



# JEEViKA

An Initiative of Government of Bihar for Poverty Alleviation

**Bihar Rural Livelihoods Promotion Society**  
**State Rural Livelihoods Mission, Bihar**



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## Food Security Fund - Guideline

### *Introduction:*

Most of our targeted households in JEEViKA have either very less land holdings or are landless. A large proportion of our targeted households have very few months of food secured from their agriculture and allied activities and thus are dependent on purchase of food grains from the market. In the last 10 years, JEEViKA has been able to provide access to basic food requirements to community members and their households through Food Security Fund (FSF). Recent studies and the Project Completion Report show FSF as contributing to positive outcomes, such as, improvements in weight for age for children 0.5-5 years and improvements in indicators of hunger for SHG women and their families.

Food Security Fund is an innovative financial “credit” product that provides a single window within a village (or VO) for purchase of food grain, distribution of food grains and recovery / repayment of the outstanding credit, thus making it accessible to the poorest. From 2015 onwards, VOs were encouraged to expand the FSF basket to include procurement of pulses and edible oil, in addition to rice and wheat to improve the nutritional value of food procured. The FSF is targeted towards the most vulnerable SC and ST populations where food insecurity is likely a prevalent issue. The three core elements of FSF are:

- a. **Micro Planning:** In this process, household food requirements for 3-6 months is estimated in a participatory manner at the SHG level and then further collated (or aggregated) at the VO level. Aggregation of demand facilitates economies of scale and bulk purchase of food grains.
- b. **Financing:** This involves offering a loan or credit to the village organization to finance the bulk purchase of food grain. The loan is repaid to the village organization in easy instalments by members of the SHGs.
- c. **Community Procurement and Management:** The Village Organisation procures the food grains and is responsible for logistics (including price negotiation, procurement and transportation), aggregation (i.e., collective purchase on behalf of all SHG members), distribution and financial management, including book keeping.

### *Objective of Food Security Fund:*

- a. To enable poorest of the poor to have access to nutritional security throughout the year and reduce vulnerability of the poor households

- b. To reduce high cost debts of poor households while coping with crisis in lean seasons/period
- c. To fill the gap between food grains available through the PDS and the actual requirements of households
- d. To enable women and children from poor households especially pregnant, and lactating and children less than 2 years old, have access to nutritional security
- e. To empower women by building their capacity to negotiate and procure for best price in the market

**Triggers and Process for FSF fund:**

Food Security being universal program, this fund will be given to selected VOs based on the following criterion:

- a. VOs with at-least **40% members from SC/ST communities** (under all project - NRLM, NRLP, BTDP) will be provided Rs. 1,00,000 as Food Security Fund
- b. VO Bank account opened
- c. FSF committee formed and trained
- d. FSF Micro plan prepared
- e. VO profile entered in MIS

VOs that meet the selection criterion will be oriented to access and effectively use the FSF following the process outlined below:

Stage	Process	Time for the process to be completed
<b>Preparatory activities to meet the trigger</b>	<ul style="list-style-type: none"> <li>• Selected VOs will be oriented on the concept of food and nutrition security and FSF.</li> <li>• The oriented VOs will be encouraged to select a food security committee.</li> <li>• The food security committee will be imparted a 1 day training on the concept of food and nutrition security and the operationalization of the FSF.</li> </ul>	Once the Food Security Committee has been formed, their training to be completed within 15 days by the Community Mobiliser.
<b>Aggregation of demand for food and credit</b>	<ul style="list-style-type: none"> <li>• Each SHG will hold a meeting with the members to prepare a Micro Plan to estimate the food grain, pulses, grams and edible oil requirement of each member's household. Priority will be given to SHGs members most in need</li> </ul>	The demand process and aggregation should take 15 days from SHG to VO.

	<p>and to members with pregnant and lactating women in their household</p> <ul style="list-style-type: none"> <li>• To ensure some focus on dietary diversity and nutrition, and encourage consumption of pulses, not more than 50% of the fund will be used on grains like rice and wheat</li> <li>• During food security committee meeting all the SHGs will present their plans.</li> <li>• The committee will then aggregate and finalize the plans for food security at the village level and present their demand to the VO with the signature of all FSC members during the VO meeting.</li> </ul>	
<p><b>Credit access</b></p>	<ul style="list-style-type: none"> <li>• The VO will then present the aggregated food requirement along with an application to the BPIU for sanction of the loan. BPIU will appraise the application, approve it and transfer the food security fund as a onetime revolving fund to the VO.</li> <li>• The BPIU loan committee will appraise the application on the basis of regularity of VO meetings, repayment status in the VO and proper maintenance of books of records</li> </ul>	<p>The VO will send the application the same day the demand aggregation at the VO is completed.</p> <p>The time taken from the time application is received to the transfer of the fund should not be more than 7 days.</p>



<p><b>Procurement</b></p>	<ul style="list-style-type: none"> <li>• The Food Security Committee / Procurement Committee will make enquiries about food prices and check the quality of grains, pulses and edible oil from the local farmers, millers, wholesalers in the nearby markets.</li> <li>• The Food Security Committee will then undertake the bulk procurement from the source which provides the best quality and best price.</li> </ul>	<p>FSC enquires about the price and quality within 3 days of demand aggregation and procures the required food within 7 days from the time fund is received.</p>
<p><b>UC submission</b></p>	<ul style="list-style-type: none"> <li>• Each VO will submit their UC as per the actual expenditure made during first procurement. The information on remaining amount will also be made available in the UC format.</li> </ul>	<p>VO must utilize 100% fund by the end of 2<sup>nd</sup> procurement.</p>

The process of demand aggregation, procurement and UC submission will be the same when it is repeated every 3 months or every month depending upon the decision taken by the VO. The only change will be that from the second cycle onwards, once the demand is aggregated at the VO level, the VO will appraise it and directly make the purchase based on the amount of fund available at the VO. There is no requirement of any further approval.

### Financing Mechanisms

- a. **Transfer of funds to the VO:** The project will provide VO a onetime revolving fund which would be used repeatedly for the intervention. An amount of Rs. 1,00,000 will be provided to VOs with at least **40% members from SC/ST** communities. The VO should utilize the 100% fund by 2<sup>nd</sup> cycle of procurement.
- b. **Margin to be charged:** While calculating the repayment instalments, there would be no interest charged on the loan. Instead a margin would be charged on the food grains procured by the VO. The margin would allow the VO to cover the costs of transportation, packing, distribution, cost incurred by the FSC members during the entire process and to cover a certain service charge (Rs.0.50 per kg) for the VO.
- c. **Repayment Period:** Given the fact that a majority of households are dependent on agriculture labour and that agriculture is a seasonal activity, income reduces



substantially during the months of September to November and Feb to April. Thus when fixing the repayment period, fluctuation in income level should be taken into consideration i.e., the repayment level should be fixed in such a way that the household will be able to repay without “distress” even during the period of lean season. However, VO should ensure that there is some amount of repayment every month and that the recovery period is not more than 6 months if the food procurement is for 3 months and not more than 2 months if the food procurement is for 1 month.

- d. On non-use of funds:** If FSF remains unutilized at the VO level for more than 1 year, it needs to be review at CLF level. CLF will ensure preparation of FSF procurement plan for all VO under FSF procurement calendar.

### **VO Level Processes**

As mentioned in the section describing the process, the intervention at the VO level is anchored by the Food Security Committee. The following are the guidelines for the selection of food security committee and their roles and responsibilities.

- a. Selection of Food Security Committee:** The committee should have three members. One member should be a representative from the concerned SHG (the most poor or food insecure member), one member from the VO executive board and one member from the social action committee of VO.
- b. Roles and responsibilities of the FSC:**
- i. Finalization of List of Demand:* On the basis of information from household details collected during SHGs meeting, FSC will determine the quantity of Rice/ wheat, dal and edible oil at individual household level and VO level.
  - ii. Submission of an Application of Total Demand and Amount Required to VO by FSC:* An Application of demand (total Quantity and Amount in Rs.) duly signed by FSC members will be submitted to VO along with the List of Demand in the given Format (Household Details).
  - iii. Market Survey for Procurement by FSC:* At least 5 to 8 members or more should survey the prices and quality of rice/wheat/dal/edible oil or other items from the local farmers, or nearby wholesaler. Priority should be given to local farmers in the villages as items will be available at lower costs in comparison to shops.
  - iv. Purchase by FSC:* Once the fund is available to the VO, the FSC should make the purchase as per Community Procurement norms as soon as possible.
  - v. Distribution of Rice/ Wheat / Pulses/ edible oil by FSC:* The FSC will coordinate with the respective SHG leaders and distribute the grains. They will also ensure that the grains are procured, packed and distributed to the individual members on the same day.



- vi. *Assessment of Quality, Price and Timely and Fare distribution by VO:* If there is any complaint regarding Quality, Weight, etc. by members, the food security committee will look into the complaints and discuss with the suppliers regarding the possible corrective action.
  - i. *Follow up of On Time Repayment:* On-time repayment should be reviewed at SHG, FSC and VO level every month
- c. Guidelines for appraisal of demand at the VO level:** The VO executive committee will appraise the demand based on the following criteria:
- i. Regularity of meetings at the SHG level
  - ii. Regularity of savings and repayment at the member level.
- d. Accounting Process at SHGs /VO:** Books of records to be maintained for the food security fund at VO level. It means that there should be a special discussion about the procurement and the records to be maintained
- i. Minute's book.
  - ii. Cash book,
  - iii. Stock book
  - iv. Loan and repayment book
- In case of procurement from local farmer, VO can pay the bearer cheque in the presence of all EC members and the farmer will give acknowledgement of receiving the cheque in the VO's minutes' book. .

**Role of CLF:** CLF will make one of the agenda points in their meetings to review and monitor procurement of food materials on a quarterly basis. CLF should develop a monitoring mechanism to monitor procurement and rotation of fund at VO level.

**Roles and responsibilities:**

- a. Roles and responsibilities of Community Coordinator:**
- i. Sharing of FSF concept and providing training to the community members in the VO meeting
  - ii. Ensuring discussion about Food Security Programme at SHG level with the help of CM/ VO members/ FSC members to reach out to most vulnerable members
  - iii. Facilitation for demand generation, aggregation of demand at VO level, application for demand to BPIU.
  - iv. Maintenance of books of record and updating them regularly
  - v. Submission of the utilisation certificate.
  - vi. Ensuring food security procurement cycle in the VO and preparation of procurement calendar of VO



- b. Roles and responsibilities of Area Coordinator at the cluster level:**
- i. Area Co-ordinator is solely responsible for facilitation of procurement in VO of Rice/Wheat/ Pulse/ Edible oil, etc. as per the need of community.
  - ii. She/he is responsible to support the VOs until the procurement of 8 cycles (two years) is completed. Later the institution will take over and manage on their own.
  - iii. Trainings of CCs and cadres – CM and Book Keeper
  - iv. Trainings and exposures of SHG members/ VO members directly as well as with the help of CCs
- c. Roles and responsibilities of BPIU loan committee:** The loan committee will consist of the concerned cluster coordinator, CC of the concerned VO, two VOs leaders, AC and the BPM. Assessment, approval and timely release of fund to concerned VO and if required, field visit before releasing fund to VO. The BPIU loan committee will appraise the application on the basis of regularity of VO meetings, repayment status of the VO and up to date maintenance of books of records.
- d. Roles and responsibilities of BPM:** Overall implementation and monitoring of the programme with the help of the Area Coordinators and CCs. She/he should visit at least 10 VO's in every month where the intervention is implemented. **S/He will also ensure at least 1/4<sup>th</sup> no. of VOs implementing FSF, have procured items monthly.**
- e. Roles and responsibilities of Manager (Social Development) at the district level:** Coordination for proper and timely implementation of the programme with the help of AC/CC cluster in charge and BPMs. She/he should visit at least 10 VO's where the intervention is being implemented. He will also ensure at least 1/4<sup>th</sup> of the VOs implementing the activity have to procure items monthly. Entry of MIS is also responsibility of Manager – Social Development.
- f. Responsibility of DPMs:** At the district level, DPM will review the progress of the activity and ensure the quality of the programme. S/He should review the progress block wise (Rotation of Fund) through MIS entry of VOs Receipt and Payment. Funds should be rotated twice in every month.

Encl: FSF Procurement calendar



(Balamurugan D.)

Chief Executive Officer

Copy to:

1. All DPMs/SD Managers/BPMs
2. All PCs/SPMs/SFMs/PMs/AFMs
3. OSD/Director/AO/CFO/PS/PO
4. IT Section
5. Concerned File

ग्राम संगठन वार खाद्य सुरक्षा खरीददारी प्रपत्र															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
ग्राम संगठन का नाम	आखिरी खरीदारी की तिथि	अभीतक कूल खरीद की संख्या	जनवरी	फरवरी	मार्च	अप्रैल	मई	जून	जुलाई	अगस्त	सितम्बर	अक्टूबर	नवम्बर	दिसम्बर	कूल खरीदाका लक्ष्य (4-15 तक)
एकता	10-12-2016	5			6			7			8			9	4
सूरज	15-11-2016	6			7				8				9		3
चाँद	14-11-2016	3			4				5				6		3