



CML Quarterly

CENTRE FOR MICROFINANCE & LIVELIHOOD

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From the desk

CML takes pleasure in introducing the first quarterly newsletter - "CML Quarterly". This newsletter is overdue as CML completes one year of its existence. In every run up to launch this inaugural issue we have been hold back by some of the open-ended fundamental questions of journalism.

In fact in many ways CML's endeavor and experience in this first year has been analogous to discovering the original five W's; Who, What, When, Where and Why. However, there has to be a beginning and we put forward this first issue for the judgment of our readers with the expectations of feedback for continuous value addition and refinement.

In this series, an introduction of CML and its endeavours has been put forward for the benefit of readers who are not yet familiar with our work. Retrospection on completing its first year since inception and critically analysing what paths CML should take in the future is our immediate concern.

Dr. Amiya Sharma shares his thoughts and experiences of the Northeast region through his journey of more than a decade in NEDFi and RGVN. Dr. Amiya Sharma talks about how the poor are losing out because of the bancanization of the credit provider. Most importantly, Mr Sharma muses on the future of microcredit in the Northeast Region on macro level vis a vis smaller NGOs with the big players.

The debatable need to integrate Microfinance with Livelihood opportunities through sub-sector approach is driven home by the initiative of Grameen Sahara with its ericulture project. Just providing micro-credit may not be sufficient to bring about positive impact to the weavers and their households, so



Grameen Sahara initiated additional livelihood services to the women weavers.

Promoting eco-tourism in the western part of Arunachal Pradesh through community participation had not only created livelihood opportunities for many household but also has brought awareness to preserve the rich bio diversity of the area. Finally as our readers glance through we would specially

like to request and encourage the practioners in the sector to share their experiences with us through this newsletter. ■

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In Retrospection: On Completion of a Year

Partho Patwari

Programme Coordinator, CML

Centre for Microfinance & Livelihood (CML) started its journey July last year. The Centre came into existence as a result of more than two years of deliberation by a group eminent person from diverse organisation within and outside the state. The efforts in conceptualizing and detailing the role and importance of such an organisation for the Northeast; was ultimately backed by the financial support from Sir Dorabji Tata Trust (SDTT), Mumbai, which made it possible to ground the project with much expectations and aspirations.

The CML team was indeed enthusiastic in inheriting the responsibility of carrying forward and fulfilling the dreams and aspirations attached with the Centre. At the same time the mandate of supporting and facilitating the initiatives of NGO/NGO-MFI and social institutions spread throughout the Northeast and addressing emergent issues concerning the sector as a whole was by no means a small task. This year has been the year of learning and experience gathering. And this process of refinement of our endeavour has been made possible by the unconditional enthusiastic support and feedback of the organizations at the grass roots; and the constant guidance of our well-wishers.

CML during the year was able to chalk out and identify the focus activities under the Center's four main thematic domains in a mutual participatory process. The mutual identification of the focus activities taking along the grass root organisation has been inline with the objective of carrying out need based responsive capacity building initiatives. It was during the Inaugural Workshop on "Road Map for Initiatives and Interventions" during August, 2008 that a team of over 59 participants from 49 organisations from different Northeastern states deliberated to identify and prioritize the capacity building and training needs of the sector. Following the identified need CML prepared four comprehensive training modules this year and organized a total of four training programs at Assam and Nagaland. The demand for training

on these modules has been far greater than what CML could carry out given its present human resource. It is to meet this growing demand that CML has started experimenting with the concept of developing local consultant for carrying out these structured training modules. Collaborations with like minded organisations have also been explored to meet the growing training need.

Another important development that is shaping up is the linkage and networking; at present with more than 250 NGO/NGO-MFI through the Northeastern states. Here it has to be admitted that the major numbers are confined to Assam and Manipur. CML has geared up to focus on the other Northeastern states this year. The important aspect in this linkage has been the positive and wholehearted response of



the grassroots organisations. In this light CML's is optimistic about carrying forward its objective of organizational self assessment for greater transparency and recognition of the sector. The positive response from the organisations towards CML's intent of formalizing the membership process

make us hopeful in initiating the process sometimes towards the end of the current year.

In line with Center's plans to actively initiate and take up issues where there are visible and perceived gaps CML took up a study on the status of SHGs in Arunachal Pradesh. The progress of the SHG movement in Arunachal Pradesh is perceived to be challenging as a result of low population density, difficult and remote terrain and lack of adequate support services. The study report which is very soon due will provide an overall picture with focus on quality, outreach and sustainability of the movement vis-à-vis the problems and obstacles.

In the area of livelihood linkage and promotion which can be considered integral in the Northeast context as market and market forces and the level of monetization is at a lower end, CML in the first year has taken up three pilot livelihood

intervention projects viz. 'Intensification of pat silk through scientific management of traditional mulberry cultivation' implemented by SATRA, an NGO based in Sipajhar, Assam, 'Promotion of Green Farm Technology for diversification of livelihood options and poverty elevation in small and marginal farms' implemented by RCDS, an NGO based in Kamrup, Assam. And a project on Mini-tea garden implemented by ANMA Integrated Development Association (AIDA) an NGO based in Nagaland. Within this theme CML is in the process of developing a training module for Livelihood Promotion. The development of the training module has been part of an ongoing process in which CML aims to bring about a professional focus on the Livelihood sector. The first important initiative in this regard was made possible through the leading support of SDTT; under which CML collaboratively organized a 14 days Intensive Livelihood Promotion Training at a rural setting at Nalbari with organizational infrastructure support from Gramya Vikash Manch (GVM), one of the

leading NGO of Nalbari district.

Finally, it needs mention that CML since inception had the top priority on building up a high quality professional team. This in practice turned out to be a challenging task; given that the sector in the region is at a relatively nascent stage and most of the enterprising social sector professionals are attracted to bigger organisations in other parts of the country. However, finally though small, CML has managed to build up a professional core team having the best possible national and regional level exposure, experience and expertise.

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As CML completes first year of its maiden journey there has been a retrospect and the CML team is in a positioned to initiate an informed KOGMA

analysis based on the experience and outcomes. Our expectation for the second year is definitely more ambitious and focused and the support and active cooperation of all our stakeholders will be the driving force in achieving our goal. ■

Developing Organizational Resource Database

The general information asymmetry and the gap in the flow of information between the organizations at the grass-roots and the mainstream donors/funders/support organisation seems to be a handicap in the development of many potential organizations that are capable of delivering meaningful services to the community. These small organizations face a number of constraints including access to crucial information; bottlenecks in adopting technology and most importantly resource crunch due to which the organizations are unable to grow professionally. CML in this regard is focussing to create a reliable database of the organisations in the Northeast region. The NGO database is expected to provide exhaustive ready reference information of the organisations in terms of their areas of involvement, scale, governance, staff strength and excerpts of key financial data. CML has perceived the huge demand for information on grass-root organisations from diverse quarters. And free flow of information can be first step in forging out mutually beneficial relationships. The information shared during collection of data from individual organisation also helps CML to identify the overall need based requirement for designing and refining other support services.

In this regard CML will like to request the grass-root organisations to come forward to provide the details of their organisations. Organizational Informations Details sheet is available on request at cmlghy@gmail.com. We also earnestly request the organisation to make the effort to kindly complete the Information Sheet in its totality.

MICRO MUSING

Dr. Amiya Kr. Sharma
Executive Director, RGVN

When we first read about micro-credit started by Md. Yunus – that was how I learnt about the scheme for the first time. My first thought was that if this scheme could be launched properly, it would make a major difference to the North East region with whose development I was very concerned. In 1997 I came to NEDFi from Tezpur University. At NEDFi, I remember telling the then Chairman Dr. J. Madhab that without reducing the ticket size of the loans under its term loan scheme, NEDFi would hardly make a difference. NEDFi's first scheme was project finance with project costs of more than Rs. 40 lakh. In 1997 there were not many local investors who would be able to take a loan of Rs. 25 lakh – putting in Rs. 15 lakh as equity. Then there were the hassles of working capital loan which banks were reluctant to give – although sad to say, working capital loan was one of the top three things that NEDFi was supposed to provide.

When as a member of a team from NEDFi I visited Nagaland, the people there gave us a backhanded slap by presenting us a cartoon. They drew NEDFi as a fruit-bearing tree which a giraffe was picking merrily. Below, near the giraffe there were small goats, cows picking up the leftovers and the leaves falling on the ground. The giraffe was supposed to be Assam & the small animals were Nagaland, Meghalaya etc. Under the term loan scheme, there were hardly any projects from these states which would come forth. We got the hint and came back to formulate the NEEF scheme which allowed for projects with cost of Rs. 15 lakh.

Even this was not enough to reach the corners of the Northeast region. Dr. Madhab then discussed the micro-credit programme and for that we went to RGVN to study the scheme. Few of us went to Sipajhar Diamond Club & CADAT to see the ground

realities. The decision at NEDFi was to do micro-credit wholesale to good NGOs/CBOs especially those NGOs already in partnership with RGVN. Thus RGVN would develop the smaller NGOs & NEDFi would then take them up. Although many NGOs were able to scale up, a few like Adhoc Pacifist, who had been spoilt by DC (H) were big failures. More aggressive work in Nagaland for example, of funding the VC did not show good results – although the satisfaction of reaching those areas with innovative ways was largely there. We also tried to bring in the Kebangs of Arunachal Pradesh, the IFAD sponsored society in Tura. The NGOs promoted by the IFAD project turned out to be a better deal in Meghalaya. Overall the experience of working for the promotion of micro-credit has been worth while – although not wholly successful.

Some of us also tried to assist local level individuals by forming a society called the Eastern Himalayan Society. Aim was big to encompass the eastern region. But we learnt the hardway that the borrowers are not easy to manage when they know that few well-off individuals have come forward to 'help' them. Micro-credit needs to be done in a professional, impersonal way – commercial may be a better term – if it is to do well. Two forces are there – repeat assistance on time is the main driving forces for getting repayments. The other force is that the borrowers have to feel that it is a business organization/ society whose business will be in jeopardy if

they don't return – which means that 'action' will be taken for non-payment. Thus, the same borrowers are repaying to an NGO called N.C.S – almost 100% on time whereas Eastern Himalayan Society's repayment is less than 25%.

Micro-credit is still an evolving scheme. A loan is a product involving time & money and thus character of the borrower & lender



have to be unchanging during the term of the loan. Let us define the 'character' rather loosely to refer to the changing behaviour of the borrower / lender depending on the circumstances. Normally, the borrowers are good – although I cannot vouch for everybody. The collectors, middlemen, the NGO workers are more problematic than the borrowers in general. Bossing over twenty thirty workers, handling lakhs of rupees, dealing with 'big' lenders give the NGO worker a complex and soon they fall into the trap of 'better' life style forgetting the objective of their NGOs. The distinction between personal wealth / asset & the NGOs' asset becomes blurry after some time. They also prove smart enough to be able to 'fight back' after defaulting on loans / grants. I do tell the staff of RGVN that only those who have can give. A pauper should not try to become a social worker. I have seen quite a few youths getting caught in this imbroglio. Hungry stomachs can hardly think about quenching the thirst of others. The flip side is that one doesn't have to live like a pauper just because one is working for the poor.

Now the question of micro-credit & social work. When micro-credit took off, it was a social service. But we have now witnessed what some people call 'mission drift'. **One doesn't think that there is a mission drift. It is more a question of 'bancanization' of micro-credit. If banks are commercial then some of the micro-credit providers are becoming commercial.** Seeing the conferences held in the five-star hotels, the laptops and PPTs, the pin-stripped suits of the mF operators, it does not need an Einstein to understand that micro-credit has become more bank-like. Infact some of the providers have become worse in their greed to earn profits.

Bancanization also means uniform process. Thus micro-credit operators are all becoming more uniform and I had written an article about this problem of mainstreaming. If all micro-credit operators become uniform then the poor will

lose out since their problems are not similar. It is very difficult to solve their problem if the process of loan, repayment periods, amounts, tenure, etc are the same for every one. But this is what the banks and foreign investors need and this gives rise to the dilemma – if you want funds and succumb to their pressures. If you don't behave according to their dictats, then suffer in your own periphery. NEDFi, NEC could have done an excellent job of helping this small organizations. It is only RGVN who is helping such small NGOs who have kept their own unique systems – but funds are limited. Even it is being rated by the mainstream organizations whose system is based on such uniform method/system; a pan-India system.

The future of micro-credit in the Northeast region on macro level is going to be this clash - will the smaller NGOs be able to hold forth in the face of bigger players who have been accepted by the banking fraternity as 'mainstreamed'. Bandhan will not face a problem of getting funds from banks whereas Lok Seva Samiti, an excellent grassroot organization will hardly get anything. But then I am hopeful that these local NGOs will be able to maintain their fields by being close to the people.

Micro-credit without better living services can hardly be appreciated much. Grameen Bank has been into education loans, loans for beggars, telephones, housing etc. Micro-credit providers too need to get into this as also services for better income earning activities. However, to do that there has to be surplus of funds or loans from the banks/financial institutions. Smaller organizations hardly have sufficient funds to play around with such 'luxuries' of providing loans for better living. Even at RGVN some of the well wishers were very critical of its housing loan, loan for CFL bulbs, loan for sanitary latrines, solar lamps etc. It is my proud privilege to share with the readers that there have been no defaults in these loans, which are not income generating. This is the big challenge – to be able to make our poor borrowers enjoy better life before 2020. ■

Available Training Modules from CML

- ☞ **Basics of Microfinance**
- ☞ **Governance of NGOs/NGOs-MFIs**
- ☞ **Promoting SHGs and SHG Federations**
- ☞ **Basic Accounts and Finance for NGOs /NGO-MFIs**

Organizations interested to avail training can contact us for further information at cmlghy@gmail.com or call us directly at 0361-2660323

Weaving Hopes for *Eri* Spinners

Sarat Chandra Das
CEO, Grameen Sahara

Weaving is an integral part of the economic activities of the women in rural India. Eri-culture is one of the predominant activities in many parts of Assam. It is grown primarily in Assam with concentration in the rural Kamrup, Goalpara, Bongaigaon, Dibrugarh and Lakhimpur District. *Eri-culture* and its related works are known to be the Industry of the poor as primarily poor rural women undertake *Eri-culture* as either major or supplementary occupation. It requires low investment and yield high outputs and there is scope for improvement if the *Eri-culture* proper and *Endi* textile industries are undertaken scientifically and commercially.

The Government, for the development of sericulture as a whole in the Northeast has implemented various projects, but emphasis has been put mainly on the mulberry and *Muga* among non-mulberry varieties. *Muga*, infact, got maximum attention from the Government and also from the private investors. And *Eri* received the least attention among all non-mulberry varieties. In an assessment study by Grameen Sahara in three blocks of Kamrup district, it was found that around 8000 women are associated with *Eri* activities in these three development blocks for their livelihood earning. And roughly only less than 9% of these families are more dependent on *Eri* related activities.

Grameen Sahara's Golden Weavers' project is an endeavor to enhance the *Eri* based livelihoods of the poor families in rural Kamrup district of Assam. Main objective of the project is to organize the *Eri* yarn producers, enhance the rate of production, up gradation of skills, collaboration for technical advancement, linking them to financial services and to augment the income level of the producers belonging to tribal, non-tribal and Muslim minority.

The whole process of the *Eri-culture* has many levels. Cocoons are produced by the women and sold either to the middle men or in the local *Haats*. The cocoons collected from the village *Haats* are then sold in the local markets which are purchased by the yarn producers and the traders. From the traders, the spinners purchase the cocoons.

Grameen Sahara purchases the cocoons in bulk directly and distributes them among the spinners, it provides a interest free working capital support to the spinners. The yarn produced by them is then sold collectively outside market. Grameen Sahara has tie up with few companies from Delhi, Bhagalpur, Dehradun and Guwahati. Through this, it cuts down some of the layers of traders and other middlemen. There is less exploitation by the traders now.

Through these initiative, there has been increase in the income of the spinners from Rs.30 earlier to Rs.50-60 at present. Most importantly, the spinners no longer have to suffer due to price fluctuations in *Eri* inputs and finish products which occur frequently in different seasons, esp. during summers and rainy

seasons. Grameen Sahara's attempt to create an organized market linkage has made it possible for the spinners to evade sufferings from the market price fluctuations. Provisions of the inputs and collection of produce from the village directly has helped in saving the transaction cost of the women. Earlier the spinners had to go to the market to procure as well as sell their produce by travelling 10-15kms to the market. The project

has seen positive signs of development in terms of the benefits enjoyed by the target groups. However, Grameen Sahara has plans to increase the cocoons and yarn productions and improve the marketing channels. It also will be working in increasing the fabric production, invest in innovative design and also other strategies like loom up gradation for improving the fabric production.

Grameen Sahara is a development support institute providing mainly micro-credit services to the women but over the past years, it has realized the need to integrate credit service with other livelihood enhancement support to practically add value to the lives of its beneficiaries. The Golden Weaver's project is a step in integrating its mF services with other support services. It is a step towards ensuring self sustainability of the clients. In the initial stage, Grameen Sahara will be providing its support but within five years, the producers will be organized to transform to a producer's company which will be owned and managed by the women themselves. ■



Community based Ecotourism at Thembang

Pema Wange

Asst. Project Officer, WWF-India (WAL-Dirang)

The state of Arunachal Pradesh is considered as one of the country's hot spots for its wide biodiversity. More than 60% of its total forest area is traditionally under the control of around 125 local indigenous communities. In western Arunachal Pradesh, the villagers are working for the conservation of forest and wild life of the area with WWF-India under the support of SDTT. The local Monpa indigenous communities in the villages have formed Community Conserved Areas (CCA). So far two CCAs—Thembang Bapu CCA and Pangchen Lumpo Muchat CCA covering an approximate area of 312sq.km and 98sq.km respectively have been demarcated.

To improve the livelihood, the villagers started Community Based Village Eco-tourism under the CCA Management Committees. The West Kameng and Tawang districts of Arunachal Pradesh have already been identified as most potential tourist destination by the state Government. The area has many cultural and natural advantages as a good destination for adventure, cultural and nature loving tourists. The area has breath-taking views of hills and snow-capped mountain, exotic flora and fauna, dense rhododendron forest, high altitude lakes and fast moving hilly streams. The area is considered as dream destination for bird watchers as more than 200 birds species including migratory (Black Necked Crane) and rare (Blood Pheasant, Monal, Tragopan etc.) have been reported from this area. Apart from natural heritage, rich culture, religious customs, monasteries and pilgrimage sites, local fairs and festivals, historical monuments etc. also have lots to offer to the visiting tourist.

There are various role played by CCA Management Committees (CCAMA); they coordinate with travel agents and make necessary arrangement in the village, ensure every villager selected for various services get equal opportunity on rotation basis, extend financial support to villagers (loan with 0% interest) to improve the existing facilities. The loans are recovered every month; and the villages are conveniently able to repay from their earning from tourists which constitutes around 50 % of their total income.. CCAMA receive the payments directly from tourist and then make necessary payment to the villagers. CCAMA are responsible for taking care of camping materials, camping sites, office building, overall safety, security and comfort of tourist, monitoring any illegal/un-permitted activities by tourist and maintenance of

accounts and records.

For successful implementation of the program, series of exposure visit of the villagers were conducted at Yuksam village at Sikkim followed by training and workshop for the identified villagers. Dos and don'ts for both tourist and villagers were finalized at the village meeting. Initially WWF-India provided revolving fund to CCAMC to support Home Stay and Home based Restaurant operators to develop and improve the existing facilities. CCAMC office cum Tourist Information Center has also been constructed with the contribution of the villagers in the form of land and labour.

There are various earning opportunities for the villagers. They are engaged as Home-Stay operators, Home Based Restaurant operators, Pack animal/Porter, Guide, Cook and Cook helpers, Cultural program organiser, Local Handicraft selling etc. To develop a corpus fund CCAMA collects a few fees and charges which includes - Entry Fee, Camera Fee, Camping site charge, Camping Material Charge, CCA Conservation Fee (15% and 10% of total service cost for International and domestic tourist respectively). During the financial year 2008-2009 the total income earned by the villagers engaged in various activities was Rs.2, 16, 699 and CCAMC has managed to build up a corpus fund of Rs.43, 362.

The project over these years has witnessed many positive spillover impacts. The villagers have put banned on collection of firewood for commercial purpose in both sites, they have issued joint declaration of 6 villages in around Lumpo and Muchat banning hunting and fishing with provision of fine of Rs.10,000 for outsider and Rs.20,000 for villagers. The villagers of Thembang issued notification to ban hunting and collection of medicinal plants by herders during summer grazing with provision of penalty under Wildlife Act of India and minimum fine of Rs.5000 in addition to traditional tax amount and ban to visit grazing area for three years.

One of the remarkable outcome of the movement has been the surrender of traps and snares by the villagers of Thembang which they were using for hunting to Thembang Bapu CCA. A German tourist was caught by TBCCAMC for collecting beetles and wild mushroom spores and TBCCAMC for the first time sent two villagers for patrolling inside CCA to see any illegal activities by herders who are now there for grazing. ■

CML RESEARCH Arunachal Pradesh SHG Status Study

CML carried out a study on the status of SHGs in Arunachal Pradesh covering 6 sample districts of the state. The study was to assess the working and performance of the SHGs in terms of quality, progress, sustainability, linkages, systems adopted, challenges, and opportunities. A total of 60 SHGs was taken for the quantitative part of the study covering 663 SHG members. For taking into consideration qualitative aspect 19 focus group discussions were carried out among NGO workers, Govt official, bank employees and village level opinion leaders and a number of personal interviews were also taken in the sample districts.

Through the study, it was found that low population density, difficult and remote terrain and communication bottle-necks are in fact not perceived as hindrances to the growth of the SHG movement either by the SHG promoting NGO's or the SHG members. It can be assumed to be more a barrier for the people from outside and truly so, it has hindered the flow of information which has in fact affected the spread of SHGs movement in Arunachal Pradesh. Lack of information/training has been identified as one of the major hindrances in growth of the movement and in creating external linkages. During the focus group discussions more than 50 percentage of the respondent reported training and awareness as the most important support service requirement.

The final Draft of the study is available on request.

Developing Local Livelihood Training Module



CML is developing Basic Livelihood Training modules for the NGOs in the region. The module will be keeping in background the existing livelihood scenario of the region so that the participants will be able to relate to it. We are documenting relevant case studies in the form of individual case, any successful community based livelihood approach, articles or any relevant work. Your contribution will be highly appreciated by CML.



Late Sitaram Rao

OBITUARY

The untimely demise of Sitaram Rao one of the pioneers of Microfinance movement in the country has sent shock waves all over the sector. It is a rare opportunity to cross paths with a person who is a true mentor—someone who teaches us, befriends us, challenges us and stretch far beyond what we think we are capable of achieving. Sitaram Rao was a man with a deep sense of wisdom and an unfailing commitment to helping the lives of the poor. For scaling up he conceptualized the idea of “Mc Donald of microfinance” but was at the same time sensitive to specific needs and requirements of the poor across various parts of the country.

He will always be remembered for his good sense of humor, cordiality, humanity and caring persona. Our deepest condolences to his family and the microfinance community that mourns his passing.



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