



JEEVIKA

Rural Development Department, Government of Bihar

Bihar Rural Livelihoods Promotion Society State Rural Livelihoods Mission, Bihar



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Date: 05-12-2020

Office Order

Cluster Level Federations (CLFs) are supported through "Community Investment Fund" (start-up and CIF) under the project facilitated by BRLPS. The CLFs are envisaged to earn income to meet their operational expenditures. There are circumstances where CLFs still need financial support to become financially viable. To address this gap (if any) MoRD, GoI has issued guidelines to provide Viability Gap Fund (VGF) to CLFs through its letter no. J-11060/58/2020-RL (370499) dated 17th June 2020.

The main purpose of Viability Gap Funding (VGF) is to fill the gap between operational income and expenditure of the federations for a period of 3 years. **Viability Gap Funding (VGF) will only be applicable to Model CLFs in NRETP blocks.** It is envisaged that providing a maximum of Rs. 20 Lakh per model CLF may be required to achieve financial sustainability.

The Viability Gap Fund will be released in 3 tranches in the ratio of 50:30:20 on fulfillment of eligibility criteria and based on performance by CLF. **The eligibility criteria together with the time line for release of each tranche is annexed with the order as Annexure- I.**

All the process at District level for investment of Viability Gap Fund (Application from CLFs to Appraisal by District Committee and recommending to SPMU) **is required to be completed within 7 days of the issue of the order. It is possible as lot of spadework has been done by the district and state team in this regard**

Detailed guidelines are being attached with Office Order along with required formats. It is directed to ensure disbursement of fund within stipulated timeline as per the Office Order.


(Rajiv Raushan, IAS)

Additional Chief Executive Officer, BRLPS

Annexure I: Detailed Guidelines for Disbursement of Viability Gap Fund.

Annexure I:- Guidelines for Disbursement of Viability Gap Funding to CLFs

In order to recommend for release of VGF together with monitoring and ensuring effective utilization of the fund at CLF level a committee has been formed at SPMU as well as respective DPCU level. **Apart from the District level committee, the stakeholders for respective CLFs (BPMs, CLF Managers, Anchor Person etc.) will have to ensure process of raising application (VGF investment) at CLF & BPIU level within stipulated timeline.** The committee at SPMU level has already been formed, the direction is given for formation of committee at respective DPCU. The district level committee for abovementioned purpose is attached with the order as **Annexure-II.**

Ensuring the release of viability gap fund in timely manner and its effective utilization, following process is directed:

Action points	Responsibility
Support for Preparation of financial projection by 100 model CLFs under NRETP blocks for first tranche of VGF	By F.I & IBCB team at DPCU level with support of F.I team of SPMU level [Draft Projection is being sent by State FI Team, which needs to be fine tuned at CLF level if required.]
Facilitating and ensuring the submission of proposal for VGF - 1 st tranche (in prescribed format) by 100 model CLFs under NRETP blocks to its respective BPIU.	By BPIU & F.I team at DPCU level along with committee members of district team.
Forwarding of proposal by BPIU to its respective DPCU	BPM
Appraisal of the proposal by committee at DPCU level and forwarding the same to SPMU	DPM
Appraisal of the proposal at SPMU level and recommending for payment to competent authority	Committee at SPMU level
Ensuring transfer of fund at respective CLF level	Finance section at DPCU level under guidance of DPM.
Compliance to meet eligible criteria by the CLFs (if not by any CLF) for transfer of tranches of Viability Gap Fund (VGF)	IBCB team with support of F.I team
Capacity building of office bearers together with other stake holders to understand the need and importance of VGF together with its effective	IBCB team with support of F.I team

utilization	
Preparation of Business Development plan and ensuring submission of proposal from model CLF for 2 nd and 3 rd tranche respectively within the directed timeline	IBCB team with support of FI team

Note: - The prescribed format for submission of proposal for VGF by CLF to its concerned BPIU is attached as Annexure-III.

Appraisal Process:

To receive the Viability Gap Fund, the CLF has to prepare and submit the proposal to SPMU through BPIU and DPCU level for each tranche. Preparing vision document, Business development plan and Financial projection is mandatory for accessing viability Gap Fund. The CLF has to submit the proposal along with financial projection documents and Internal audit report for accessing funds. The Appraisal committee has to check the below mentioned aspects in financial projection document for finalizing the Viability Gap Fund requirement:-

- ❖ Assumption made in the financial projections (increase in the unit cost should not more than 10% per year).
- ❖ Last two financial year expenditure pattern to understand CLFs expenditure capability.
- ❖ Justification for increase in the operational cost.
- ❖ Rationalization of CLF staff and community cadres.
- ❖ Positive trend in achieving operational self-sufficiency of CLF.
- ❖ Positive trend in profit earning and increased "General reserve".
- ❖ Presence of CLF HR as per the guidelines.
- ❖ Capital adequacy.

Nature of expenditure:

The fund will be released through online fund disbursement module. Disbursement of VGF to CLF will be treated as expenditure (Budget code B3- Community Investment Support, B3.2 - Institutional Gap support & Infrastructure Fund) as per advisory from MORD through its letter no. - J - 11060/108/2017-RL-Part(1)(369316) dt. 21.08.2020. However, the CLF needs to maintain a record of the fund received under VGHF component from the mission and the minutes of the meeting of Executive Committee of the CLF, in which related discussion and decision were taken. This needs to be followed for each tranche. **To generate more income, VGF may also be used for extending loans to member organization. Purchase of physical assets, infrastructure development and**

capacity building expenses are not allowed from this fund. All districts are directed to follow the guidelines of MoRD in letter and spirit.

Monitoring of Model CLFs performance

DPCU (VGF committee at DPCU level) and BPIU staff will be responsible for maintaining the performance of model CLF and further review by DPM on a regular basis (fortnightly up to first 3 months and on monthly basis after first 3 months) and submit the physical progress report to SPMU. SPM-IBCB together with SPM-CF shall take up various capacity building activities for addressing any gaps and ensure effective functioning of the model CLF. **Some of the expected outcome of model CLF may be outlined as under:**

- a. Model CLFs will become self-managed, able to meet their operational costs.
- b. Model CLFs shall demonstrate standard system of planning, execution, service-delivery, finance and administration.
- c. Model CLFs will be inclusive and equitable in nature. The CLFs shall include all eligible members especially most vulnerable into SHG fold and give priority to them in provision of all benefits and services.
- d. Model CLFs will have PAR <5% (>30 days)
- e. Model CLFs will have legal identity and fulfill statutory requirements regularly.
- f. Higher order social capital will be developed @10 members per Model CLF.
- g. As per demand, in addition to livelihoods and financial services, all CLFs will be implementing one or higher order development interventions like Food, Nutrition, Health and WASH (FNHW), Gender, Social Inclusion, Convergence etc.
- h. Model CLFs will act as demonstration sites/training centers for replication of model in remaining blocks with necessary processes, protocols, resources in place.



Annexure II :- District Committee formed for Viability Gap Funding (VGF) Appraisal

S.No.	DISTRICT NAME	BLOCK NAME	CLF Name	Team	Team Member	Designation	
1	BHAGALPUR	Kahalgaoon	Bhavishy CLF	Team 1	Jay Kumar	Manager-CF, Bhagalpur	
2		Pirpanti	Utsav C L F		Gopal Kumar	TO, Bhagalpur	
3		Sonhaura	Disha12122017		Rakesh Kumar	Accountant, Khalgaon	
4		Sultanganj	Aadi shakti		Md. Sagir Alam	CC, Sultanganj	
5	DARBHANGA	Baheri	Bagmati	Team 1	Bindhya Kumar Jha	Manager-CF, Darbhanga	
6		Biraul	Prithvi (CLF)		Sumit Kumar	TO, Darbhanga	
						Ranjit Kumar	Accountant, Biraul
7		Darbhang	vidhyapati 31/03/2018		Anupam Kumar	AC, Hanumannagar	
8	GAYA	Amas	Sangam	Team 1	Prawin Kr. Jha	Manager-CF, Gaya	
9		Bodh Gaya	Adarsh CLF		Madheshwar Yadav	TO, Gaya	
10					Tunna Prajapati	Accountant, Amas	
11		Dobhi	Sagar		Pradeep Kumar	CC, Konch	
12		Khizirsarai	Pragati	Team 2	Shiva	Yp-FI, Gaya	
13		Sherghati	Jivan Jyoti		Shivshankar	TO, Gaya	
		Gurua	Tara		Uma Kumari	Accountant, Manpur	
14	GOPALGANJ	Baikunthpur	Gandhi	Team 1	Rajesh Thakur	Manager-CF, Gopalganj	
15		Barauli	Prakash		Ritesh Kumar	TO, Gopalganj	
16		Kuchaikote	Ashirwad		Rahul Kumar	Accountant, DPCU	
17		Manjha	Bharat		Prakash Kumar Saxsena	AC, Uchka	
18	KHAGARIA	Alauli	Swabhiman	Team 1	Nitul Kumar	Manager-CF, Khagaria	
19		Chautham	Laxmi Bai		Ramdrash Kumar	TO, Khagaria	
20		Khagaria	Sanskar		Rizwana Ara	Accountant, DPCU	
21		Mansi	Prerna 14032018		Manoranjan Kumar	AC, Chautham	
22	MADHEPURA	Bihariganj	Muskan	Team 1	Sufal Kumar Jha	Manager-CF, Madhepura	
23		Kumarkhand	Suraj CLF		Kuldeep Kumar	TM, Madhepura	
24		Madhepura	Bharti(24-12-14)		Saurav Kumar	Accountant, DPCU	
25		Murliganj	Unnati 25/2/2014		Amit Kumar Jha	AC	
26	MADHUBANI	Benipatti	Mithla CLF	Team 1	Anjali Kumari	Manager-CF, Madhubani	
27		Jainagar	INDRA		Samsad Alam	TO, Madhubani	
28		Jhanjharpur	Mahila shakti		Nand Lal	Accountant, DPCU	
29		Khajauli	Laxmibai		Shishir Kr. Hemant	AC, Rajnagar	
30				Team 2	Budhdev Kumar	Manager-MF, Madhubani	
31		Lakhnaur	Kalash		Ravindra Kumar	TM, Madhubani	
32		Pandaul	Abhilasha		Rakesh Kumar	Accountant, DPCU	
33		Rajnagar	VISHWAS		Lakshman Prasad	AC, Rajnagar	
34	MUNGER	Bariarpur	Arpan18/1/2017	Team 1	Sushil Kumar	Manager-MF, Munger	
35		Dharhara	Saksham		Pramod Kumar	TO, Munger	
36		Dharhara	Pahal		Nishant Kumar	Accountant, DPCU	
37		Dharhara	Adhikar (30.01.2018)		Minali Kumari	CC	
38		Munger	Prakash				
39	MUZAFFARPUR	Bochaha	PHULMALA	Team 1	Rajesh Kumar	Manager-CF, Muzaffarpur	
40		Dholi (Moraul)	PRAKASH		Pravin Kr. Pathak	TO, Muzaffarpur	
41		Marwan	JAY HIND		Manish Kumar	Accountant, Bochhan	
42		Minapur	Bharat				
43		Musahri	Sangam	Pawan Kumar	AC, Mushahari		
44				Team 2	Shivshankar Pd. Singh	Manager-MF, Muzaffarpur	
45		Musahri	Sarvotam		Prince Kumar Singh	TO, Muzaffarpur	
46		Musahri	Mausham		Saket Kumar	Accountant, Mushari	
47	Musahri	Uattam					
48	Sakra	ANAND		Deepak Kumar	AC, Minapur		
49	NALANDA	Saraiya	Kranti	Team 1			
50		Asthawan	Amrit		Sashi Shekhar Prasad	Manager-CF, Nalanda	
51		Bihar	Shakti CLF		Panna Lal	To, Nalanda	
52		Harnaut	Tara		Ravi Kumar	Accountant, DPCU	
53		Nagar Nausa	Ekta				
54		Rahui	Jagriti				
		Nagar Nausa	Utsaw		Rajeev Kumar	AC, Nagarnausa	

S.No.	DISTRICT NAME	BLOCK NAME	CLF Name	Team	Team Member	Designation
55		Noorsarai	Vishal	Team 2	Vikrant Kumar Daftuar	Manager-MF, Nalanda
56		Rajgir	Nari Shakti		Sanjay Kumar	TM, Nalanda
57		Rajgir	Gyaan		Rakesh Kumar	Accountant, DPCU
58		Rajgir	Hariyali			
59		Sarmera	Khushi		Pravin Kumar	AC, Rajgir
60	ASHCHIM CHAMPARA	Gaunaha	Narishakti	Team 1	Pramod Kumar	Manager-CF, W.Champaran
61		Majhauia	Akash		Mukesh Kumar	TM, W.Champaran
62		Narkatiaganj	Jiwan		Krishna Kumar	Accountant, Gaunaha
63		Sidhaw	Valmiki		Vikas Kumar	CC, Majhauia
64	PATNA	Belchhi	Vishwash (CLF)	Team 1	Sudama Prasad	Manager-CF, Patna
65		Dhanarua	Adarsh (CLF)		Krishna Ranjan Kumar	TM, Patna
66		Masaurhi	Sahyog (CLF)		Ajit Kumar	Accountant, Mashaudhi
67		Paliganj	Darpan			
68		Sampatchak	Arman (CLF)		Jitendra Kumar	AC, Dhanarua
69	PURBI CHAMPARAN	Chakia(Pipra)	Upkar	Team 1	Ravi Shekhar Kumar	Manager-CF, E. Champaran
70		Dhaka	Ekata		Jitendra Kumar	TO, E.Champaran
71		Dhaka	Tiranga		Raj Kumar Mahto	AC, Dhaka
72		Dhaka	Tarang			
73		Chakia(Pipra)	Shringar			
74		Patahi	Kalyan 15022017		Anish Kumar Singh	Accountant, Dhaka
75	PURNIA	Amour	Prayas CLF	Team 1	Virendar Kumar Das	Manager-CF, Purnea
76		Banmankhi	Milan		Om Prakash Mishra	TO, Purnea
77		Barhara	Arpan		Dayanand Pradhan	Accountant, DPCU
78		Bhawanipur	Tanya		Arun Kumar Ghosh	AC
79		Dhamdaha	Shakti CLF	Team 2	Abhinav Kumar	Manager-MF, Purnea
80		Kasba	CLF- Satyam (Cluster-3)		Rahul Kumar	To, Purnea
					Akhilesh Kumar	Accountant, DPCU
81		Rupauli	Unnati		Ravindra Kumar	AC, R Nagar
82	ROHTAS	Dawath	Sankalp	Team 1	Dinesh Kumar	Manager-CF, Rohtas
83		Rajpur	Virat		Utpal Kant	TM, Rohtas
84		Sanjhauili	Sangharsh		Prabhash Shankar Tiwari	Accountant, DPCU
85		Sasaram	Darpan CLF			
86		Sheosagar	Bandhan		Dhananjay Kumar	AC Rohtas
87	SAHARSA	Kahara	Ann data22032017	Team 1	Brajkishor Pd. Gupta	Manager-CF, Saharsa
88		Patarghat	Sarojini		Ranjeet Ranjan	TM, Saharsa
89		Satar Kataiya	Sabera		Arvind Kumar	Accountant, DPCU
90		Saur Bazar	Mithila			
91		Saur Bazar	Ma Janki			
92		Sonbarsa	Janseva		Ashok Kumar	AC, Saour Bazar
93	SITAMARHI	Bathnaha	Sangharsh CLF	Team 1	Subir Kr. Jha	Manager-MF, Sitamarhi
94		Dumra	Bharat CLF		Subham Kr. Jha	Manager-CF, Sitamarhi
95		Riga	Milan CLF		Rakesh Kr. Singh	Accountant, Bathnaha
					Amit kr. Singh	TO, Sitamarhi
96		Runisaidpur	Adarsh CLF		Rajeev Ranjan	CC, Bathnaha
97	SUPAUL	Basantpur	Panchmukhi	Team 1	Devashish Jaiswal	Manager-CF, Supaul
98		Chhatapur	Garima		Pankaj Kumar	TO, Supaul
99		Pratapganj	Annpurna		Rakesh Kumar	Accountant, DPCU
100		Tribeniganj	Prerana		Indrjeet Kumar	AC, Marauna

Note: All concred CLF's anchor person, CLF Manager and BPM will be the part of the above mentioned team.

संकुल संघ के द्वारा Viability Gap Fund हेतु आवेदन पत्र

सेवा में,

प्रखंड परियोजना प्रबंधक,

प्रखंड.....जिला

महोदय/ महोदया ,

हमारे संकुल संघ का नामहै , गठन की तिथि
.....है जो प्रखंडके अंतर्गत कार्यरत है | हमारे संकुल संघ का
बचत खाता संख्याहै तथा हमारा
खाता.....बैंक केशाखा के साथ सम्बद्ध है |

हमारे संकुल संघ को सशक्त एवं स्वावलम्बी बनाने हेतु प्रशासकीय क्षमताबर्धन की जरूरत है |
इस हेतु हमें VGF सहायता राशि की आवश्यकता है | NRETP के अंतर्गत परियोजना के दिशानिर्देशों
का पालन करते हुए हमारे संकुल संघ में Viability Gap Funding देने हेतु आकलन कर लिया गया
है | इस आकलन पत्र के अनुसार कुल VGF राशिनिकाली गई है | हमारा
संकुल संघ प्रथम-50% / दूसरा- 30% / तृतीय- 20% किस्त की पात्रता रखता है | अतः कुल
VGF का 50% / 30% / 20% राशि.....देने का कृपा करेंगे |

हम इस राशि का उपयोग उचित एवं दिशानिर्देशों के अंतर्गत करेंगे| इस पत्र के साथ संकुल संघ
द्वारा पारित बैठक की प्रतिलिपि संलग्न है जिसमें VGF राशि की मांग हेतु प्रस्ताव पारित किया
गया है |

संलग्नक:

1. VGF आकलन पत्र
2. VGF राशि की मांग हेतु पारित प्रस्ताव की प्रति
3. संकुल संघ का ऑडिट रिपोर्ट
4. बैंक पास बुक की सत्यापित प्रतिलिपि

अध्यक्ष

सचिव

कोषाध्यक्ष

संकुल संघ का मोहर

दिनांक.....

Annexure – IV: (Eligibility Criteria for Fund Disbursement)

(a) Eligibility criteria for Tranche-I:

- * At least 60% eligible Households (automatically included households and households with at least one deprivation as per SECC Data) should have mobilized into SHGs.
- * 80% SHGs federated into VOs and 90% VOs federated into CLF.
- * CLF should have at least one staff member in place.
- * CLF should have updated Standard books of Accounts.
- * Minimum 90% attendance in BOD meetings of CLF in the last 3 months.
- * CLF should have updated Baseline data on CLF web-based application (available on NRLM MIS).
- * CLF should have received start-up cost and have set up the office either in rented or in own building.
- * CLF should have received CIF and established loan disbursement and repayment mechanism.

(CLF should have detail of total CIF released from the Mission in that CLF (either to SHGs or VOs or CLF) and this is to be accounted in CLF books of Accounts .CIF amount recorded in CLF books of Accounts to be matched with the data of DMMU / BMMU)

- * CLF should have completed Internal or External Audit.

(b) Eligibility criteria for Tranche – II & III

1. The CLF has to secure minimum of 50 marks for release of Tranche – II and 75 marks for release of Tranche – III based on the below given grading tool.
2. If any CLF is securing 75 marks and above after receiving Tranche – I , both Tranche – II and Tranche – III funds can be released together.

Sl.No.	Bench Mark	Marks	Weightage
1	% of Saturation of HHs	10	Below 70 % - 0 marks 70% to 80% - 5 marks Above 80% - 10 marks
2	% of SHGs taken membership in VOs	5	Below 80% - 0 marks 80% to 85 % - 2.50marks Above 85% - 5 marks
3	% of VOs taken membership in CLF	5	Below 90% - 0 marks 90% to 95% - 2.5 marks Above 95 % - 5 marks
4	Percentages of attendance in EC meeting in last 6 months	5	Below 90% - 0 marks Above 90% - 5 marks
5	On Time Repayment (OTR)	15	Below 70% - 0 marks 70% to 80% - 5 marks 81% to 90% - 10 marks Above 90% - 15 marks

6	Idle Funds (in last 3 months)	10	Above 30% - 0 marks 16% to 30% - 5 marks Equal to and less than 15 % - 10 marks
7	Velocity of Funds	10	Below- 1:1 -0 marks 1:1 – 5 - 5 marks 1:1.1 to 1.25 – 7.5 marks 1:1.26 and above – 10 marks
8	Registration of CLF	5	No – 0 Yes – 5
9	CBO staff appointment and paid by CLF in Place i.e. 3 Staff – Manager / Coordinator – 1 , Accountant – 1 and MIS Coordinator – 1	15	1 staff member – 5 marks Any 02 staff members – 10 marks All 3 staff members i.e. Accountant , Manager and MIS Coordinator – 15 marks
10	Leadership rotation (at least two office bearer change in last 3 years)	10	No – 0 Yes – 10
11	Audit Completed	10	Internal or External Audit – 5 marks Both Internal and External Audit - 10 marks
	Total Marks	100	

Timeline for release of funds:

Tranche	Provision for % of fund	Timeline
I	50% of viability gap of the CLF / GPLF or Rs.10 lakhs in case of CLF and Rs. 1.5 Lakhs in case of GPLF , whichever is less	Within 3 months of identification of CLF as a Model CLF
II	30% of viability gap of the CLF / GPLF or Rs. 6 Lakhs in case of CLF and Rs. 0.9 lakh in case of GPLF , whichever is less	After 3 months of release of Tranche – land fulfillment of Tranche – 2 criteria
III	20% of viability gap of the CLF/GPLF or Rs.4 lakhs in case of CLF and Rs.0.6 lakh in case of GPLF , whichever is less	Within 6 months of release of Tranche – II and fulfillment of Tranche – 3 criteria *

*If it is proposed to release Tranche II and Tranche III simultaneously it may be done after six months and within 9 months of release of Tranche I and fulfillment of criteria for release of Tranche III.

File No: J-11060/58/2020-RL (370499)

**Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)**

7th Floor, NDCC Building-II
Jai Singh Road
New Delhi-110001
Tel: 011-23438013

Date 17th June, 2020

To,

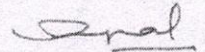
The State Mission Directors/CEOs,
SRLMs of Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh,
Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal

Subject: Guideline on Viability Gap Fund under NRETP

Dear Madam/Sir,

Please find attached herewith guidelines on release of Viability Gap Fund (VGF) to Model CLFs under NRETP for your information and necessary action.

Yours faithfully,



(Nita Kejrewal)

Joint Secretary to Govt. of India

Encl.: Annexure A- Guidelines on VGF

Guidelines on Viability Gap Fund (VGF) in NRETP Blocks

Introduction

1. The Ministry of Rural Development (MoRD), Government of India (GOI) has been implementing Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM) since June 2011. The main objective of the DAY-NRLM is to eliminate rural poverty through social mobilization, building organizations of the rural poor, enabling the institutions of rural poor to access financial services, promotion of livelihoods as well as convergence with other line departments.

National Rural Economic Transformation Project (NRETP)¹

2. MoRD has signed a loan agreement with World Bank to implement National Rural Economic Transformation Project (NRETP) to strengthen SHG federations and promote higher-order livelihoods interventions in select districts of the country, with an outlay of USD 500 million (USD 250 credit from World Bank and USD 250 from GoI) which is effective from 24 April, 2019. Under NRETP, it is proposed to develop 600 Model Cluster Level Federation (CLFs), @ one CLF per block, as self-reliant and financially sustainable community institution during the project period.

3. Model CLF initiatives under NRETP:

Strengthening of higher level SHG federations as part of Institution Building and Capacity Building component is the major focus under NRETP. It is proposed to strengthen the higher-level community institutions in selected blocks of 13 states viz., Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal in which social mobilization and promotion of SHGs and VOs have been completed to a large extent and promotion of CLFs have been initiated.

Currently, there are two models of SHG federations prominently existing in the country- (1). All three tiers viz., SHG, Primary level federation (Village Organisation) and secondary level federation (Cluster Level Federation) are involved in lending operations, (2). Only two tiers viz., SHG and Secondary level federation (Gram Panchayat level federation) are doing the lending operations. DAY-NRLM considers Gram Panchayat level federations as equivalent of CLFs.

4. Approximately, 600 CLFs and their VOs and SHGs in the selected blocks will be supported intensively in terms of preparation of vision, strategic and business development plans, customization and adoption of standard operational procedures, leadership development, strengthening of VO and CLF sub-committees, institutionalization of ICT systems for effective financial management and accounting, provision of human resources and gap financing etc. The VOs and CLFs will be capacitated to undertake review of their member organisations based on certain performance indicators.

5. Need for Viability Gap Fund:

The DAY-NRLM provides Community Investment Support Funds (start-up fund and community investment fund) to CLFs. The CLFs are envisaged to be the custodian of CIF and earn income to meet their operational expenditures. There are circumstances where CLFs still need financial support to become financially viable. To address this gap (if any), NRETP proposes to provide Viability Gap Fund to CLFs.

6. Viability Gap Fund (VGF):

The main purpose of Viability Gap fund is to fill the gap between operational income and expenditure of the federations for a period of 3 years. Viability gap funding will only be applicable to Model CLFs in NRETP blocks. It is envisaged that providing a maximum of Rs. 20 lakh per Model CLF may be required to achieve financial sustainability. In case of three tier structure (SHG, VO and CLF) where SHG, VO and CLF are

¹NRETP is being implemented by 13 states namely- Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal

involved in financial intermediation. Viability gap fund of a maximum of Rs. 20 lakh will be given. In case where only SHG and Village / Gram Panchayat level federation (VO/GPLF) are acting as financial intermediary, a maximum of Rs. 3 lakh will be given. The Viability Gap Fund will be released based on the performance of CLFs in three tranches in the ratio of 50:30:20.

7. Appraisal Committee:

The CEO/SMD may constitute an Appraisal Committee at SMMU level comprising of the concerned SPMs, SPM-Finance or any other person who is experienced on accounting and development & appraisal of similar nature of documents or Senior staff members. It is also suggested that a National Resource Person for model CLFs may be included in the Committee. The committee may visit the CLFs, assess the CLFs performance, study its financial status, identify the viability gap through CLFs financial projections and recommend for the release of funds. The appraisal process has to be taken up mandatorily before release of each tranche, though the committee may not necessarily physically visit the CLF for the second and third tranches.

In view of COVID-19 lockdown, the performance indicators of CLF for release of VGF funds shall be relaxed during FY 2020-21. The appraisal committee can assess the performance CLFs based on the data for 3-months pre-lockdown period for release of first tranche (on account of directions given by MoRD for stopping meetings of SHGs/VOs/CLFs). For release of second and third tranches, appraisal norms may be relaxed on %age of attendance in EC meeting, on time repayment (OTR), idle funds, velocity of funds or any other indicators, as communicated by Ministry of Rural Development from time to time.

8. Appraisal Process:

To receive the Viability Gap Fund, the CLF has to prepare and submit the proposal to SRLM through BMMU and DMMU for each tranche. Preparing Vision document, Business Development Plan* and Financial projections by CLF is mandatory for accessing Viability Gap Fund. The CLF has to submit the proposal along with financial projections document and Internal Audit report for accessing funds. The Appraisal committee has to check the below mentioned aspects in financial projections document for finalizing the Viability Gap Fund requirement:

- Assumptions made in the financial projections (increase in the unit cost should not more than 10% per year)
- Last two financial years expenditure pattern to understand CLFs expenditure capability
- Justification for increase in the operational costs
- Rationalization of CLF staff and community cadres
- Positive trend in achieving operational self-sufficiency of CLF
- Positive trend in profit earning and increased "General Reserve"
- Presence of CLF HR as per the Guidelines
- Capital adequacy

* **Business Development Plan (BDP):** The CLF needs to prepare Business Development plan (BDP) which covers financial projections for 3 years by clearly articulating its financial, economic and social agendas to become eligible to access the first tranche. The viability gap at CLF level will be assessed by the Appraisal Committee based on the 3 years financial projections. *Draft financial projections template is attached in Annexure-1.*

9. Readiness Indicators for Model CLF to receive the Viability Fund

9.1. Eligibility criteria for Tranche-1:

- At least 60% eligible Households (automatically included households and households with at least one deprivation as per SECC Data) should have mobilized into SHGs
- 80% SHGs federated into VOs and 90% VOs federated into CLF
- CLF should have at least one staff member in place
- CLF should have updated Standard books of Accounts
- Minimum 90% attendance in EC meetings of CLF in the last 3 months
- CLF should have uploaded Baseline data on CLF web-based application (available on NRLM MIS).
- CLF should have received start-up cost and have set-up the office either in rented or in own building
- CLF should have received CIF and established loan disbursement and repayment mechanism

[CLF should have the details of total CIF released from the Mission in that CLF (either to SHGs or VOs or CLF) and this is to be accounted in CLF books of Accounts. CIF amount recorded in CLF books of Accounts is to be matched with the data of DMMU/BMMU]

- CLF should have completed Internal or external Audit.

Fulfillment of all the indicators given above are mandatory for release of Viability Gap funding Tranche-I.

9.2. Eligibility criteria for Tranche- II & III:

1. The CLF has to secure a minimum of 50 marks for release of Tranche - II and 75 marks for release Tranche - III based on the below given grading tool.
2. If any CLF is securing 75 marks and above after receiving Tranche-I, both Tranche-II and III funds can be together.

S. No.	Bench Mark	Marks	Weightage
1	% of Saturation of HHs	10	Below 70% - 0 marks 70% to 80% - 5 marks Above 80% - 10 marks
2	% of SHGs taken membership in VOs	5	Below 80% - 0 marks 80% to 85% - 2.5 marks Above 85% - 5 marks
3	% of VOs taken membership in CLF	5	Below 90% - 0 marks 90% to 95% - 2.5 marks Above 95% - 5 marks
4	Percentage of attendance in EC meeting in last 6 month	5	Below 90% - 0 marks Above 90% - 5 marks
5	On Time Repayment (OTR)	15	Below 70% - 0 marks 70% to 80% - 5 marks 81% to 90% - 10 marks Above 90% - 15 marks
6	Idle funds (in last 3 months)	10	Above 30% - 0 marks 16% to 30% - 5 marks Equal to and Less than 15% - 10 marks
7	Velocity of Funds	10	Below 1:1 - 0 marks 1:1 - 5 marks 1:1.1 to 1.25 - 7.5 marks 1: 1.26 and above - 10 marks
8	Registration of CLF	5	No - 0 Yes - 5
9	CBO Staff appointed and paid by CLF in place i.e. 3 staff- Manager/Coordinator-1, Accountant - 1 and MIS Coordinator - 1	15	1 staff member - 5 marks Any 02 staff members- 10 marks All 3 staff members i.e. Accountant, Manager & MIS Coordinator- 15 Marks
10	Leadership rotation (at least two officer bearer change in last 3 years)	10	No- 0 Yes- 10
11	Audit Completed	10	Either Internal or External Audit - 5 marks Both Internal & External Audit - 10 marks
	Total Marks	100	

10. Release of Funds:

10.1. From NMMU to SRLM:

The SRLMs shall plan required budget under viability gap fund head by clearly indicating the physical targets in their Annual Action Plan for NRETP. SRLMs need to clearly mention how many model CLFs are eligible for receiving the fund, how many Model CLFs are proposed for release of funds, no. of tranches and their performance etc.

10.2. From SRLM to CLFs:

Based on the recommendation of the appraisal committee, CEO/ SMD shall approve and release funds through fund disbursement module. The fund will be released in maximum of 3 tranches in the ratio of

50:30:20, based on fulfillment of eligibility criteria by CLF. The second and third tranches may be combined based on good performance of the CLF, as mentioned in para 9.2 above.

11. Timeline for the release of funds:

Tranche	Provision for % of fund	Timeline
I	50% of viability gap of the CLF/GPLF or Rs. 10 lakhs in case of CLF and Rs. 1.5 lakhs in case of GPLF whichever is less	Within 3 months of identification of CLF as a Model CLF
II	30% of viability gap of the CLF/GPLF or Rs. 6 lakhs in case of CLF and Rs. 0.9 lakhs in case of GPLF whichever is less	After 3 months of the release of Tranche-I and fulfilment of Tranche-2 criteria
III	20% of viability gap of the CLF/GPLF or Rs. 4 lakhs in case of CLF and Rs. 0.6 lakhs in case of GPLF whichever is less	Within 6 months of the release of Tranche-II and fulfilment of Tranche-3 criteria*

* If the SRLM proposes to release Tranche II and Tranche III simultaneously it may be done after six months and within 9 months of release of Tranche I and fulfilment of criteria for release of Tranche III.

Those which can't be made viable with the abovementioned levels of support will not be chosen for extending these benefits.

12. Nature of expenditure:

- The Fund will be released only through online fund disbursement module and manual process is not allowed.
- Disbursement of VGF to the CLF will be treated as expenditure. However, the CLF needs to maintain a record of the timeline of achieving the set triggers/physical targets, funds received under VGF component from the mission and the minutes of the meeting of Executive Committee of the CLF, in which the related discussions and decisions were taken. This needs to be followed for the release of each tranche.
- To generate more income, VGF may also be used for extending loans to member organisations. Purchase of physical assets, infrastructure development and capacity building expenses are not allowed from this fund.

13. Monitoring of Model CLFs performance:

- SRLMs are responsible for monitoring the performance of model CLFs on a regular basis through the concerned DMMUs and BMMUs staff and submit the physical progress report to NMMU for its review. The SPM-IBCB/State Level Model CLF anchor person shall take up various capacity building activities for addressing any gaps and ensure effective functioning of the model CLFs.
- NMMU shall monitor SRLMs regularly based on progress made against the physical targets as per approved Annual Action Plan (AAP).

14. Expected Outcomes:

- Model CLFs will become self-managed, able to meet their operational costs
- Model CLFs shall demonstrate standard systems planning, execution, service-delivery, finance and administration
- Model CLFs will be inclusive and equitable in nature. The CLFs shall include all eligible members especially most vulnerable into SHG fold and give priority to them in provision of all benefits and services
- Model CLFs will have PAR < 5% (>30 days)
- Model CLFs will have legal identity and fulfil statutory requirements regularly
- Model CLFs will have their own staff and cadres to support CLF in delivering the services effectively
- Higher order social capital will be developed @ 10 members per Model CLF
- As per the demand, in addition to livelihoods and financial services, all CLFs will be implementing one or more higher order development interventions like Food, Nutrition, Health and WASH (FNHW), Gender, Social Inclusion, Convergence etc.
- Model CLFs will act as demonstration sites/training centres for replication of model in the remaining blocks with necessary processes, protocols, resources in place

Annexure- Summary sheet of BDP

ate Name:
CLF Name:

District Name:
Date As on:

Block Name:

Details of Capital available at CLF level:

Particulars	FY 2018-19 (Rs)	FY-2019-20(Rs)	FY 2020-21(Rs)	FY 2021-22(Rs)	FY 2022-23(Rs)
Net Savings/Subscription/contribution from member organisations (after returning to members if any)					
Net Share capital (after returning to members if any)					
Fixed deposits made by CLF					
CIF outstanding					
CEF outstanding					
PG loan outstanding					
Other loans outstanding(loans given from other grants)					
Net profit or loss*					
Cash in hand					
Cash at bank					
Total funds					

*If there is profit, it needs to be added to the total fund.

*If there are any losses, the amount has to be deducted from total funds.

Assumptions to be made:

1. Percentage of utilisation of funds for on-lending
2. Rate of interest on loans at CLF level
3. Future release of CIF, CEF and grants to PG (if applicable)
4. Growth of Savings and share capital

Draft excel based format will be shared with SRLMs to develop BDP.

Template of Income- Expenditure Statement

Income and Expenditure Statement						
S.No	Particulars	FY 2018-19 (current status based on internal/external audit report)	FY 2019-20 (current status based on internal/external audit report)	FY 2020-21	FY 2021-22	FY 2022-23*
Expenditure						
1	Expenditure (Recurring) including settlement of advances during the year					
	Remuneration to CBO Staff					
	Remuneration paid to CRPs/cadres					
	Office rent, water, Electricity, telephone, communication, internet etc.					
	Stationary purchased					
	Travel expenses					
	Bank /commission Charges					
	Other expenditures (if available mention expenditure incurred on training separately in remarks screen)					
	Subscription/Fee to paid higher level federations					
3	Loan loss / Write off of bad debts					
4	Services charges paid to member organisations					
	Total expenditure					
	Excess of income over expenditure (if income is more than expenditure) is the balancing figure					
Income						
1	Income receipts during the said period					
	Bank Interest received					

Penalty collected					
Resource fee/Institutional charges received					
CIF Interest on loans collected from member Organisations					
CEF Interest on loans received					
Interest on PG loans collected					
Interest received on loans given from other grants					
Recurring Subscription fee received from member organisations					
Membership fee received from member organisations					
Admission/ registration fees received from member organisations					
Service Fee received					
Other income					
Income from other grants					
Total income					
Excess of expenditure over income (if expenditure is more than income) is the balancing figure					

*FY will change from the year of plan