	20			
• 31% – 40%	15			
• 25 % - 30%	10			
• Less than 25%	0			

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4	Quantum of Credit linkage: Average amount of credit linkage per group (Total credit linkage including subsidy) / (No. of credit linked SHGs)	<ul style="list-style-type: none"> Statement of NGO with bank advice & sanction letters 	<ul style="list-style-type: none"> Above Rs. 1 lakh Rs. 70000 – Rs.100000 Rs. 50001 – Rs.70000 Less than Rs.50,000 	10 07 05 02
5	Other recognition from Govt. & Banks for their performance and to the performance of the Community Based Organisation supported by them	<ul style="list-style-type: none"> Awards Certificates 	<ul style="list-style-type: none"> No. of awards / certificates received 	0-5

(*) Only number of groups to be taken into account for calculating. Multiple linkages to the same SHG will be counted as one only.

9(3) Grading:

Grade	Score (max. 50)	Affiliation
A	Above 40	Eligible for 3 years
B	31 - 40	Eligible for 2 years
C	16 - 30	Eligible for 1 year
D	Less than 16	Not eligible for affiliation

10. PAYMENT NORMS FOR SERVICES:

10(1). Group Formation

Under the new agreement, group formation will be undertaken by affiliated NGOs, Panchayat Level Federations, Ward Level Federation, Block Level Federation and Village Poverty Reduction Committees (in Vazhndhu Kaattuvom Project blocks). Wherever PLFs/BLF/WLF are active, TNCDW can affiliate them for the purpose of forming groups as well as for monitoring them. In other areas, affiliated NGOs will undertake the task. Group formation cost will be Rs.350 per SHG and remains unchanged from the previous agreement.

10(2).Capacity Building/ Trainings

At present, the responsibility for conducting the SHG, Animator & Representative training vests with the NGO. The entire training cost is given to the NGO. In the new agreement, it is proposed that the NGO will make all the logistic arrangements and coordinate the training. The actual trainers will be drawn from the pool of community trainers who are members of SHG/PLFs trained by TNCDW. The training cost per trainee per day increases from Rs.15 to Rs.20 for SHG training and from Rs.15 to Rs.22.50 for A & R training. Out of this, an amount of Rs.12.50 will be paid to the NGO and Rs.7.50 and Rs.10 will be paid to the community trainers for SHG training and A&R training respectively.

10(3).Monitoring of SHGs

In the present arrangement, the NGO is paid an average cost of Rs.27.50 per month per SHG as monitoring cost for 4 years. This amount is paid subject to achievement of some milestones from 2006-07. In the new agreement, monitoring of SHGs can be done by NGO/PLF/BLF/WLF. It is proposed to pay the monitoring cost based on outcomes rather than on a monthly basis. All new groups (up to 4 years are eligible for milestones a, b & c)

- a) Rs.300/- per SHG on completion of SHG & A&R Training and PLF membership.
- b) 1 % of the credit linked amount as incentive for first linkage and 0.5% for second linkage within 4 years of group formation for bank portion only. The NGO / PLF will get incentive for a maximum of 2 linkages during the 4 year period.
- c) Rs.2,500/- per SHG as support cost – If the NGO has provided handholding support to the SHG in identification of machines, raw materials, marketing linkage and successful running of the business enterprise of project cost not less than Rs.1.5 lakhs

The payment of Rs.2500/- will be made subject to:

- NGO have given continuous handholding support for economic activity
- SHG Certification for services offered by NGO
- Repayment of 12 monthly instalments of the loan for economic activity without outstanding dues
- Documentation of activity and other reports

11. Regarding existing NGOs who are successful in getting affiliation, the SHGs already promoted by them within the last four years (i.e., the period for which monitoring cost is being paid) will be eligible for receiving the monitoring cost and the incentives for credit linkage and support for economic activities. As regards new NGOs which receive affiliation, they will be eligible to receive all costs for the SHGs newly formed by them and not for the SHGs formed prior to their affiliation to Mahalir Thittam.

12. VAZHNDHU KAATTUVOM PROJECT BLOCKS:

In Vazhndhu Kaattuvom Project blocks, the new SHG formation and monitoring is proposed to be undertaken by the Village Level Poverty Reduction Committees with the assistance of project facilitation teams. The VPRCs will perform this task with the assistance of the PLFs. Therefore, the Mahalir Thittam affiliated NGOs will not have role in new group formation or monitoring. If the existing Mahalir Thittam NGOs which are working in the Vazhndhu Kaattuvom Project blocks get affiliation as per the new norms, they will be eligible to receive credit linkage cost and economic activity support cost for SHGs less than 4 years old. They will not be eligible for group formation cost and monitoring cost of Rs.300 per SHG. A modified agreement on the above lines has to be entered with these NGOs in the Vazhndhu Kaattuvom Project blocks. However the Vazhndhu Kaattuvom Project activities have started in 30 blocks (Phase I and II). It is expected that Phase III will commence by December 2007 and Phase IV by April 2008. Therefore in Phase III and IV Blocks it is proposed to affiliate the NGOs for one year only to undertake new group formation after which the Vazhndhu Kaattuvom project can take over.

13. INVITING APPLICATIONS:

An advertisement calling for expression of interest from NGOs for affiliation with TNCDW can be issued. Application format can be prescribed and necessary details can be collected from the NGO. The NGOs who satisfy the eligibility criteria can be shortlisted and evaluated. The basic verification and evaluation can be done by internal teams or by engaging reputed organizations in the developmental field. The proposed new accreditation / affiliation norms and new NGO agreement was placed in TNCDW's Board meeting on 15.6.2007. The Board considered and approved the proposal. Though there is an increase in the training cost payable for SHG member training and A & R training, there will be no increase in the overall cost being paid to the NGOs for the services. As the payment for services under the new agreement is contingent on achievement of performance milestones, the financial outgo is expected to be within the amount proposed under Mahalir Thittam as per the earlier norms and no additional funds are required to implement the new agreement. The new agreement will come to effect after the accreditation and affiliation process for NGOs is completed. The process is expected to take atleast 3 months from the date of issue of Government orders. The new NGO agreement will be in force for a period of 3 years and may be

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extended after review by the Government. Till the new agreement comes into force the programme activities for the year 2007-08 will be carried out as per the old NGO agreement.

14. The Managing Director, Tamil Nadu Corporation for Development of Women Limited has requested to issue Government orders for the following:

- 1) Approval for the new accreditation and affiliation norms.
- 2) Approval for the payment norms for group formation, capacity building and monitoring of SHGs under the new NGO agreement outlined in the proposal above.
- 3) Approval for implementing of the new NGO agreement with required modifications in Vazhdhu Kaattuvom Project blocks.

15. The Government after careful examination of the proposal of the Managing Director, Tamil Nadu Corporation for Development of Women Ltd, pass the following orders.

One Panchayat Level Federation per Panchayat shall be recognized as a representation body of SHGs.

The new accreditation norms and affiliation of NGO's indicated at para 8 & 9 are approved. The system of inviting application, through an advertisement and the basic verification process can be done as proposed.

The payment norms for services, i.e. for Group formation, capacity building/ Trainings, monitoring of SHGs as indicated at para 10 above is approved.

Grading exercise of NGOs. shall be done at the end of the affiliation period which may be one or two years depending on the grade.

Based on the grading exercise results, the affiliation of the NGO shall be renewed or otherwise.

The period of renewal shall depend on the grade obtained by the NGO.

The regular grading of the NGOs., shall be undertaken by the district Project Implementation units.

The Group formation shall be undertaken by affiliated NGOs., Panchayat level Federations, Ward Level Federations, Block Level Federations and by VPRCs. in Vazhdhu Kaattuvom Project blocks.

Wherever PLFs/BLFs/WLF are active, they shall be affiliated for the purpose of forming groups as well as for monitoring them. In other areas, affiliated NGOs., shall undertake the task.

Group formation cost shall be Rs.350 per Self Help Group and remains unchanged from the previous agreement.

The NGO shall make all the logistic arrangements and coordinate the training.

The actual trainers will be drawn from the pool of community trainers who are members of SHG/PLFs., trained by Tamil Nadu Corporation for Development of Women.

(13) The training cost per trainee per day is increased from Rs.15 to Rs.20 for Self Help Group training and from Rs.15 to Rs.22.50 for A&R training. Out of this, an amount of Rs.12.50 will be paid to the NGO and Rs.7.50 and Rs.10 will be paid to the community trainers for Self Help Group training and A&R training respectively.

(14) The monitoring of SHGs can be done by the NGO/Panchayat Level Federation/WLF and the cost for monitoring the Self Help Groups shall be based on outcomes rather than on a monthly basis.

- (15) All new groups (up to 4 years) are eligible for milestones a, b & c
- a) Rs.300/- per SHG on completion of SHG & A&R Training and PLF membership.
 - b) 1 % of the credit linked amount as incentive for first linkage and 0.5% for second linkage within 4 years of group formation for bank portion only. The NGO / PLF will get incentive for a maximum of 2 linkages during the 4 year period.
 - c) Rs.2,500/- per SHG as support cost – If the NGO has provided handholding support to the SHG in identification of machines, raw materials, marketing linkage and successful running of the business enterprise of project cost not less than Rs.1.5 lakhs.

The payment of Rs.2500/- will be made subject to:

1. NGO have given continuous handholding support for economic activity
2. SHG Certification for services offered by NGO
3. Repayment of 12 monthly instalments of the loan for economic activity without outstanding dues
4. Documentation of activity and other reports

(16) The existing NGOs who are successful in getting affiliation, the SHGs already promoted by them within the last four years (i.e., the period for which monitoring cost is being paid) shall be eligible for receiving the monitoring cost and the incentives for credit linkage and support for economic activities.

(17) As regards new NGOs which receive affiliation, they shall be eligible to receive all costs for the SHGs newly formed by them and not for the SHGs formed prior to their affiliation.

(18) In Vazhndhu Kaattuvom Project blocks, the new Self Help Group formation and monitoring will be undertaken by the Village Level Poverty Reduction Committees with the assistance of project facilitation teams and PLFs.

(19) The existing Mahalir Thittam NGOs which are working in the vazhndhu Kaattuvom project blocks if get affiliation as per the new norms, shall be eligible to receive credit linkage cost and economic activity support cost for SHGs less than 4 years old. They shall not be eligible for group formation cost and monitoring cost of Rs.300 per SHG.

(20) A modified agreement on the above lines shall be entered with these NGOs in the Vazhndhu Kaattuvom Project blocks.

(21) The Vazhndhu Kaattuvom Project activities have already started in 30 blocks (Phase I and II). Therefore in Phase III and IV Blocks, the NGOs shall be affiliated for one year only to undertake new group formation after which the Vazhndhu Kaattuvom Project can take over.

(22) The new agreement shall come to effect after the accreditation and affiliation process for NGOs., is completed.

(23) The new NGO agreement shall be in force for a period of 3 years.

(24) Till the new agreement comes into force the programme activities for the year 2007-08 shall be carried out as per the old NGO agreement.

(By order of the Governor)

K. ASHOK VARDHAN SHETTY
SECRETARY TO GOVERNMENT