

INDIA

Tejaswini Rural Women's Empowerment Programme, Madhya Pradesh

IFAD Loan 682-IN

First Joint Review mission: 2-12 December 2008

Draft Aide-mémoire

Introduction

1. The Tejaswini Rural Women's Empowerment Programme is a Joint State programme with Maharashtra and Madhya Pradesh, co funded by IFAD, the respective state governments, NABARD, SHGs, Banks and MFIs. The total loan amount from IFAD is USD 39.5 million, of which USD 13 million is for Madhya Pradesh. The Loan Agreement was signed on 12 October 2006 and Date of effectiveness was on 23 July 2007. The programme is for a period of 8 years with the completion of the project in 2015. As this is a twin state project, based on performance of programme implementation, IFAD may decide at Mid Term Review 36 months from date of effectiveness, to reallocate funds in favour of the best performing project.
2. An IFAD/GOMP Joint Review Mission¹ assessed jointly with the State Project Management Unit (SPMU) the progress and implementation process of the Tejaswini Rural Women's Empowerment Programme, Madhya Pradesh and its achievements. In line with its TORs (see attachment), the mission focussed especially on examining issues related to the existing implementation mechanisms and extent of progress on programme components. Institutional capacities of FNGOs and RNGOs and project management at state and district level, promotion of Self Help Groups and building the local capacity for social mobilisation and assessing the SPMU's preparedness and delivery system of the programme are among the most critical issues addressed by the mission.
3. The mission was briefed by the Managing Director of MVVN and managerial staff of the Tejaswini Programme before the field visit. The mission divided itself into two groups for the purpose of the field visits which were undertaken between 3rd and 7th December. The first group visited 10 villages in Mandla, Dindori and Balaghat Districts, and the second group visited 13 villages in Chhatarpur and Panna Districts. One project District, Tikamgarh could not be visited due to the law and order situation in the District. However, the Mission met with the teams from this District in Chhatarpur itself. The Mission met and held discussions with the representatives of FNGOs, RNGOs, Bank Managers, NABARD, District Collectors (Chhatarpur and Balaghat), Community leaders and field staff of selected locations and other partners on the

¹ The Mission was fielded in two groups. The first group comprised Mr. Narender Kande, Mission Leader and Institution Building and Micro Finance Specialist (IFAD Consultant) along with Mr. Manoj Pandey, Manager (Micro Finance) of SPMU. While the second group comprised Ms. Neelima Khetan, Programme Management Specialist (IFAD Consultant), Ms. Rashmi Sharma, Managing Director of MVVN, Ms. Judith D'Souza (Gender and Poverty Specialist, IFAD Implementation Support Specialist) and Ms. Anjana Trevedi, Manager (Gender) and Mr. Gyanendra Yadav, Manager (M&E) from SPMU. Mr. Anirudh Tewari, Country Coordinator IFAD joined the mission from 9 – 12 December, and Ms Rimjhim Prasad, Director, Ministry of Women and Child Development, GOI on 11 December, 2008.

progress of implementation and related issues. The field observations were shared at a meeting on 10 December in Bhopal which provided a platform for the mission to interact with key state level staff, representatives of RNGOs and FNGOs in charge of the project implementation. (a short summary of this meeting highlighting main issues discussed at the meeting is attached)

4. The observations and recommendations of the mission as contained in this Aide Memoire were discussed and agreed at a meeting with the Managing Director, key project staff of the programme and representatives of RNGOs and FNGOs on 11 December 2008. The Aide Memoire was presented at a wrap-up meeting with the Principal Secretary (Women and Child Development Department), Government of Madhya Pradesh held on 12 December 2008 at Bhopal.
5. The Mission takes this opportunity to express its sincere thanks to all agencies and officers of the MVVN, FNGOs, RNGOs and community members for their co-operation and logistical support provided during field visits as well as during the meetings in Bhopal. Their remarks and observations form the basis of the proposed recommendations which have been shared, discussed and agreed with the SPMU.

Overall Assessment of Project Implementation Progress

6. The Programme covers six rural districts of Madhya Pradesh namely Panna, Chatarpur, Tikamgarh and Dindori, Mandla and Balaghat which have been chosen due to high incidence of poverty, migration and low performance of human development indicators. The three northern districts (Panna, Chatarpur and Tikamgarh) have pockets of deep poverty and high degree of gender inequality while the southern districts (Mandla, Dindori and Balaghat) have large number of poor tribal population.
7. The programme is designed to support around 12,000 SHGs with an outreach of 180,000 poor women. This will involve formation of new SHGs and promote their federations. The programme focus is to build the capacity of the community to manage and sustain the SHGs and their federations by establishing linkages with banks and promoting livelihood activities. The programme is implemented involving Facilitating NGOs and guided by the Resource NGOs. Location Offices established for SHG development initially would evolve as independent federations (approximately 200 SHGs per federation) with some managerial support from the Programme over a period of three to five years. Livelihood and enterprise development activities of the groups would be centred on the federation which is expected to provide a variety of services as per local requirement. Another institution supported under the Programme is the Village Level Committee (VLC) with representatives from the Self Help Groups focused primarily on social and political empowerment of the poor, disadvantaged women.
8. The loan became effective from the 23 July 2007 and the Programme has made significant progress in implementing the components during the first year of implementation. The SPMU and the 6 District Project Management Units (DPMU) are operational with most of the required staff in place. The selection of two Resource NGOS (padan and Mahila Chetna Manch) to support the programme and 24 Facilitating NGOs to implement the programme is completed. Between April 2008 and October 2008, all the 60 location offices were established and became operational with required field staff in place as planned. After the initial

- orientation and trainings by RNGOs the staff have initiated the formation of self help groups.
9. Target groups and Targeting Strategy: The programme has followed a systematic process of selecting the cluster of villages based on poverty ranking and identified potential poor households using the household survey. The programme focuses on promoting SHGs of poor women. The programme has selected 60 locations to include most deprived areas in 6 project districts. Blocks were shortlisted based on the indicators of under development such as SC/ST population, literacy levels and BPL families and within blocks cluster of 40-50 contiguous villages were demarcated as locations. Each cluster consist 4-5 villages and a total of 20-25 groups would be promoted with the potential poor. A household survey was conducted by the community mobilisers to categorise the families as non poor and poor, who are potential members of the programme.
 10. This process has excluded the non poor however could not focus on the poorest to get included. As the programme is just initiated it may be difficult to form and exclusively focus on the poorest however efforts need to be made to include more number of poorest in to the programme. The mission observed that about 43% of members in SHGs promoted by programme do not have BPL cards and efforts could be made by FNGOs and district teams to make them available. Many of the potential poor already covered under the SGSY were also excluded. Given the context and levels of poverty and underdevelopment the benefits of such programmes need to reach all the poor. However given the targets and financial outlays of the programme it may not be possible to include all the poor in the project villages. However MVVN could take note of this and make efforts to leverage resources from the Government to scale up programme and saturate all the poor after successful experience and demonstration over next 2-3 years.
 11. Enough care was taken to form new groups with poor women who were not covered by other subsidised programmes with a view to promote quality groups with focus and ownership by the members. This focus deserves appreciation and needs to be continued given the experience and quality of existing SHGs in the project districts promoted under SGSY and other government schemes. The programme is implemented in 45 blocks covering 2775 villages. A total of 3276 new SHGs have been formed with an outreach of 42,337 women. The mission members observed that the groups are regular in conducting meetings and initiated savings and internal loaning activities. A total savings of Rs 22.40 lakhs has been mobilised by groups and the books of accounts are in place.
 12. Within the given context of the project districts, the Mission would like to state its appreciation of the progress achieved till date by the programme. The leadership and guidance provided by the team of MVVN is significant to make the programme operational. The MVVN has been successful in selecting and engaging Resource NGOs and Facilitating NGOs who are locally rooted with relevant experience and committed through a systematic and objective process as per the procurement guidelines. Several of them have been working for long years on women's empowerment, self-help groups and livelihoods. There is also a lot of diversity within this group of FNGOs and RNGOs, creating possibilities of lateral learning. The Mission was also impressed

by the rigorous staff selection processes followed both for the field level staff of location offices and the project staff. Most of the Community Mobilisers and Location teams that we met are enthusiastic and committed to work with the programme in such difficult situation.

13. The proposed number of groups to be formed cumulatively till end March 2009 was 8000 (4000 from the previous year and 4000 this year). Against this target as on October 2008, actual number of groups formed is 3276. The team feels confident about achieving the targets indicated by March 2009. The mission however would like to suggest that this pace of formation of SHGs be reviewed to ensure and continue the focus on promoting quality groups. Majority of the staff are new and groups promoted are less than 3 months old, hence building the perspective and capacity of the location staff, FNGOs and project teams needs continued support. The programme has to comply with some of the loan covenants, the details of which will be discussed below.

Project Implementation Progress and Issues

Component 1: Grass roots Institutions building

14. Resource NGOs: The programme has identified two Resource NGOs viz., Professional Assistance for Development Action (PRADAN), Delhi and Mahila Chetna Manch (MCM), Bhopal and entered into MOU in October, 2007. RNGOs would initially support and build the capacity of the staff of MVVN and FNGOs and provide requisite back stopping to improve the quality of programme implementation. Both RNGOs are involved in establishing quality groups and implementing the programme as FNGO in 11 locations. The support and guidance provided by the RNGOs was significant in identifying the FNGOs, developing resource material and organising the training programmes especially for the field staff of locations. Given the significance of the RNGO role as envisaged in the programme there is a greater need to increase their involvement and ownership in the programme. RNGOs need to provide the required handholding support to FNGOs by undertaking periodic field visits to improve the quality of implementation. MVVN has already developed a plan whereby RNGOs will be involved in the assessment of the FNGO performance. RNGOs need to be involved in capacity building of the project staff and organising learning workshops to build and evolve a shared understanding and clarity in implementation. RNGOs along with senior team at SPMU need to undertake exposure visits to the successful SHG federation models across the country and Tejaswini programme in Maharashtra to identify the best practices for building the long term perspective and direction of the programme.
15. Engaging FNGOs: MVVN has followed a rigorous and transparent process for selection of FNGOs. Out of a total of 454 applications, 24 FNGOs were selected to establish 60 location offices and implement the programme in 6 project districts. Each FNGO is provided with implementation responsibility of establishing two- three locations in a district to promote the self help groups and their apex organisations and make them independent.
16. Formation of Self Help Groups: Programme has developed a clear strategy to promote quality groups of poor women with the focus on

mutuality and self help. The project staff, FNGOs and RNGOs has a shared understanding of this perspective and making sincere efforts to promote groups which can become a demonstration in each district and state. The special order from the Government not to extend the SGSY in Tejaswini project villages is an appreciable achievement and significant in reinforcing the focus on building groups with community ownership and not driven by subsidies. Initially field teams faced difficulties in convincing women to form groups without any subsidy and given the prevailing negative perception and experience about groups in the villages. Programme has developed resource material and hand books on formation of groups and trained the field staff in promotion of groups, conducting meetings and maintaining books. However given the focus and need for capacity building of women through ongoing facilitation and support FNGO and RNGOs need to provide required hand holding support to community mobilisers.

17. Promotion of Village Level Committees: The process of promoting Village Level Committees is envisaged in the AR. As the process of group formation is in progress in many project villages it may desirable for the programme to facilitate interactions among all members of SHGs in given village once in 2-3 months to initiate the process. While such interactions would provide cross learning across groups and provide a platform to bring the common issues of village for collective action. In due course of time it is expected that all other SHGs in the village would also join this village level forum.
18. Wherever the Mission went, it tried to find out about the status of NREGS. By and large, the implementation seems to be extremely poor. While most group members had the Job Cards, a much smaller proportion had actually got wage work under it. Similar seemed to be the status of PDS benefits and getting old age pensions etc. Of these, the NREGS certainly seems a big opportunity for the poor. Mission therefore feels that it is a very important issue and need to be taken up once the village level interactions of SHGs are regularised and groups feel confident. This could become a good entry point activity to build collective action among the groups in a given village and help in building the VLC. Programme could develop a suitable strategy for the NREGS implementation with Tejaswini groups in consultation with NGO partners.
19. Promoting Governance and leadership in groups: Programme has taken efforts to ensure that the group meetings are conducted regularly and all members take part and get involved. Given the negative experience of leaders dominating and misusing the funds in existing SHGs as seen in the project areas, programme has taken special care to involve all the members in the group processes from day one. All the groups evolved the practice of identifying a president and secretary to conduct the proceedings of each meeting. On rotation every member gets on opportunity to chair the meeting and conduct proceedings. This practice is being appreciated by members and built a sense of equality and feeling of ownership among all members and helpful in managing the savings and credit activities during the regular meetings. Mission appreciates the efforts of the programme in breaking prevailing misconceptions and apprehensions among members about selecting leaders and their role. This practice is found to be good in the initial stages of group formation and to build a common understanding and

consensus about the purpose. But keeping the long term perspective of building and sustaining grassroots institutions of communities there is need for greater clarity on promoting governance practices and processes to build and nurture leadership at self help group level with defined roles and responsibilities. This would significantly help in providing continuity and build stability in groups especially in linking with banks, village panchayat and other apex organisations.

Agreed action	Responsibility	Agreed date
RNGOs to be involved in handholding support and assessment of FNGOs	SPMU	continuing
RNGOs and SPMU team would undertake exposure visits to federation models	SPMU	by 30 June 2009
Workshop to evolve strategies to work with NREGS	SPMU	by 30 June 2009
The Programme will develop a strategy on governance and leadership development in groups	SPMU	by 30 June 2009
Initiate village level committee meetings with groups on consultation with RNGOs and FNGOs	SPMU	by 30 June 2009

Component 2 : Micro Finance Services

20. As part of Micro Finance services component the programme has initiated the mobilisation of savings by self group members and started internal loaning of the same to meet the small credit needs of members. A total of Rs 22.40 lakhs of savings is mobilised by members and of which Rs 1.26 lakhs is used for internal loans to members and Rs 0.43 lakhs is repaid. In addition to promoting savings and internal loaning programme is expected to promote credit and insurance services through establishing sustainable linkages with local banks and financial institutions.

21. Savings Mobilisation and internal loaning in SHGs: It is observed that the practice of collecting savings by members in SHGS is regular and many groups have the practice of weekly savings of Rs 5 to Rs 20 per member. Some groups also practice fortnightly and monthly savings. The internal lending is just initiated in many groups and some groups are yet to start the same. The savings is collected at the regular meetings and is kept as cash balance in the box provided to each group by the programme. The practice of using the savings for internal loaning to meet small credit needs is slowly gaining the appreciation of members. Many groups are hesitant to practice internal loaning and are in the process of evolving their own norms for lending and recovery. Community mobilisers need to proactively support and facilitate the process of internal loaning so that the idle funds can be utilised to meet the credit needs of members. It is observed in groups visited by the Mission the rate of interest charged on internal loans is 2-8% per month which is sometimes higher than the market rates. This needs to be discussed in groups and members need to be made aware of the implications, however the final decision can be left to the members. Internal loaning in groups need to be strengthened in view of its significance in terms of build the capacity and understanding of members about savings and credit activities, managing internal group

dynamics, building collective decision making and ownership.

22. Accounts, Book keeping and auditing: Programme has developed a comprehensive set of SHG kits for maintaining the accounts and recording the minutes of the meetings. Community mobilisers and community accountants are capable and were provided with adequate training in maintaining of books and accounts. The Mission has observed that the groups are maintaining the records of meetings conducted and savings collected in all groups visited. However the new sets of books are not introduced in all groups visited. Programme is laying due emphasis on conducting regular meetings and book keeping. In many of the groups visited, books are written by one of the literate member in the group or a local person from the village with the support of community mobilisers. Each group has a separate book keeper and the books are maintained voluntarily. As many of the book keepers are new and not qualified need handholding support and regular supervision by the community mobilisers. While programme could encourage voluntary services offered by bookkeepers, it may desirable to define one book keeper for each village and the services can be compensated by paying nominal service fee by groups to build accountability. Community mobilisers need to verify the books written by book keepers regularly and ensure that the errors are rectified. While keeping the focus on quality book keeping, collection of data and monitoring the progress of savings and credit need to be regularised at all levels. The pilot on computerisation in 6 locations needs to be expedited given the scale of groups proposed to be promoted.
23. Building Linkages with banks: The programme design lays a significant emphasis on building linkages with banks and other financial institution to sustain the savings and credit activities in groups and meet the credit needs of members. SPMU is aware of the significance and informed that the strategy for building linkages with banks is in progress. The Programme management feels that the SHG linkage could be explored once the groups are established with internal systems for managing savings and credit activities. While appreciating the focus of the programme in building the quality group level processes the mission feels the need for proaction in initiating dialogues with banks and share about programme perspective and experience of promoting quality groups appropriate for promoting SHG Bank linkage. About 8 representatives from banks attended the stake holders meeting facilitated by the mission and many of the bankers appreciated the focus of Tejaswini programme and willing to link the groups. Participants of the workshop reiterated the need for promoting quality groups with process. In order to change the mind set of banks and build a positive attitude about the programme MVVN need to organize the training and orientation programmes and policy workshops for the bankers at district and state level. Participation at District and block level bankers committees by the project staff would help in creating an enabling environment for SHG-Bank linkage. NABARD expressed its willingness to support Tejaswini in organising such programmes in project districts. The staff working with programme need to be trained on the process of SHG bank linkage and relevant guidelines.

Agreed action	Responsibility	Agreed date
Community mobilisers ensure the maintenance and verification of books	FNGO	Continuing
Engage dialogue with banks to promote linkages	SPMU	Continuing
Training of staff on SHG bank linkage	RNGO/FNGO	Continuing
Strengthen the Internal loaning in groups	FNGO	Continuing

Component 4: Women's Empowerment and Social Equity

24. The Programme is in the initial stage of implementation. The original plan for having a Micro finance and Institutional Building Manager was changed as the candidates for recruitment did not meet the required criteria. MVVN requested IFAD for a change in the structure by having a Gender Manager. The budget for the Women's Social and Economic Empowerment Component for the current year is Rs 82.68 lakhs out of which only Rs 9.93 lakhs has been booked till October 2008.
25. The Programme has taken special efforts to create the post of a Gender Manager who was recruited in February 2008. She has been primarily involved in developing training material for the various Gender Sensitization and SHG learning events for the staff. She has built up an exhaustive network of professionals and organizations, locally and national level, working on women's issues to help in the design and development of the various gender related capacity building exercises for staff and community.
26. A sincere effort has been made to mainstream gender within the Tejaswini staff structure. While acknowledging the difficult situations the Programme is working in, a lot of effort has gone into recruitment of women as Community Mobilisers. The recruitment process has also included a section on gender and women's empowerment in the written examination given to the Community Mobilisers. Out of the total 663 staff, 270 are female staff of which 247 are community mobilisers. The SPMU should continue with its capacity building exercises especially with the location centre staff.
27. The Appraisal Report lays down interventions to build up a strong foundation to address gender systematically through the time period of the programme. This is important in the present context in terms of the progress achieved till date. The Appraisal calls for the formation of a Gender Cross Cutting Group (GCCG) to develop a Gender policy for MVVN and to assist in the preparation of the Gender Strategy and intervention plans for Tejaswini. This group would consist of experienced resource persons of reputed resource organizations that would work closely with the SPMU. It is recommended that the process for the formation of the group be expedited.
28. At this point of time it is imperative that gender also gets integrated into the indicators. The Gender Manager should provide relevant inputs into building up the system along with the M&E Manager.
29. It is recommended that dialogues relating to the gender specific concerns (including drudgery) in each district could be started in the Districts to understand issues and locate possible interventions. The

dialogues could touch upon issues of gender relations, concerns, issues, possible interventions. This would enable better focus on gender issues in a more specific context and interventions planned accordingly. The group at SPMU would provide additional support in terms of trainings, resources and direction to the districts.

Agreed action	Responsibility	Agreed date
Formation of a Gender Cross Cutting Group and to strengthen and continue the process for gender mainstreaming	SPMU	June 30, 2009
Provide capacity building at location levels	SPMU	Continuing
Integration of gender indicators in the M&E system	SPMU	By 30 April, 2009
Initiate dialogue to understand issues related to gender concerns in each context	SPMU	By 30 June, 2009

D. Project Management

Partnership between Government and NGOs

30. The design of the Tejaswini Program strives to combine the strengths of both the government and non-government players. The quality of this partnership will determine the likely success of Tejaswini. The structure is also a kind of a matrix, where the two axis could complement and check each other. However, looking to the actual implementation, it appears that balance of initiative and power is shifting towards the government part of the axis. The Project team may like to be careful about this aspect.
31. Another important issue is of role divisions and ownership of the project. There is lack of clarity about the respective roles of the DPMU and the FNGO, vis-à-vis the Location and the project implementation. Both the DPMU and the FNGO seem to be doing similar supervision. And given that the DPMU is better endowed, it ends up doing more visits to the Locations, and developing a closer and direct relationship with eth Location. As a result, even though the structure says that the DPMU goes to the Location through the FNGO, in actual practice the FNGO is becoming marginal (the Mission could see it even in its short visit). While this direct line of communication may be more efficient and fast, in the long run, it may weaken the NGO ownership of the programme. The Project needs to take steps towards preventing such a possibility.
32. Currently, if one looks at the contracts, there are some specific areas of concern –
33. The contracts between MVMN and the FNGOs and RNGOs classify the NGOs as Consultants. Their grant amount is, therefore, also subjected to Tax Deduction at Source. The NGOs will theoretically get the TDS back from the IT Dept at a later date. But apart from creating cash flow problems in the immediate present, some NGOs also expressed anxiety over how they will get the refunds back. The issue of TDS is becoming a

- big worry for the FNGOs and RNGOs. The Mission would urge MVVN to find a legal way out of this as soon as possible.
34. The Location Office is, in many ways, the fulcrum of the whole effort. The Location Office is supposed to get inputs from both the DPMU and the FNGO. However, the monetary provisions for these two support providers are highly unequal. It is not realistic to expect that the FNGOs will be able to provide quality support, and use their institutional expertise in the amount provided (Rs 4,000 per location). The Mission recommends that this issue should be taken up by the SPMU and IFAD and ways found to revise this amount to bring it in line with the expectations from the FNGOs in the long run.
35. Another issue is to do with the non-payment of Provident Fund to FNGO staff. The project and IFAD should look into whether it is inadvertently becoming the cause of this legal violation.
36. Finally, the Mission did a review of the status of progress on the FNGO contracts with the FNGOs and the DPMU and SPMU staff. After going over it in detail with FNGOs of three Districts, it was felt that the contracts signed with the FNGOs has certain output projections which may change over time. The project has developed a detailed format on how to assess the performance of the FNGOs. Maybe that form should also specify minimum expectations from the NGOs.

District Project Management Unit

37. The DPMUs are by and large well staffed – with capable and good people. They have done the early hard work of preparation and other ground work. The Mission members would like to acknowledge their contribution to the project. There is need to now optimise on their contributions, and also keep up their zest and morale. The Mission would like to suggest the following points for discussion and action –
38. Need for greater role clarity between the different members at the DPMU level – the DPM, the ADPM, and the M&E assistant. The Project may like to work on clarifying the TORs of these staff members a bit more without taking away from the requirements of a team spirit that is essential for such a spearhead effort.
39. Further, as in the case of FNGOs, the issue of Provident Fund for the SPMU and DPMU staff needs to be looked into, and the Project may try and seek opinion on this matter.

Project Implementation Manual

40. The Mission observed that broadly speaking the PIM has been followed. The Mission also recognises that the PIM was drawn up when the full team strength was not there. We would therefore like to suggest the following : (1) the PIM should be revised keeping in mind the experiences of the last one year (2) the process of redrafting the PIM should include as many partners as possible, the SPMU/DPMU staffs, the RNGOs, and the FNGOs (3) the revised PIM should be translated into Hindi (after approval), and disseminated widely across all locations.
41. Further, the project envisages tapering down of govt support to Location Offices (and increasing revenues from the groups). This point has not been adequately understood across the project locations. It is necessary that discussions are held on this across all levels and a road map prepared for this transition.

Compliance with loan covenants

The following Loan Covenants have not been complied with and need to be addressed :

42. As per Section 4.02, the project shall submit to the Fund six monthly and annual progress reports. The Project has sent one report till date, but has not been able to send a six-monthly report that was due earlier. This happened since the Project had just started. However, for future, the Project should try and be more regular in reporting.
43. The Project has commissioned an institute (AFC) for the Baseline Survey as per Schedule 3 A. 2(a) and (b) which is in process. The concurrence from IFAD was delayed. The Project is yet to complete and submit its Monitoring and Evaluation Plan.
44. As per Article VII, Section 7.01 a Programme Director shall have been appointed in accordance with the provisions of paragraphs 8.2 of schedule 3 respectively. The Project does not yet have a full time Programme Director, and the Mission would urge that this be done as soon as possible.

Agreed action	Responsibility	Agreed date
Strengthening the partnership with NGOs	SPMU	Continuing
Revising PIM in consultation with NGOs and translate into HINDI for dissemination	SPMU	By 30 June 2009
Regular submission of progress reports	SPMU	Continuing
Finalisation of M&E plan	SPMU	By 30 April 2009
Appointment of Programme Director	SPMU	By 30 April 2009

Fiduciary Aspects

Financial management

45. The Project accounts are kept at two levels – the SPMU and the DPMU. The Project extends a three month advance to the NGOs and then reimburses expenses on the basis of quarterly statements. The SOEs are verified by the DPMU and then sent to the SPMU. There are delays in getting the SOE from the FNGOs in some cases, and that is also because of the distances involved and since the project is new. Since it is to be expected (given the distance) that the whole process of preparing the SOE, submitting it, and getting the instalment released from the SPMU will take some time (and experience till now has been that it takes about a month), the NGOs have to again manage the interim period through their own resources. The Mission would therefore like to suggest that the initial advance to NGOs be for four months, and the reimbursements can then be quarterly.
46. The expenditure in the Project in the first year (2007-08), was 15.5% and the expenses booked till September in the second year is 17.14%. The Project has assured that the actual expenses are more in line with the budget but the bookings are delayed. The Mission would like to suggest that the Project may like to take some inputs on improving this system, and also review their budgets to make them more realistic.

Disbursement

47. The Project has sent only two withdrawal applications till now to IFAD, the last being for the period upto 31-12-07 which was for retroactive financing. Three more withdrawal applications are pending, and the Project may expedite this in future, to ensure the regular flow of funds. The Mission recommends that Withdrawal Applications are sent every quarterly.

Counterpart funds

48. Adequate counterpart funds have been provided for in a timely manner as the Government is basically prefinancing the Project activities.

Procurement

49. Programme has followed a transparent and objective process to identify the FNGOs and RNGOs for the programme and as per the guidelines of IFAD. A three stage process was followed to select 24 FNGOs out of the 454 applications. Mission has reviewed the relevant support documents and verified the process followed and satisfied with the process adopted and efforts taken by the programme in identifying the suitable and most competent NGO partners. This process was also supported by IFAD expeditor.

50. Letter of agreements were entered with the NGOs for a period of 3 years with an annual renewal option based on reviewing the performance. In case of FNGOs the agreements were operational from 11 February 2008 and all the FNGOs are actively involved in the implementation of the programme and the progress is satisfactory. The cost of the contract with each FNGO is less than USD 50,000.

Audit

51. As per Section 5.01 the Project could not do the Audit for the year 2007-08, since the project had just started. There have also been delays since the Project wrote to IFAD office seeking approval on the Audit process, and there were delays in getting replies from IFAD. However, the Project has now appointed the Auditors and the Audit Report is to be received by IFAD by 31st December, 2008.

Agreed action	Responsibility	Agreed date
Realistic planning and Periodic Monitoring the utilisation of budgets	SPMU	Continuing
Submission of withdrawal application for release of Funds from IFAD every quarter	SPMU	Continuing
Approval and cocurrence of IFAD on Audit process	IFAD	Immediate
Preparation and Submission AWPB in consultation with NGOs	SPMU	31 January 2009

Annual Work Plan and Budget

52. The AWPB for 2007-08 and 2008-09 has been prepared and sent to IFAD. The Mission would request the Project to be regular in this and to try and make realistic projections. The Mission would also suggest that

now that the full Project Team (including the RNGOs and FNGOs) is in place. The Project will be sending the next AWPB, prepared in consultation with everyone, by 31st January, 2009.

Conclusion

53. Programme has made a significant progress in terms of setting suitable mechanisms and delivery systems for promoting and strengthening quality self help groups and their federations in Madhya Pradesh who have the potential to become role model and set the direction for the SHG movement provided the same focus on quality is continued in future.