

## A Concept Paper on Federations of Self Help Groups

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Editor's Note:

*There is a notion that while MYRADA is actively involved in building people's institutions and constantly deliberating on how these institutions can be strengthened and made sustainable, the building of Federations is not on its agenda. This is not true.*

*MYRADA has been promoting the formation of federations of self-help groups for well over ten years now. However, what is true is that the degree of clarity that exists in MYRADA with regard to primary membership institutions such as self-help groups or watershed development associations did not, until recently, extend to higher level representative-based institutions such as federations. Both in its own work and in the work of others, MYRADA has not fully been able to isolate those structural features that can make a federation a vibrant and functional institution without performing such functions that the primary groups can well perform on their own, or without merely becoming an additional link in the conduit for channelling funds to primary groups.*

*Our early experiences with federations showed us how quickly they could get politicised, how easily they could come between ourselves and our contacts with the primary groups, and how conveniently they lent themselves to achieving our agenda rather than being built in response to a push from the primary groups. In fact, the push never came. Even now, our work with federations is somewhat one-sided: the efforts are more ours to bring primary groups together than any great need expressed by the primary groups themselves to federate. However, we recognise that this can be true of many development interventions until their value is experienced. It is what has kept us going with regard to federations. But there is a greater consciousness now that (a) federations must provide such services that can strengthen primary groups without themselves becoming power centres, (b) channels of direct communication between MYRADA and the primary groups must continue to be kept open, and (c) federations must be promoted with a view to setting and achieving their own agenda rather than "taking over the functions of MYRADA when MYRADA withdraws"*

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This Paper is divided into the following sections:

- A brief introduction
- Key questions and concerns in MYRADA on Federations, followed by a brief record of discussions and positions taken with regard to them
- Suggested roles to be played by MYRADA in promoting federations, including some "dos" and "don'ts"
- Some criteria to be adopted in the grading of federations of self-help groups

## **Introduction**

This Paper emerged out of a Workshop held at MYRADA Kamasamudram Project on 10th, 11th, and 12th May 1999 on the subject of **Federations** or '**Apex Bodies**' as they used to be known as until now in MYRADA. It was a MYRADA Staff Workshop at which almost all Projects were represented, called in order to resolve prevailing differences of ideas and actions within MYRADA and develop a common perspective with regard to federations.

This Paper does not attempt to describe our work with federations. On the contrary, it provides a framework for what we should do in the future. This framework itself has been shaped by our past experiences and the lessons we have learnt. Though we have not dwelt upon these experiences and lessons in this Paper, we believe other organisations have also encountered difficulties along the way of promoting federations. It is for this reason that we presume to believe that this Paper is worth sharing with others.

## **Key Questions and Concerns**

The Workshop began with each Project sharing its experiences of promoting federations. At the end of all presentations the common concerns that were listed were:

1. Why are federations needed? Why are we promoting them?
2. What are the activities that a federation must undertake?
3. What should be the size of a federation, and at what level should it be formed?
4. Who should be the members of a federation?
5. What should some of the key management features of a federation be?
6. Should a federation engage in fund-raising? From whom, and for what purpose?
7. What should be the training imparted to federations?
8. Should the registration of federations be promoted?
9. How can a federation establish credibility and legitimacy for itself?
10. What should MYRADA's role be in the promotion and development of federations?

These questions were discussed in sub-groups and presented in the plenary. At the plenary there were further discussions, and the positions that were finally accepted by all Projects now constitute MYRADA's approach to federations:

KEY QUESTIONS	POSITIONS ACCEPTED	REMARKS
<p>Why are federations needed? Why are we promoting them?</p> <p>Every time we ask ourselves this question the answer points to federations as some kind of an alternative to MYRADA: <i>“When MYRADA withdraws the federation can continue to perform many of the functions earlier performed by MYRADA”</i>. It was brought up at the workshop that this reason was not good enough. Federations had to be seen as institutions in their own right and not merely as a replacement for MYRADA. Therefore our reasons for promoting federations had to be more positive.</p>	<p>The following were accepted as reasons for promoting federations:</p> <ol style="list-style-type: none"> <li>1. For strengthening SHGs through providing a forum for regular interaction and networking.</li> <li>2. For information dissemination to SHGs.</li> <li>3. For undertaking such activities that benefit the SHGs and communities but cannot be taken up by individual SHGs on their own.</li> </ol>	<p>It was agreed right at the beginning that federations could be of various types but what we were deliberating on were clearly, <b>“FEDERATIONS OF SHGS ONLY”</b>.</p>
<p>What are the activities that a federation must undertake?</p> <p>It was felt that to be a functional and sustainable institution, the activities of federations had to be <b>CONCRETE, INTERESTING AND USEFUL</b> to the SHGs and communities</p>	<ol style="list-style-type: none"> <li>1. Regular review of the functioning of member SHGs.</li> <li>2. Strengthen SHGs through ideas, suggestions, visits, exposures, audits, training, etc.</li> <li>3. Collect and disseminate relevant, useful and interesting information to SHGs (at monthly meetings, through newsletters, etc.)</li> <li>4. Take up activities of benefit to member SHGs and communities.</li> <li>5. Take up activities that</li> </ol>	

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	<p>strengthen the federations themselves.</p> <p>It was agreed that federations should not be encouraged to take on such functions that the individual SHGs could perform on their own.</p>	
<p>What should be the size of a federation and at what level should it be formed?</p> <p>Discussions centred around MYRADA's experiences with federations until now, and the fact that we were talking here of federations of SHGs only and not of any other kind.</p>	<ol style="list-style-type: none"> <li>1. It was decided that at this time we would encourage federations with a membership of not less than 10 and not more than 20 SHGs.</li> <li>2. It was decided that federations that were already in existence and had more than 20 SHGs as members would not be broken down unless absolutely necessary.</li> <li>3. It was decided that, if necessary, higher-level federations (i.e. federation of federations) could be promoted at a later date. However, the reasons for forming such apex federations would have to be clearly thought out and their activities would need to be well-defined.</li> </ol>	<p>The reasons for keeping the federations to a maximum of 20 SHGs was a management decision taken with a view to ensure maximum participation through keeping the size and scale of activities manageable.</p>
<p>Who should be the members of a federation?</p> <p>Discussions centred around MYRADA's experiences with federations until now and the fact that we were talking here of federations of SHGs only and not of any other kind.</p>	<ol style="list-style-type: none"> <li>1. Groups that have the features of SHGs and have functioned as SHGs for atleast 6 months prior to joining the federation.</li> <li>2. SHGs will attend federation meetings for six months as observers before being granted membership.</li> <li>3. Membership in federations</li> </ol>	<p><b>Key features of SHGs:</b></p> <ul style="list-style-type: none"> <li>♦ Stable and voluntary membership of 20 members or less.</li> <li>♦ Regular meetings attended by all members.</li> <li>♦ Regular savings by all members.</li> </ul>

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	<p>promoted by MYRADA will be open not only to SHGs promoted by MYRADA but other SHGs as well on the same conditions as mentioned above.</p>	<ul style="list-style-type: none"> <li>♦ Building up of Common Fund.</li> <li>♦ Bank account in the name of group.</li> <li>♦ Credit transactions from the Common Fund.</li> <li>♦ Maintenance of books and documents.</li> <li>♦ Rules and regulations for proper governance</li> <li>♦ Rotation of leadership roles.</li> <li>♦ Credit plus roles.</li> </ul>
<p>What should some of the key management features of a federation be?</p> <p>This was discussed under the following sub-heads:</p> <ul style="list-style-type: none"> <li>♦ <i>Terminology</i></li> <li>♦ <i>Ensuring continuity</i></li> <li>♦ <i>Meetings</i></li> <li>♦ <i>Rules and Regulations</i></li> <li>♦ <i>Responsibility sharing</i></li> <li>♦ <i>Books and Documents</i></li> <li>♦ <i>Appraisal, Monitoring and Evaluation.</i></li> </ul> <p><b>Ensuring Continuity:</b></p>	<p><b>Terminology:</b></p> <ol style="list-style-type: none"> <li>1. It was decided to henceforth refer to these institutions as FEDERATIONS and not ‘Apex Bodies’.</li> <li>2. It was decided to stop using words like ‘Share capital’ and ‘Savings’ since they were being used wrong anyway. Instead, ‘Contributions’ could be the word used for financial collections made from SHGs.</li> </ol> <p>It was decided to promote the following:</p> <ol style="list-style-type: none"> <li>1. Training of all Self-help Group members on the basic concept and roles of federations and themselves as members.</li> <li>2. Federation meetings to be attended by 2 members from each SHG for a 2-</li> </ol>	<p>Federation implies a union with autonomy for the individual units that constitute the union; Apex implies a hierarchical structure where the unit at the top has power over those below.</p> <hr/> <p>There are no shares or savings in the Federations we have promoted so far.</p> <hr/> <p>In the matter of ensuring continuity, the concern was to ensure that all SHGs were aware of all the activities of the federation so that even when persons representing an SHG at</p>

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	<p>year term per member, with one member of the pair retiring every alternate year. (In federations that are 4 years or older, one member per SHG to attend compulsorily; the second member is optional. This is because by then all the SHG members have a fairly clear idea of the functioning of the Federation.</p> <p>3. Federation Meeting minutes to be circulated to all member SHGs and discussion of these Minutes to be on the agenda of each SHG.</p> <p>4. SHGs to be encouraged to send agenda points for discussions at federation meetings.</p>	<p>the federation changed, there would not be a gap in understanding.</p>
<b>Meetings:</b>	<p>It was decided that federations should meet regularly, once a month, preferably on a fixed date and at a fixed venue.</p>	
<b>Rules and Regulations:</b>	<p>It was decided that every federation must have certain basic rules and regulations for governance that are written down, known to all member SHGs and <u>accepted</u> by all member SHGs.</p>	
<b>Responsibility Sharing:</b>	<p>1. Rotation of cheque signatories each year.</p> <p>2. Maximum opportunities for sharing responsibilities to be promoted through forming appropriate Task</p>	<p>Task forces could also draw upon the talents of the other SHG members and not necessarily be</p>

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	Forces for the various activities to be taken up.	limited to the SHGs designated representatives to the federation.
<b><i>Books and Documents:</i></b>	The following books are to be compulsorily maintained: <ul style="list-style-type: none"> <li>◆ Minutes Book</li> <li>◆ Cash Book</li> <li>◆ General Ledger</li> <li>◆ Receipt and Payments vouchers.</li> </ul>	
<b><i>Monitoring and Evaluation:</i></b>	<ol style="list-style-type: none"> <li>1. The federation will prepare a Monthly Financial Statement (MFS) each month.</li> <li>2. The work of the federation to be reviewed at each monthly meeting.</li> <li>3. An appraisal of performance to be done once a year against established targets and indicators.</li> <li>4. An annual get-together of all members from all member SHGs where certain basic information on the performance of the federation will be compulsorily be shared.</li> </ol>	
<p>Should a federation engage in fund-raising? From whom and for what purpose?</p> <p>Discussions were mainly derived from MYRADA's past experiences with federations collecting (what they wrongly termed as) savings and share capital, revolving funds given from MYRADA itself</p>	<p>It was decided to promote the following means for building up the funds of federations:</p> <ol style="list-style-type: none"> <li>1. Membership/Admission fees as a one-time payment from member SHGs.</li> <li>2. Monthly contributions from member SHGs: a fixed amount to be collected each month.</li> <li>3. Fines from member SHGs for violations of rules, etc.</li> <li>4. Bank interest earned on</li> </ol>	<p>Federations require funds to meet their own operating costs. Even with a limited range of activities, they still need money to open a bank account, purchase books of accounts, files, stationery, etc. Pay a bookwriter, host tea for members at federation meetings, meet travel expenses, and so on. It</p>

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for on-lending to member SHGs and so on.	<p>the account of federation.</p> <p>5. Donations from any source.</p> <p>6. Contributions from other institutions for programmes within the scope of the federation's objectives.</p> <p>7. Service charges (when the federation's services are used for any work).</p> <p>8. Income earned from any income-generating programme taken up by the federation.</p>	<p>was decided that they ought not to depend on grants from MYRADA for such expenses. In fact, most these expenses are already being met by them out of their own funds, and this should be encouraged to the maximum.</p>
What should be the training imparted to Federations?	<p>It was decided that training would be at two levels:</p> <p><b>At the SHG level:</b> One training session per SHG for all SHG members on the concept of federations, roles of federations and their own roles as members.</p> <p><b>At the Federation Level:</b> 3-4 training programmes attended by all federation level representatives on key topics related to the efficient functioning of Federations.</p>	<p>The details of the training topics for federation level have not been included in this paper since they still have to be finalised. The point to note is that in addition to attending SHG meetings, SHG training programmes, SHG and Task Force activities and their own day to day work, we cannot expect these people to spend a lot of time attending federation level training programmes as well. Hence it is important to keep these trainings to a few absolutely necessary sessions.</p>
<p>Should the registration of Federations be promoted?</p> <p>This issue was discussed only briefly from the point</p>	<p>It was decided at this point, MYRADA would not actively promote the legal registration of Federations. However, if they took the initiative on</p>	<p>Though the legal registration of federations will not be on the agenda at this point of time, the</p>

<b>KEY QUESTIONS</b>	<b>POSITIONS ACCEPTED</b>	<b>REMARKS</b>
of view of both merits and demerits of being legally registered.	their own to be registered they could go ahead with it.	federations will be oriented to follow all good practices that are needed of a registered body, including audits.
How can a federation establish credibility and legitimacy for itself?  This point actually emerged out of an interesting discussion on why our SHGs were known in their communities and enjoyed a good status while Federations were largely unknown to anyone beyond their own members.	Concluding that in order to be sustainable a federation should establish credibility & legitimacy for itself not only in the eyes of member SHGs but also in the community, it was decided that the following factors would definitely contribute in this process: 1. By attaining the features of an organisation. 2. By showing good results in relation to objectives. 3. By building good relations with as many institutions as possible.	Features of an Organisation: 1. Vision & Mission 2. Organisational Management Systems 3. Organisational Accountability 4. Financial Management Systems 5. Linkages 6. Learning & Evaluation Systems

**What should MYRADA's role be in the promotion and development of federations?** After much discussion, the following decisions were taken:

<b>STAGE</b>	<b>APPROXIMATE DURATION</b>	<b>MYRADA'S ROLE</b>
Preparatory	6 months (prior to formation of the federation)	<ul style="list-style-type: none"> <li>• Discussions at SHG level on federation</li> <li>• Training at SHG level on concept and roles of federations and their own roles as members</li> <li>• Selection of SHG representatives to the federation, and orientation to the selected representatives</li> </ul>
Formation	0 - 6 months	<ul style="list-style-type: none"> <li>• Facilitate framing of Vision, Mission, Goals</li> <li>• Facilitate framing of rules and regulations, activity plans, and clarify functions, roles and responsibilities of federation and members</li> </ul>
Stabilization	6 - 24 months	<ul style="list-style-type: none"> <li>• Capacity building inputs</li> </ul>

		<ul style="list-style-type: none"> <li>• Facilitate processes on how to operationalise activity plans in accordance with Vision and Mission</li> <li>• Facilitate building linkages with other institutions</li> <li>• Facilitate establishment of documentation, financial management systems, and audits</li> </ul>
Phasing out	25 - 36 months	<ul style="list-style-type: none"> <li>• Continue to attend federation meetings periodically and facilitate federation strengthening processes</li> <li>• Participatory evaluation</li> </ul>
Withdrawal	After 36 months	<ul style="list-style-type: none"> <li>• Occasional “friendly” appearances at meetings and events organised by the federation</li> </ul>

Regular involvement of : Upto 24 months

MYRADA

Partial involvement : 25 to 36 months

“Friendly” appearances : After 36 months

Some DOs and DON'Ts for MYRADA:

**What to encourage**

(a quick checklist of essentials)

**What not to encourage**

Circulation of federation meeting Minutes to all member SHGs

Do not : use the federation to achieve our agenda

Responsibility sharing among all member SHGs

Do not : pay travel costs and food costs of members attending federation meetings (this can become a habit and a pre-condition for attending meetings)

Periodic audits and sharing of audit findings with member SHGs

Do not : take the responsibility for calling federation meetings

Planning of all activities with focus on Vision, Mission, and Goals

Do not : host federation meetings on our Project premises (our experience shows that they will expect us to make all the arrangements including cleaning up after the meeting)

Periodic assessment of achievements against plans

Do not : get involved in decision making on behalf of the federation

Training programmes to strengthen the federation

Do not : hold or write the books and documents of the federation

Do not : be a signatory to the federation account

Do not : pay faculty charges, service fees, etc. directly to federation members, if engaging them as resource persons. Discuss with the federation and pay the federation directly; the federation can then pay the concerned individuals

Do not : give subsidies/grants to the federation (except under special circumstances that are clearly discussed at the Project level and with Programme Officer)

Do not : encourage the federation to perform any activity that can well be performed by individual SHGs - including collecting savings, giving loans, etc. (the issue of raising funds and lending to SHGs for on lending to individuals is still being debated)

The final session of the Workshop dwelt on developing clear-cut criteria for the grading of federations. Holalkere and Kamasamudram Projects shared the detailed documents they had earlier prepared on the same topic. The Workshop participants decided that grading could be categorised under the 'Six Features of an Organisation'. Accordingly, the following table was developed. *This is just a first attempt and is intended to be further developed and improved:*

<b><u>Grading Criteria for Federations of Self-help Groups</u></b>		
<b><u>Criteria</u></b>	<b><u>Indicators</u></b>	<b><u>Means of Verification</u></b>
<b><u>Vision and Mission</u></b>		
Vision and Mission	Developed by the federation and known to all at the federation level as well as at the level of all the member SHGs	<ul style="list-style-type: none"> <li>• Written Vision and Mission Statements</li> <li>• Minutes Book</li> <li>• Interactions with members</li> </ul>
Goals and Activities	Framed in consonance with the Vision and Mission	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Action plans and reports</li> <li>• Discussions with members</li> </ul>
<b><u>Organisational Management</u></b>		
Size	Not less than 10 and not more than 20 SHGs (20 to 40 representatives at the rate of 2 members per SHG)	<ul style="list-style-type: none"> <li>• Admission Register</li> <li>• Attendance Book</li> </ul>
Meetings	Regular meetings as per schedule (preferably atleast one meeting per month)	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Attendance Book</li> </ul>
Attendance at meetings	All member SHGs are represented at all meetings (atleast 80% attendance at any given meeting)	<ul style="list-style-type: none"> <li>• Attendance Book</li> <li>• Minutes Book</li> </ul>
Rules and Regulations	Framed by the federations with the acceptance of all member SHGs, and known to all concerned. Maintained and followed, with penalties for violations of rules	<ul style="list-style-type: none"> <li>• Minutes Books</li> <li>• Written copies of rules and regulations</li> <li>• Fines collected, etc. as penalties for violation</li> <li>• Discussions with members</li> </ul>
Sharing of responsibilities	Task forces formed and functioning, with different members taking the lead in different things	<ul style="list-style-type: none"> <li>• Interactions with federation representatives and SHG members</li> <li>• Minutes Book</li> </ul>

<b><u>Grading Criteria for Federations of Self-help Groups</u></b>		
<b><u>Criteria</u></b>	<b><u>Indicators</u></b>	<b><u>Means of Verification</u></b>
<b><i><u>Financial Management</u></i></b>		
Bank account	Bank account opened in the name of the federation	<ul style="list-style-type: none"> <li>• Bank pass book</li> </ul>
Fund raising	Funds mobilised from different sources	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Accounts books &amp; documents</li> <li>• Interactions with members</li> </ul>
Fund utilisation	Proposed activities taken up following proper procedures	<ul style="list-style-type: none"> <li>• Accounts books &amp; documents</li> <li>• Discussions with members</li> <li>• Discussions with others</li> </ul>
Book keeping	All books (listed elsewhere) maintained on their own and kept up-to-date	<ul style="list-style-type: none"> <li>• Verification of books</li> </ul>
Auditing, reporting, and follow-up	Annual audits conducted, reports shared and follow-up action taken	<ul style="list-style-type: none"> <li>• Audit reports</li> <li>• Discussions with members</li> <li>• Minutes Book</li> </ul>
<b><i><u>Organisational Accountability</u></i></b>		
Rotation of representatives	Regular change of representatives according to guidelines, including annual change of cheque signatories	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Interactions with members</li> <li>• Bank documentation</li> </ul>
Sharing of information	Activities of the federation known to all members, as well as to donation-givers and other stakeholders	<ul style="list-style-type: none"> <li>• Circulation of federation meeting Minutes</li> <li>• Discussions with members and other stakeholders</li> <li>• Evidence of reports circulated to others, if any</li> <li>• Evidence of any annual gatherings organised to share the work of the federations with others</li> </ul>
Distribution of benefits (if any such programme taken up)	Distributed according to established conditions and procedures (not cornered by a few more powerful members)	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Accounts books &amp; documents</li> <li>• Discussions with members</li> </ul>

<b><u>Grading Criteria for Federations of Self-help Groups</u></b>		
<b><u>Criteria</u></b>	<b><u>Indicators</u></b>	<b><u>Means of Verification</u></b>
<b><u>Linkages</u></b>		
Linkages with other institutions	Established good relations with member SHGs, other federations, other local level institutions, technical and financial resource institutions, etc. in keeping with Vision, Mission, and Goals	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Interactions with federation representatives and member SHGs</li> <li>• Interactions with other institutions</li> <li>• Evidence of resources mobilised (accounts books)</li> </ul>
<b><u>Learning and Evaluation</u></b>		
Work reviews and performance appraisal	Regular review of activities during meetings Annual review of activities in relation to action plans Obtaining feedback from member SHGs and others on the performance of the federation	<ul style="list-style-type: none"> <li>• Minutes Book</li> <li>• Interactions with members and others</li> <li>• Annual review reports, performance appraisal reports, etc., if any</li> </ul>
Training programmes	Good initiatives shown to solicit training programmes and attend training programmes	<ul style="list-style-type: none"> <li>• Correspondence</li> <li>• Training records</li> <li>• Discussions with members</li> </ul>

With this, the Workshop came to a close. Plans are being made to share these discussions with all the other Project Staff not present at these discussions, and initiate appropriate action.



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