

MART
3M ICRO FINANCE
ICRO MARKET
ICRO PLANNING
Livelihood Promotion Model

User Manual



A collaborative effort among
MART, DFID, CARE India



A Foreword...

By now, micro lending programmes across the country have shown convincingly that the poor are both prompt and reliable in repaying loans. Though the same loans taken under these programmes have helped borrowers increase their incomes somewhat, the economic activities started by them are hardly ever sustainable in covering the running costs and generating a bit of surplus. More and more practitioners are realizing that credit is not enough to tap the full economic potential of the livelihoods sector. Access to markets, information on raw materials and technology, skill up gradation, design inputs and a range of other business development services are equally significant in making activities more profitable and sustainable. Equally important is the proper identification of potential activities through a scientific and systematic process.

Our long experience of providing business development services to NGOs supporting income generation efforts of self help groups has shown that success rates in creating sustainable enterprises are very low. This is because activities are selected primarily on the basis of the interest shown by the beneficiaries without keeping the market demand in mind. Inadequate identification of markets, diseconomies in scale of production, absence of business plans and market strategies and the lack of a business approach amongst NGOs are further reasons that contribute to low sustainability.

Keeping the above shortcomings in mind, we have developed MART's 3M (Micro finance, Micro market, Micro planning) model, which is a simple, scientific and practical approach in livelihood development. A survey of local haats, village shops, traders and other marketing system is conducted to understand the demand pattern. The supply possibilities are ascertained by surveying the availability of different raw materials, skills, and infrastructure and support services in the villages. By analyzing the supply and demand in the area through a micro planning exercise, a scientific selection of activities is ensured. Simultaneously, entrepreneurs already pursuing these different activities are interviewed at length to understand the problems they face. The data gathered through the surveys is analyzed for preparing a detailed and practical implementation strategy for livelihood promotion. Thereafter, a Field Worker Handbook is prepared by putting all information pertaining to the project villages in one place to guide the NGO staff in identifying, launching and supporting activities in their areas.

The above model has evolved over ten years through the survey undertaken in 1,100 villages in 15 districts in U.P and 63 villages in Bihar by a 12 member team. Subsequently MART applied this model in various bilateral projects like APRLP, MPDPIP and TNEPRP for livelihoods planning and promotion. In 2005 NABARD jointly with MART launched a 3 year pilot project for promotion of micro enterprises among members of mature SHGs through 14 leading NGOs as Micro Enterprise Promotion Agency (MEPA). 3M model has been presented in many international forums in US, Srilanka and Philippines.

To capture the learning generated in the last 5 years MART decided to come out with third edition of 3M Manual. Since the time the manual was first published in the year 2000, the 3M approach has gained wide acceptance among livelihood programmes run by State Governments and NGOs alike. We have revised the content by incorporating recent learning generated by working with a number of stakeholders. New learning and experience related to implementation and applications have been incorporated in Chapter 5 and Chapter 6.

We sincerely hope this manual will serve a useful purpose in taking members of self help groups successfully from the micro finance phase to the more challenging and rewarding stage of pursuing sustainable livelihoods. With the setting up of National Rural Livelihood Mission to reduce poverty among rural BPL through promotion of diversified and gainful self-employment and wage employment opportunities, there would be concerted effort from all quarters to initiate a range of interventions around livelihoods. We believe this manual would be a very useful tool toward effective planning and implementation of livelihood promotion in the context of NRLM. By creating sustainable livelihoods it will help reducing extreme poverty and hunger and make India attain the millennium development goal.

We would like to acknowledge the financial support provided by Department for International Development (DFID), British High commission for production of the manual. We would like to thank CARE India for providing us an opportunity to test out the 3M model and NABARD for adopting the model to initiate MEPA project.

New Delhi
November 27, 2009

Pradeep Kashyap
CEO, MART



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Chapter 1

ABOUT THE MANUAL

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This chapter includes

- Target group and objectives of the manual ◀
- Outline of the manual ◀
- Expected output of the manual ◀
- How to use the manual ◀
- Limitations, feedback and suggestions ◀

1.1 Target group for the manual

This manual's target group could comprise:

- ▶ NGOs and development agencies involved in micro credit and desirous of launching activities amongst members of the women's self help groups they support. This manual could serve as a field companion and a resource guide for their field staff.

1.2 The objectives of the manual

Generally NGOs working in rural areas have limited appreciation and understanding of how to go about livelihood promotion development among WSHGs. The main objectives of this manual are:

- ▶ to familiarise NGOs with the 3M model so that locally sustainable economic activities can be launched and managed on the basis of this model in a systematic and scientific manner.
- ▶ to provide a better understanding of the different aspects of activity development with special attention to women related issues through application of the 3M approach.

1.3 Outline of the manual

Chapter Two will guide the user in:

- ▶ assessing the socio-economic and demographic situation at the village level; the economic activities undertaken by individual women entrepreneurs and family members; assessing market access and demand through village and town markets, haats and middlemen.
- ▶ exploring problems encountered in economic activities; categorising and analysing these for the purpose of identifying suitable activities and suggesting appropriate solutions for an intervention strategy for both project and village levels.
- ▶ documenting the cases of successful practitioners in order to help women entrepreneurs learn from these experiences.
- ▶ conducting market surveys of block-level haats to understand the supply and demand patterns in this major local marketing system through an assessment of sellers, buyers and the haat itself. Together with the survey conducted at the village level, a combined view is gained of the market demand and supply structures in a region which helps in the identification of activities for livelihood promotion development.

Chapter Three will guide the user in:

- ▶ selecting the feasible economic activities and choosing those that are suitable for women.
- ▶ estimating the employment potential of the chosen activities and categorising these into project and village level activities.
- ▶ formulating intervention strategies for project and village level activities for launching and managing economic activities.

Chapter Four will guide the user in:

- ▶ preparing the field worker's handbook as a user guide for field staff for implementing the 3M livelihood promotion plan and will contain all the information on the project villages in one place.

Chapter Five will guide the user in:

- ▶ implementing the plan in the field through 3 phases i.e. preparing operational plan, selection of viable economic activities and their launch and management.

1.4 Expected output of the manual

After getting familiar with the 3M Model, an NGO will be in a position to use the 3M model in their project area and will be able to prepare a handbook for field workers of a Livelihood Promotion Plan which will include implementation strategies for activities selected through this approach.

1.5 How to use this manual

NGO staff can use this manual as a guide in the field. Whether it can be used to maximum effect depends a great deal on the users themselves. Some of its features attempt to support the users in achieving clarity and effective results. These features are:

- ▶ A step by step approach of all processes along tips
- ▶ Exercises which encourage participation on the part of the users through practical involvement and learning. Through variety and an informal style, an attempt has been made to create a friendly learning environment with users enjoying the exercises.
- ▶ In annexure chapter of the manual all the 5 questionnaires (village profile, individual entrepreneur profile, haat profile, seller profile and buyer profile) are given. It also includes data-sheet formats for compiling information collected in the field which could be used for analysis, reference and for preparing the field worker's handbook.

1.6 Limitation, feedback and suggestions

- ▶ This manual is expected to guide NGO field workers find answers to several questions on the subject. It cannot however provide answers to all questions that could possibly arise during the process of survey, analysis and implementation. To make optimum use of one's creative abilities to seek answers to such questions would be a part of the experience of learning and applying one's mind to issues as they emerge.
- ▶ From time to time, we hope to revise and update this manual and incorporate new materials as they become available. NGOs and other agencies are requested to provide feedback to us through comments, suggestions and inputs which could help us modify and improve the 3M approach.

Contributions of new case studies, innovative practices, lessons learned which could be used to enhance future editions of this manual are particularly welcome