

ECONOMIC AND SOCIAL EMPOWERMENT OF WOMEN: THE POTENTIAL OF COUNTRY-WIDE SELF-HELP GROUP PROGRAMMES

PRINCIPLES, POLICIES AND STRATEGIES FOR AN EFFECTIVE COUNTRY-WIDE PROGRAMME

EXPERIENCES FROM INDIA

The experience of Self-Help Group (SHG) programme in India, the largest in the world, provide useful pointers on principles, policies and strategies for a successful social mobilisation and community organisation, leading to economic and social empowerment of women at scale. This experience has great potential to be adapted in many developing countries with the challenge of women empowerment. This note captures the key learning from a large scale implementation of the programme in the country and provides some pointers for policies and strategies for strengthening the programme in the country and for replication in other countries. The note has two parts; part A starts with an introduction and history of SHG programme in India, its focus on women empowerment, an analysis of key factors that facilitated and impeded the programme, and part B concludes with 12 key principles for a successful social mobilisation and community organisation for women's empowerment in Low Income Countries (LIC). More details are available with the report by the same authors titled "Study on Understanding SHG as a Programme for Economic and Social Empowerment of Women in India and LIC".

The note has an annexure that captures the summary of the Ethiopian policy makers' knowledge exchange visit to India (the Kudumbashree Model in the State of Kerala) and proposed strategy and action plan for initiating SHG programme in Ethiopia, building on the learning from this study and the visit.

A. A Brief on SHG Programming in India

1. Self Help Movement in India

SHGs are informal associations of people who choose to come together to find ways of improving their living conditions. The members of these groups mostly use savings, credit and social involvement as the **'instrument' for Empowerment**¹.

¹Empowerment can be defined as "The expansion in people's ability to make strategic life choices in a context where this universally and relevant in the local context ability was previously denied to them" Kabeer (2001).
http://www.india.jbs.cam.ac.uk/engagement/tataises/downloads/report_gittingss.pdf

Since the early 1990s, the Indian SHG movement has emerged as a dominant ‘community based institutional model’ that provides basic financial services to its members and helps them progressively reduce social and financial vulnerability, expand livelihood opportunity and achieve socio-economic and political empowerment. The basic mechanism of the group where 10-20 women come together to grow their savings and to access credit which banks are increasingly willing to lend, gradually evolved into a financial plus social platform where women now increasingly discuss and take action on community and women’s issues like health and education, livelihoods and enterprise development, water and sanitation, access to entitlements and government schemes and prevention of social evils like dowry, alcohol and gender violence. These 10-20 member groups (SHGs) are further federated at three more levels – Village Organisation (VO), Block Level Federations and District Federations. As can be seen from the figure at each level of the group/ federated structure, there are linkages with the local government structures (Panchayat Raj Institutions – Gram PRIs, Zilla PRI), government departments, and also with banks and financial institutions and market players. Each of these linkages bring in support such as credit, income generation activities, social entitlements, marketing linkages, input supplies, etc.

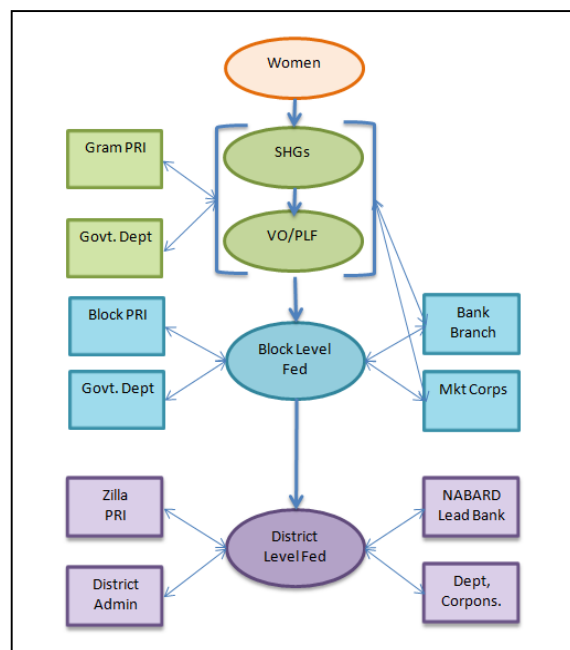


Figure: Institutional architecture for establishing linkages for services

2. SHG and Women Empowerment

In the typical pathway of a SHG progression from a financial intermediation platform to a community institution of empowered women, a few distinct stages can be identified such as group formation; capacity building leading to the ability to run the group and access finance; building social capital leading to improved access to entitlements, social services, and addressing social and women’s issues; and finally participation in political platforms. Depending on the promoting institutions the rate and manner of attainment of these stages may differ.

Over the years there have been numerous studies which have researched the impact of SHGs on women’s empowerment². These studies find that SHGs in general have made a **positive impact on socio-economic condition and poverty of SHG members and their households**.

The movement has also reportedly empowered women members substantially and contributed to **increased self-confidence and positive behavioural changes**. Some of the facets of impact include:

- *Significant impact on poverty reduction:*
 - *Poverty rate for member household showing a decline of over 25 percent*
 - *Household income for the members from the SHG group increased by over 72 percent*

²Finding from GIZ-NABARD study conducted in six states (Andhra Pradesh, Karnataka, Maharashtra, Orissa, Uttar Pradesh and Assam) in five different regions across India in 2002; an all India study on SHG in 2012; and primary data collected through expert engagement and focus group discussions with SHG groups.

- *SHGs have enhanced ability of members to leverage finance for investments, consumption*
 - *Expansion of choice and increased freedom to women on financial matters*
 - *60 percent of women members reported increase in ownership of productive asset post SHG; 22.9 percent women reported taking decision on household matters compared to 9.1 percent pre-SHG*
 - *More than 70 percent of the women indicated control over expenditure on children's education as improved or significantly improved*
 - *Such transformation in decision making role can be linked directly to women access to credit and savings through their membership of SHG*
- *The penetration of SHGs has had a cascading impact on choices for credit sources available to members' households*
 - *Loans from banks have also increased from 13 to 44 percent*
 - *Massive drop in loans from moneylenders from once 60 percent before SHG to 1.2 percent in post SHG*
 - *Loan (by number) taken by members for productive purposes like investment in livelihoods/enterprise has shown steady increase from 43-51 percent*
- *Membership with the SHG has led to an 'increase' in access to formal institutions*
 - *Increase in access to formal institutions (60.9 percent) and pro-poor programmes (53.3 percent)*

3. Factors Contributing to Scale and Impact:

- Contextual Factors:

Approach of the Self-help Promoting Institution (SHIP)³: The route to empowerment, and its achievement depends on how empowerment is defined by the promoting agency and the goals and process adopted for the SHG facilitation. The Kudumbashree model emphasises on political empowerment as a key result area and has adopted rights based approach where members of the programme proactively seek various social and economic entitlements. In IKP model, empowerment is not the explicit aim but the assumption is that access to finance would lead pathways to other forms of empowerment.

The Socio-Political Context: The socio-political context of the States influence the type and degree of women's empowerment and other impacts attained. In Kerala, the high level of literacy, urbanisation, strong PRI system and political environment has influenced the pathway to empowerment, with many women having attained political empowerment. In Bihar, the deep seated social prejudices are likely to continue for many years to come, and act against the stated objective of the Jeevika model of transformative empowerment of women.

³Most SHGs are formed with assistance from a promoting institution – 'Self Help Promoting Institutions' (Also called SHPIs). The main types of SHPIs are NGOs, Governments Departments, Poverty Reduction Programmes, Special Government projects targeting poverty and livelihood enhancement, Banks, Cooperatives, Microfinance institutions and farmer's clubs. Additionally, Individuals ('social entrepreneurs') or SHG leaders may also promote SHG. Finally, there were a number of SHGs that came up independently and spontaneously without any promoter.

The achievements in different regions of the **SHG-Bank Linkage Programme** - an important factor driving scale and spread of the SHG movement - has also been uneven on account of factors like pro-active role of State Governments, presence of well performing NGOs, socio-cultural factors, better performance of SHGs. Many States such as Uttar Pradesh and Bihar with high incidence of poverty have shown poor performance under the programme.

Market profile and maturity: The agro-ecological context, market maturity and capacity of SHPI to facilitate linkages determines the type of the enterprises supported through SHGs. In areas where the market is mature, aggregation potential is high, there is open exchange of information, and no barriers to entry, enterprises flourish. Where SHPIs themselves have limited capacity for market linkages, enterprise development has been limited. For instance, the SERP model in Andhra Pradesh has made various land based interventions to poor households that include land access, sustainable agriculture, dairy, non-farm livelihoods and jobs for rural youth. Its focus on markets has enabled women to start and operate successful enterprises.

- Programme Factors:

Principles of SHG Formation and Engagement: A common thread across all the SHGs has been the principles which have guided SHG movement - the principles of *self-help* (women take charge of their own development), *group* (self-selection of women act as a cohesive unit to take up group level issues) and *mutuality* (women members aid and support each other on all matters that confront the group). However these same targeting approaches have led to the exclusion of the poorest of the poor, especially where the model focus has been finance and not self-help.

Programme Implementation Structure: The mission mode of implementation of government led models built on the experience and learning from the large-scale government poverty reduction programmes. The experiences of the NGOs involved in these programmes made for more effective implementation. In government led models such as Jeevika, the programme implementation structure has been top heavy and runs risk of over bureaucratisation and becoming financially unsustainable. SHPIs need to have less control and focus on transferring skills to the community.

Capacity Building: Capacity building—generic and thematic in nature; in terms of resources as well as abilities; through linkages with government training institutions, has ensured continuous availability of resources for scale, cross-learning, and efficiency in implementation.

There are, however, a few challenges such as ensuring time and resources; Keeping the capacity building support in tune with the maturity of SHGs is a challenge – for e.g. while the training with respect to institutions have been reasonable, there is limited support in the areas of marketing, livelihoods, etc. Assessment of the effectiveness of the training and trainers is low.

Human Resources: The success of the programme depends highly on committed and capacitated individuals to engage with groups and support them in their growth. The government-led models have deputed senior officers to lead the programmes and some of the programmes have successfully developed a pool of community resource persons that have

facilitated scale and spread. However, many programmes face staff shortages, or limitation of capacity, restricting their reach and effectiveness.

Institutional Linkages: Appropriate linkages of SHGs and Federations at each level - with the government departments, banks and financial institutions and to some extent with corporate institutions, and with mainstreamed institutions as much possible (credit, insurance, entitlements, agriculture, marketing, dairy, poultry, etc.) - has enabled holistic support.

Result Based Management Systems: Efficient result based management and impact monitoring systems facilitates efficiency and learning. In Andhra Pradesh for instance, the government made significant investments in using technology for strengthening the SHG movement (web-based database for SHG Bank linkage, use of mobile phone for web-based book keeping and for monitoring various project activities).

Approach towards Sustainability: The sustainability of large number of community institutions has not been well understood in absence of which the strategy to support and make such institutions autonomous and self-sufficient is a challenge.

- Institutional Factors:

Institutional and governance arrangements: The institutional and governance arrangements within state level promoting institutions enabled:

- a. Long-term visioning and execution of the vision, as leaders were appointed for the long-term (which is usually not the case in government departments)
- b. Political support with the top political leadership of the state committed to the success of the programme so that successive change in the government over the years not dilute the broader policy thrust, as in the case of Kudumbashree
- c. Effective leadership
- d. A link between strategic and executive leadership, ensuring implementation of strategies and feedback loops
- e. Representation of departments, facilitating convergence
- f. Well balanced engagement with civil society – bringing in participatory approaches, sensitivity, supporting group mobilisation, demand side focus for entitlement, and so on.
- g. Effective coordination system with representation from various agencies at various level, led by the government

Programme Financing: At the start-up of the SHG movement, externally funded, small funding pilots were initiated as action research; Scaling up of SHG programmes, in many cases was through 'external funded' projects, which provided not only focussed and adequate funds, but also 'push' to ensure that the work is done as per plan and with quality. With the government led programmes gaining prominence the continuous funding ensured through a combination of State and Central funds – through 'Plan' funds provided stability.

- Policy Factors:

NABARD and RBI as the Prime-mover and Refinancing Agency: Scale of the SHG movement was assured when SHG, as an institutional mechanism was recognised by the Reserve Bank of India and NABARD. Subsequent adjustment of the policy framework for banking with informal groups afforded a legal status to SHGs and promoted credit access. Prescribing 40 percent bank lending as a target for priority sector lending which included lending for agriculture & allied sectors and also for the micro-enterprises that the poor are generally engaged, and the campaign for universalization of access to banking, facilitated financial inclusion.

Policy Push: Policy initiatives, other than the banking initiatives mentioned above, gave the impetus for the growth of the SHG movement; notably, the National Policy on Education (1986) and the subsequent programme of action (1992) provided the push for Mahila Samatha in Andhra Pradesh and Mahila Samakhya in Bihar, the formulation of the National Rural Livelihoods Mission (NRLM).

Proactive Role of the Government: The proactive role of state governments, from 2000 onwards in promoting SHGs through central and state level programmes provided the momentum for growth, which till then had a slow uptake despite enabling policy announcements. Some state governments adopted state-specific policies and innovative strategies to give impetus to the SHG system, promoting autonomous public societies and accessing significant external funding (IFAD, World Bank, DFID UK, etc) to promote SHGs, SHG federations and systematic capacity building. Some State Governments also established a separate Ministry for the SHGs.

Outreach Infrastructure: The very extensive infrastructure of banks in India facilitated outreach, subsequently promoting linkages by allowing Federations to act as agents through the Business Correspondent and Business Facilitator model promoted linkages. Incentivising SHG lending through measures such as refinancing was a boost.

B. Principles and Pointers for Successful Social Mobilisation and Community Organisation Strategy for LIC

The India SHG experience provides some useful learning and pointers for policies and strategies to design and implement large scale country-wide SHG programme for women empowerment. These are summarised below:

1. An Enabling Policy Environment – Clear Intent, Strong Political Will, Adequate Resources, Effective Steering

Recognising the importance of the approach of grass-root level self-reliant community institutions for empowerment the country's policy is critical; reflecting this in documents such as Country's Vision Document and Five-year Plans. **Institutionalising this vision and strategy** through policy initiatives and programmatic approaches at highest level of institutions is critical to ensure that these are less affected by changes in the political system; such as National/Central Bank, Planning Authority and Key Ministries. **Guaranteed and prioritised**

budgetary allocations at different levels year-on-year should be a non-negotiable, to ensure community mobilisation and strengthening process gets continuous support without any gaps. Highest level of authorities coming together to **govern and steer the process**, such as Group of Ministers, so that the importance of the approach of ‘empowering people’ is highest in the agenda of the Government.

2. Promotion and Support through Autonomous Institutions at Appropriate Levels

Empowerment through SHG approach needs to work directly with people, and **integrating variety of services, and not limited by any one department** or institution. People need all services and therefore working with people, while engaging with variety of institutions is critical. Therefore, a set of **independent organisations with authority** to directly engage with people at various levels is important. As the types of services and organisations to be engaged with are mostly government departments, having adequate authority to this autonomous institution is critical too. Therefore, an ‘**independent society**’ under the ‘**development ministry**’ at **country and state level**, governed by the Group of Ministers and independent experts is required. Deputation of the top executive position from the Government with appropriate delegation to the Society is an important step towards **balancing** the ‘authority of the government’ and ‘autonomy of the institution’ to make this approach work across levels.

3. Strong Social Capital, the Key Foundation – Institutions, Human Resources and Capacities

The key foundation of this approach is building of **strong groups and federations** with community leaders, and a **large number of human resources** - women in the form of book writers, community auditors, linkage facilitators, livelihood consultants, social activists, entrepreneurs, etc. These resources are from local areas and sustainable, cost-effective and accountable to communities. Given this base of community aggregations supported by strong leaders and community resource persons, any service can be delivered effectively to the last-mile with highest level of quality, accountability and with least cost. In addition, these bases play a **pivotal role in scaling-up and reach saturation**. It is therefore important to carefully identify, select, train and **nurture community resource persons as a people’s strategy**, and **effective mentoring and supporting** of leaders and community institutions to self-govern and manage.

4. Congenial Financial Eco-system – An Effective Pillar for Stakes and Stability

Appropriate **financial instruments and support system** at the country and state levels are critical to access to financial services. As the entire model is based on ‘informal groups of women’, Central Banks need to issue policy guidelines to ensure evolution of an ecosystem for financial inclusion of these groups. Key guidelines should include: (a) Directive to the **banks to link informal groups with formal financial institutions** and offer full range of banking services (savings, loans, insurance & remittances) to the groups; (b) Directive to **lend to the groups without collateral** and to lend to the group without asking for the purposes of the loan; (c) Directive to banks to **invest in critical sectors such as Agriculture, Small Scale Industry (SME) and Services Sector** (Small Business Enterprises) and treat them as Priority Sector lending as it will lead to alleviation of poverty and encourages employment creation; (d) Organise exposure/ **immersion programmes for the key officials of the banks** to get sensitised and learn; (e) Where

branch spread and outreach in the rural areas are likely to be an issue, the banking sector could explore/examine the **Business Correspondent/Business Facilitator model** with the NGOs/Self Help Promoting Institutions to become agents of banks to open bank accounts and facilitate banking transactions including loans. Use of technology for banking transactions such as ATMs, mobile money, etc. will be useful tools for exploration; (f) An **anchoring institution at the country and state levels** to facilitate SHG-Bank Linkages, and also **effective state-level platforms** (such as State Level Bankers Committee) to monitor the progress.

5. **Boarder Programmatic Strategies and Resources, with Ample Potential for Customisation – Critical for Reaching Scale in Diversity**

To deliver a large scale country-wise programme, there is a need to have uniformity in programmatic strategies, institutional models, process protocols and resource allocations. However, given the need to have mobilisation and empowerment approach of SHG programming, which is built on local decision making, participation, contextualising and nurturing, there is a need to have a component of customisation, based on local context, culture, need and priorities. **Larger national programme framework and guidelines, with state-specific strategies and district-specific approaches and implementation plans** are needed to make this programme successful. Continuous capacity development of community leaders and resource persons to implement the larger framework, contextualising to their local needs is an important process. Piloting before scaling for important component would be best way ensure success.

6. **Strong Emphasis on Livelihood Promotion – Critical for Sustenance**

For the members of the SHGs, to make optimum use of the financial services that would be available from the linkages, a **strong system for supporting the appropriate livelihoods** of the poor are to be developed. There are some models that might already be working. These need to be carefully studied and documented for integration into this system. There would also be a need that would emerge to form **livelihood organisations** (such as common interest groups, dairy farmers group, etc.) building on the architecture of the SHG system. These producers and their organisations will have to be **linked to the markets and partnership with private sector**, to ensure large scale and sustainable livelihoods for the women.

7. **Appropriate Levels of People’s Aggregation and Local Linkages for Services – For Cost-Effective Services and Engagement**

Continuous and constant engagement with communities is critical to succeed in the empowerment process, for which multiple-levels of community aggregations are important. Reaching out every member is impossible and ineffective for any service provider or the programme. Therefore, **appropriate levels of community aggregations** (and forming them to apex bodies) and linking these to localised service providers is critical. Beyond the SHGs, at least four layers of aggregation is important – village, blocks and district. A federated structure at each of these levels not only manage the aggregations coming under this level, also link up with service providers appropriately.

8. Multi-stakeholders Institutional Platforms to Ensure Integration of Services

SHG programme is about integrating services from variety of institutions so that people receive services and get empowered from these. Typically every SHG will need support on social entitlements, financial inclusion and services, livelihood support (agriculture, non-farm, animal husbandry, etc.), social issues, leadership development, health and education, etc. and these are handled by multiple departments, civil society and private institutions. To integrate these services, at each level – National, State, District, Block, Village – **multi-stakeholder platforms** under the ‘development ministry’ is critical to solve issues. These need to be **anchored by the head of the development or governance wing** at each level so that the decisions taken are effectively implemented. This should form key institutional mechanism in the programme, and appropriately included in other ministries and departments as one of their key agenda.

9. Continuous Capacity Development and Nurturing – A People-Professional Partnership

A large number of SHGs and other informal group may have been formed by a number of agencies, including NGOs and Government. A **systematic approach** to build the capacity through a participatory process at a decentralised level would be required. It will also be necessary to have a **strong cadre of community professionals** developed to provide continuous support to the SHGs. The possibility of developing national, state, district and block level pools of trainers are required. To provide ongoing training a large number trainers would be needed at various levels of the system.

10. Layering Agenda – Moving towards Human Development

The overall objective is to bring-in sustainable human development, and the approaches with SHG programming should not just be limited to one or two areas, particularly limiting to ‘financial services’ or ‘economic activities’. There should constantly be a review of the performance of the each area of work and plan to **‘layer’ necessary programme components** based on the strength and maturity of the SHGs and the local needs and priorities. Towards this, the self-reflection based **SHG Grading System** is critical to understand institutional strength. **Annual exercises of micro planning** at each SHG/ Village level keeping the broader agenda of empowerment and working with multiple programmes is important. Higher level consolidations of these plans should inform the programmatic strategies not only for this programme, but for **setting the agenda** of other departments/ services providers.

11. Inclusion of the Excluded with Focused Efforts and Resources

Given the scale and multiplicity of programmes, there are potential for leaving out few groups who are most marginalised and vulnerable (socially disadvantaged, ultra/ extreme poor). Constant assessment and review by SHGs and their apex bodies to check who are included and excluded from the programme, and analysing the reasons for the same is critical. Bringing about changes in the programmatic strategies, advocating for special schemes and programmes and modifying the model of engagement with these excluded groups, etc. needs to be undertaken periodically, to ensure inclusive development.

12. Strong Demand-side Engagement – Building Voice and Social Capital for the People

While the facilitation and delivery of services (such as financial services, government schemes, etc.) becomes an important component of SHG programme, it should not be just limited by the service delivery. The **larger goal and agenda of building strong citizen-side engagement**, by building voice and social capital for the people should continuously be monitored. Periodical implementation of Citizens' report cards and community score cards that reflect the satisfaction of the members and challenges faced by them is required to **generate advocacy agenda and engagement** with the government.

13. Impact Measures and Learning System – For Effective Investment Decisions and Accountability

Empowering women and communities through SHG programming is a long-term process, with large amounts of resources and programmes. Some of the impacts are tangible and visible, but many are not. There are also areas where there are no impacts. There is a need to have an **effective impact monitoring and learning system**, that periodically assesses the results and impact of the programme at national, state and district levels, and feed-back the learning to planning processes at each level. This will help the government and other stakeholders to make their investment decisions, and also communities to realise their progress and areas of improvement.

ANENX

STRATEGY, MODELS AND ACTIONS FOR INITIATING SHG PROGRAMME IN ETHIOPIA

Summary of the Ethiopian Policymaker's Knowledge Exchange Visit to India Visit to Kudumbashree, Kerala

Under the Knowledge Partnership Programme (KPP) of DFID, UK, a high level consultation workshop was held in 2014 in Addis Ababa with the participation of representatives from the Indian Self Help Group Movement, particularly Kudumbashree, Kerala and DFID UK. Between 9th to 18th October, 2014, a large delegation of the Ethiopian Microfinance Stakeholders, led by the Ministry of Women, Children and Youth Affairs (MoWCYA), Government of Ethiopia visited India to learn from the Indian experiences and best practices. The visit was facilitated by IPE Global, Kudumbashree, CMS and APMAS with financial support from DFID, UK. Subsequently, an India delegation visited Ethiopia during in 1st to 3rd April 2015 to discuss the strategy and action plan for Government of Ethiopia to adapt the Kudumbashree model of SHGs and to strengthen the SHGs in Ethiopia. Based on these consultations, a number of recommendations, strategies and action plans emerged for Ethiopian Government, particularly MoWCYA to adapt.

Current status of SHG/MF in Ethiopia

SHGs are promoted in Ethiopia and there are more than 100,000 groups supported by the Women, Children & Youth Affairs Ministry. The groups are currently engaged in thrift and credit and this is done within the groups. There is no strategy of linking the groups with the banking system as banks do not open accounts of the SHGs. The groups also do not seem to engage in any economic activities other than simple trading of goods and services which is very micro. Land is owned by the Government and is tilled by the farmers after taking it on lease for 99 years. This may not incentivize long term development and investment on land.

In Ethiopia the banking system is owned by the Government. As on June 2012 Ethiopia has a banking network of about 16 banks with some private sector banks opening as well. The branch network is also sparse with only about 521 branches in the country. Ethiopia also has a network of 31 MFIs operating in the country. The MFIs are regulated by the National Bank of Ethiopia (the Central Bank) although a study⁴ suggests that they are inadequately supervised. The interesting aspect is that these MFIs can take savings from its members unlike their counterparts in India⁵. The MFIs operate mostly in urban and semi-urban areas and do not penetrate into the rural areas due to lack of infrastructure. During discussions with the MFI network representative from Ethiopia during their visit to India in October 2014, it was informed that when the MFIs started lending, there were

⁴ Getnet Alemu Zwedu (2014), *Financial inclusion, regulation and inclusive growth in Ethiopia*, ODI, Working paper 408; Accessed at: <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9278.pdf>

⁵ In India, Micro-finance Institutions are not permitted to mobilise saving form their member; they only extend credit.

delinquency issues as the poor thought that the money was being given to them by the government. It took them sometime to educate the MFI clients that the loans have to be repaid. Based on discussions with the Ethiopian delegation, CMS and APMAS would like to suggest some specific steps for follow-up action, over and above the principles for social mobilisation and community organisation strategy in LICs detailed in the previous section.

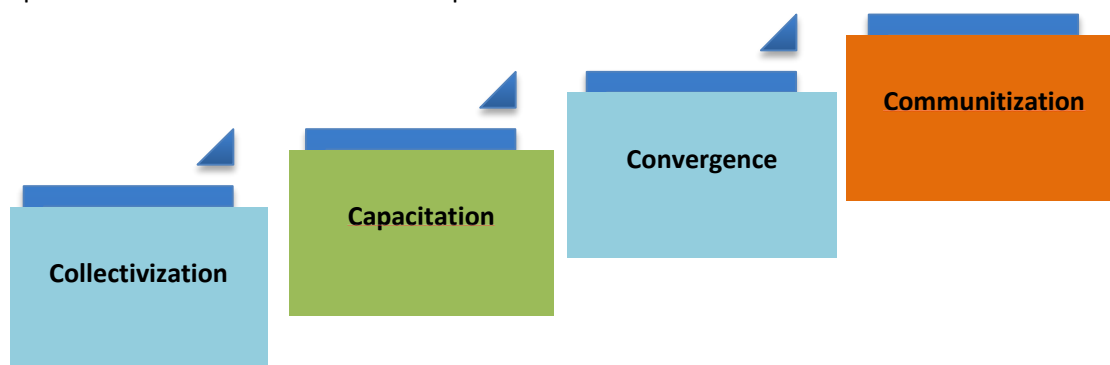
Proposed Strategy and Action Plan for Initiating SHG Programme in Ethiopia

In the backdrop of the current institutional landscape, policy environment and status of microfinance penetration in Ethiopia, there are four strategic pathways that can be pursued to introduce SHG model in the country. They are as follows:

- **Strategy 1:** Suitable adoption and piloting of Kudumbashree model in Ethiopia
- **Strategy 2:** Strengthen existing SHGs, including Women Development Groups, Village Saving and Loan Associations (VSLA), etc
- **Strategy 3:** facilitate and support visibility and credibility for informal savings and credit groups in Ethiopia
- **Strategy 4:** Develop and support an enabling policy and regulatory environment for linking SHGs with financial institutions

Adopting strategy 1 would require transplanting the Kudumbashree model in Ethiopia by first piloting the programme in a region. This may be challenging since the Kudumbashree model is highly context specific and for successful replication it will require fundamental changes in current institutional arrangements and policy environment in Ethiopia. However since there is a deep interest within Government of Ethiopia towards replication of Kudumbashree model, the detailed strategic framework for action has been developed and is presented below.

The replication of Kudumbashree should first seek to build a vision for community led empowerment model. Based on Kudumbashree experience in India, the framework for strategic action plan based on the vision could be represented as follows:



For working on the 4 C's presented above; the agency for replication can do following exercise:

- Develop strategy for each C as required for the local context
- Develop activities and outcome indicators for each C
- Overall intervention results framework to be based on aggregate of these indicators

The basic premise, strategy and action plan for each 'C' is presented below:

Collectivization

- Solidarity as the primary trigger for collectivizing
 - Strengthening the existing women development groups
 - Build on the existing elements of solidarity
 - Optimal use of the savings
 - Group account opening in the banks facilitated
 - Structure (tiers) of the groups refined -
 - Thrift-Credit as basic activity; livelihoods-social sector interventions as per need
- Structure of autonomous community institution network
 - NHG at the primary level
 - 1 to 5 group will be the base
 - Affinity and homogeneity will be considered
 - Federated tiers and their levels to be decided
- Membership of the family, represented by a woman
- Special focus on women with special needs
 - Locally devised criteria of vulnerability and 'special' needs
- Participatory identification of poor (PIP) for deciding priority in external support
- Relationship between Local Government and Women's Collective to be defined and formally clarified

Capacitation

- Reviewing the existing manuals of training materials
- Placing an institution in the MoWCYA
- Translating the manual in the local language
- Skill building for mobilization and institution building
 - Bureau of MoWCYA
 - Community Facilitators (CF) & Community Mobilisers (CM)
- Orientation of Local Government authorities
- Creating enabling environment for understanding of capacitation
- Continuous capacity assessment with the involvement of the women at the grassroots
- Awareness generation and mobilization of women
- Basics of "Collective functioning" for group members
- Leadership Development for group leaders
- Skills for adherence to group norms (book-keeping, procedures)
 - CF, CM, Group leaders, Members

- Service delivery skills for specialized community cadres
 - Accounting & Audit
 - Enterprise and Business management support
- Sectoral skill building
 - Farm, off-Farm, non-Farm, Marketing
- Institutional Growth – Orientation & Skills
 - Group dynamics, Conflict resolution, Advocacy, Self-reliance

Convergence

- Formalize institutional convergence platforms, between the Women' Collective and
 - Local Government
 - Other Stakeholder Government Departments
 - Banks & Financial institutions
 - Civil Society and non-Government organizations
- MoWCYA will be the process owner for creating convergence
- Creation of platform of actors – governmental level (federal and regional levels)
 - A committee mandated by the government (all sectors represented)
- The key implementing partners should be involved to converge with this national plan
- Formalize role of Women' Collective in implementation of existing scheme/programmes of Government
 - Role in planning, implementation, monitoring
- Negotiate platforms for interaction of the Women' Collective with NGO Projects, Cooperatives, Private Sector

Communitization

- Develop bye-laws for the Women' Collective
 - Legal structure, Procedures, selection of leadership, financial roles, interaction with local governments, conflict resolution (internal & external) etc.
- Develop revenue model for financial self-reliance
- Institutionalization of community cadre
 - Rules for engagement of such cadre institutions with the Women' Collective

Specific suggestions for follow-up action in Ethiopia:

Based on the principles and strategic action plan suggested above, the following is suggested as follow-up plan for Ethiopia

- The Government of Ethiopia can constitute 2-3 working groups/task forces to work on the enabling environment and implementation strategies. These working groups could be supported by identified experts from India/other countries. DFID can play a significant role in facilitating the entire process as a follow to Ethiopia Delegation visits to India during October 2014, facilitating a visit by the to Ethiopia by an Indian delegation.

- Detailed Terms of Reference (ToR) for an Ethiopia SHG study could be developed and proposals could be invited to undertake the study.
 - A high level policy delegation (Appropriate Ministries, senior policy making executives of the Central Bank and a few commercial banks etc) could come to India for 5-6 days to visit the women SHG model in India, particularly Kudumbashree. As suggested by the Executive Director of Kudumbashree, a MoU could be signed by Govt of Ethiopia with Kudumbashree and technical support agencies like APMAS & CMS for a period of 3-5 years to provide policy, technical and implementation support.
 - Appropriate SHG rating and audit tools could be developed for the Ethiopian context based on the Indian experience. In developing the training modules, ratings tools & audit systems, Ethiopian Experts in the informal groups (like SHGs, VSLAs, etc.) must be actively engaged.
 - Training and capacity building workshops on SHGs/Federations (promotional process, accounting and book keeping, legal aspects, governance and management, linkages and networking) could be organised in Ethiopia by trainers from India. It would be possible to develop a national level pool of trainers on SHGs/Federations in Ethiopia.
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