



Tonle Sap Poverty Reduction and Smallholder Development Project (TS-PRSDP)

Loan: 2599/Grant 0186-CAM (SF)

GUIDELINES ON THE FORMATION OF LIVELIHOOD IMPROVEMENT GROUPS



22 January 2013

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AMEG	Agro Micro-enterprise Group
AWPB	Annual Work Plan and Budget
CAA	Commune Administrative Assistant
CC	Commune Council
CDF	Commune Development Fund
CEW	Commune Extension Worker
DoA	Department of Agriculture (District)
DST	District Support Team
C/S	Commune/ <i>Sanghat</i>
LIG	Livelihood Improvement Group
MAFF	Ministry of Agriculture, Forestry and Fisheries
MoP	Ministry of Planning
NCDDS	National Committee for Sub-National Democratic Development Secretariat
NiDA	National Information, Communication and Technology Development Authority
PST	Provincial Support Team
TS-PRSDP	Tonle Sap Poverty Reduction and Smallholder Development Authority

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1. INTRODUCTION

1. Under the component 1: Commune Development through Block Grants is implemented by NCDDDS as an Executing and Implementing Agency (EA/IA). This component aims to:

- Improve rural infrastructure supporting agricultural productivity;
- Improve capacity of smallholder farmers;
- Strengthen commune project management capacity.

2. In order to achieve the above objectives there is an essential need for close collaboration between the Ministry of Agriculture, Forestry and Fisheries (MAFF) as well as the National ICT Development Authority (NiDA).

3. Poor rural households lack productive resources including labor force, rice field land, crop land, rice seeds, vegetable seeds, agricultural technique know-how, information on agriculture market, and credits, etc. to support livelihood improvement activities. The creation of Livelihood Improvement Groups (LIGs) as well as other groups is one of the solutions in response to those issues. Thus, national working group of TS-PRSDP (consist of NCDDDS and MAFF/GDA) is initiatives this guideline for Commune/Sangkat and relevant stakeholder to implement.

4. The purpose of this guideline is to guide the Commune Councils (CCs) and other relevant stakeholder in the formation of the LIGs.

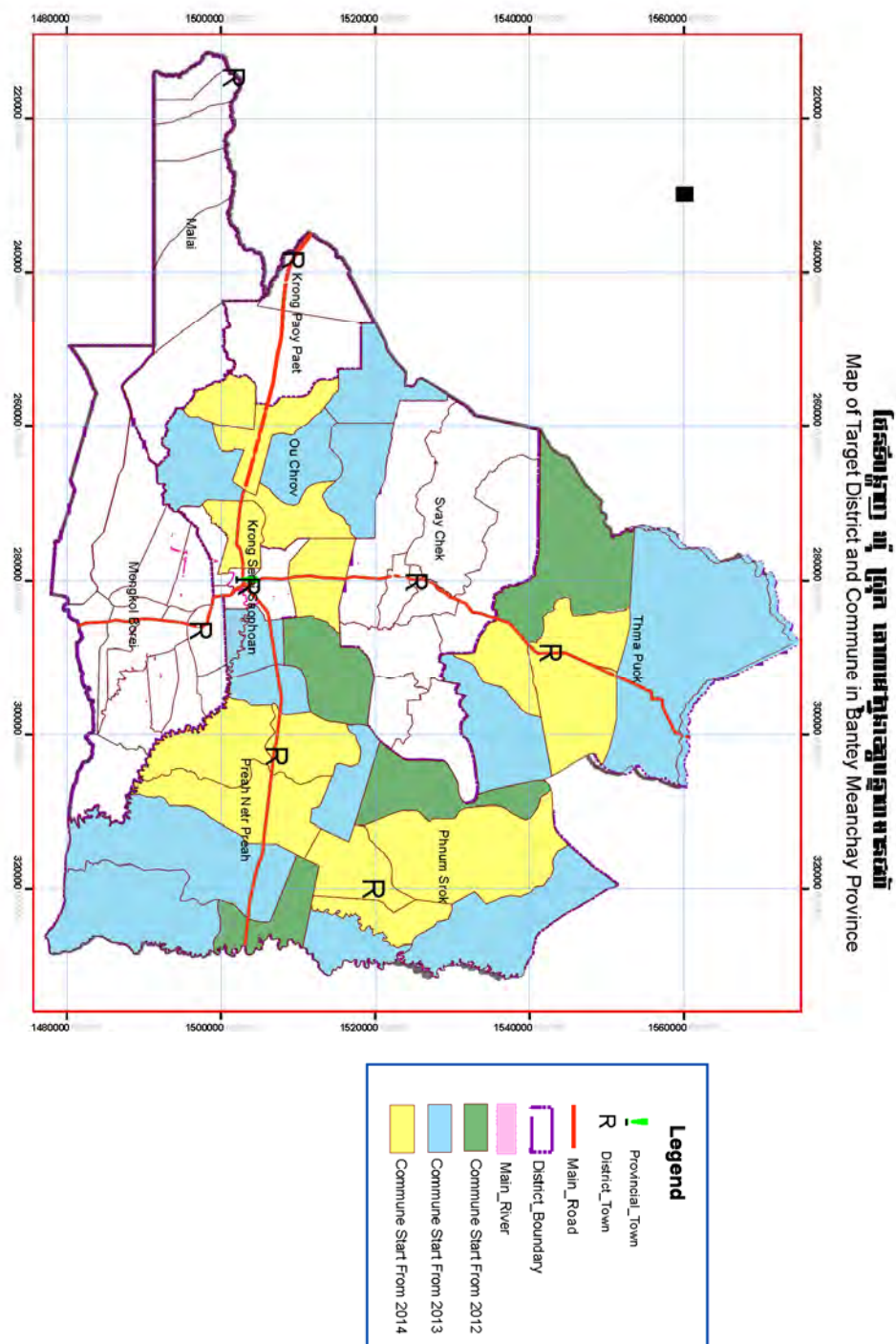
5. This guideline would explain how the target village selection, identification of poor households and the formation of LIGs. The guideline also describes the procedure for strengthening the LIGs from their establishment until they became self-sustained manageable groups.

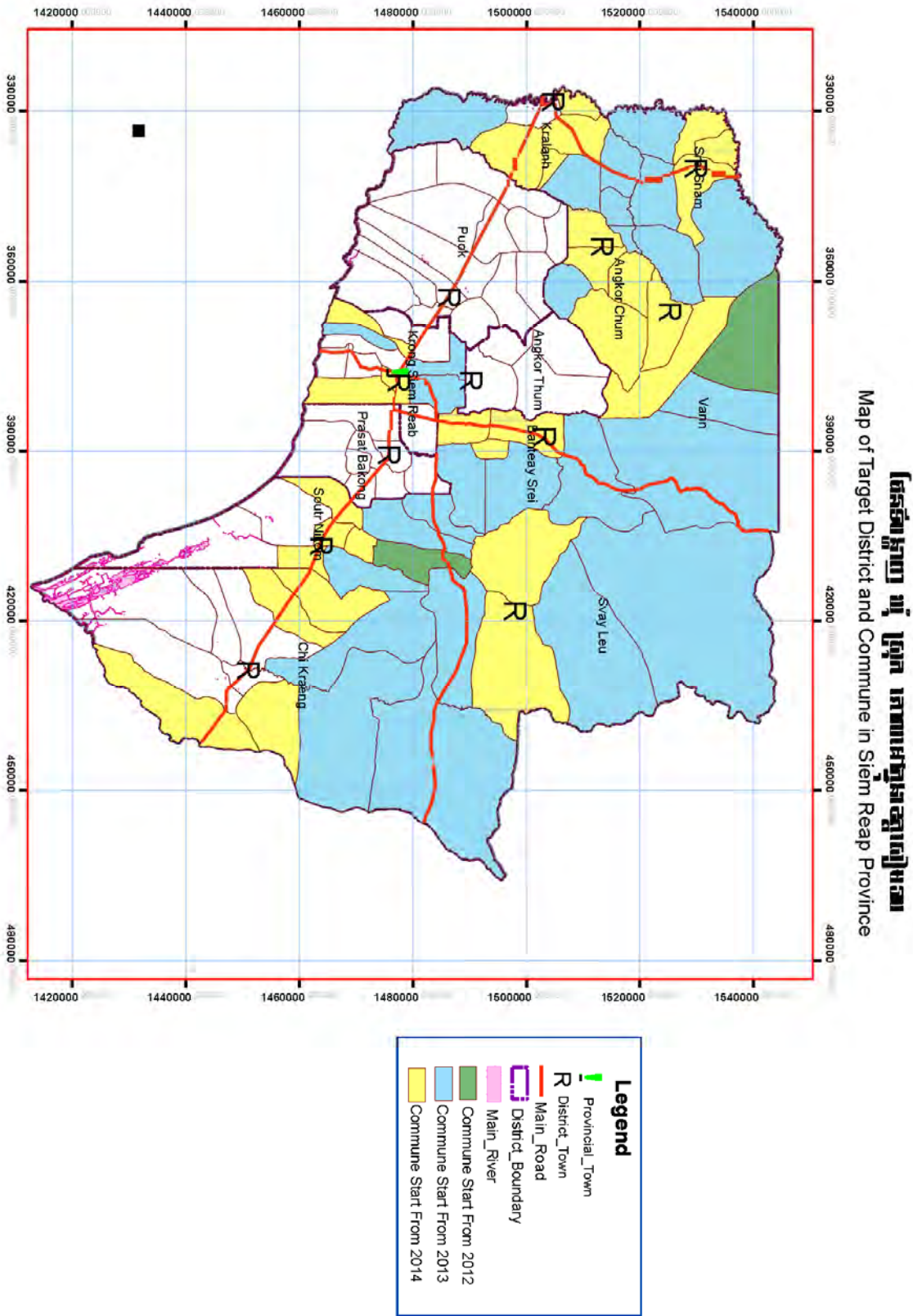
6. This guideline on the LIG formation is essential to implementers at Commune/*Sangkhat* (C/S) level to follow in order to establish and implement the groups with transparency, equity, and participatory manner. The guideline also helps Commune Extension Worker (CEWs) and Commune Administration Assistants (CAAs) to ensure efficient and transparent selection procedures and implementation. This guideline is regarded a living document and will be subject to revision based on lessons learned during the application of the procedures.

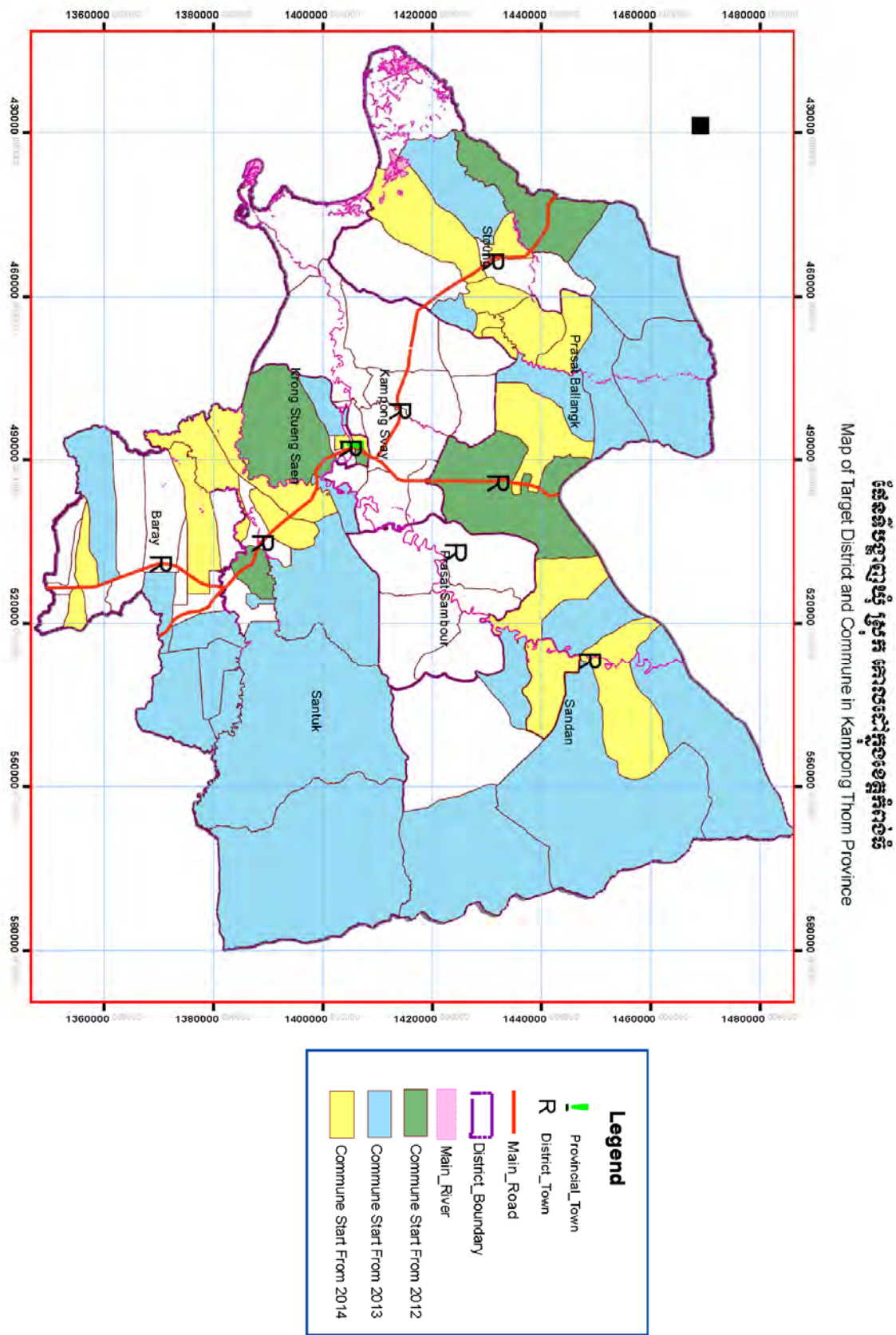
2. TARGET COMMUNE

7. The TS-PRSDP has the 196 target communes in four provinces, with 32 communes in Banteay Meanchey, 61 communes in Kampong Cham, 45 communes in Kampong Thom and 58 communes in Siem Reap.

2.1. Geographic Map of Target Communes in four provinces









2.2. Implementation Plan for 196 Target Communes

8. Based on actual situation which include the potentials and the number and/or name of commune maybe changed synergy with other projects. The NCDDDS team will review a potential of each commune and the assessment will be conducted before implementing the 2nd batch of 88 Communes.¹

Table 1: Number of districts and communes in each phase

Targeted Provinces	No. of Targeted Districts per batch			No. of Targeted Communes per batch			
	1 st	2 nd	3 rd	Total	1 st	2 nd	3 rd
BMC	3	2	5	32	4	14	14
SRP	2	7	9	58	2	26	30
KPT	4	2	6	45	5	21	19
KPC	3	5	8	61	5	27	29
Total	12	16	28	196	16	88	92

3. TARGET VILLAGE SELECTION

3.1. First Meeting

9. The procedure for the target village selection must be transparent and fully participatory. During a CC meeting with the C/S Chief, with the participation from DST, DoA staff, CEWs, CAA, and village leaders (village chief will participate only to observe the process or provide information) the prioritization of the Target Villages will be made by the CC. The C/S Chief will explain each criterion of the Target Village selection in a meeting. The number of selected village will normally be equal to the targeted number of LIGs, meaning that each targeted village will establish one LIG. The C/S Chief will present the list of priority villages (see Section 3.3). This list is an important document for assessing the poor village selection. However, the final selection on the priority villages will depend on the CC member's final decision. The C/S Chief will send the selection list of the target villages, with attachment of minute meeting on the Target Village selection process, to the District Governor for endorsement and a copy to the PST for information and documentation.

3.2. Villages Selection Criteria

10. The Target Villages will be selected based on the following criteria:
- Potential for agricultural productivity improvement (where the main sources of income are from agriculture activities);
 - Poor Village based on Village/Commune Database or ID poor or other database available;
 - Strong commitment from Village Leader to successfully implement the project;
 - Geography favourable for project implementation (accessible and with communication all year round);

¹ See Annex B02. This document presents the poverty rate in all target communes except two districts (Krochmar and Koh Soten) of Kampong Cham which have insufficient data.

- Community unity and good security;
- No similar support provided from other projects;
- There are at least 10 households eligible to be members of the LIG.

3.3. Comparison of Poverty Rate in Each Village

11. The updated report issued by Ministry of Planning (MoP) in 2011, or as updated from time to time, identifies the poverty rate in each village in the Target Communes. But where necessary the CC, CAA and CEW will verify this report and ascertain the real situation in each village. The verification will be carried out for each village separately through a discussion in the meeting. Each Commune can select as many targeted villages as specified in the Project design. By referring to the ID Poor Data Analysis, the Project will focus on the villages which have a larger percentage of ID Poor 2. See below for information on the priority village of the first 16 pilot communes and the number of LIG need to be formed (113 LIGs in in a total of 113 villages which is the reason why there is a need to add 2 or 3 more priority villages. Annex B02 shows the detail of the comparison of the poverty rate in each of the three priority village of the targeted Communes.

3.4. Identification of ID Poor

12. In order to select the poor households that will be eligible to participate in the Project, the CEWs, with assistance from the DFT and DST, will use the available data to compile a list of the eligible poor households. In the first phase, the Project will implement in 16 Communes of four targeted provinces. Before commencing the identification of the ID Poor Households, the Project staff must understand clearly the meaning of the following terms:

- **Poor 1 Household:** ranked as poorest or extremely poor. The ranking is to identify for any families which having 59 to 68 scores ² following the procedure of Ministry of Planning.
- **Poor 2 Household:** ranked as poor after the poorest. The ranking is to identify for any families which having 45 to 58 scores following the procedure of Ministry of Planning.

13. Those households which are not included among these two categories are classified as medium households and better off. The ID Poor data for all households in one sample village is presented in Annex B3. In the Table below data on the proportion of ID Poor 1 and ID Poor 2 households for the 1st, 2nd and 3rd priority villages only in the 16 Pilot Communes is presented. Following these examples it will be easier for the CEWs, CAAs, CC and other relevant persons to compile the list of targeted households for LIG formation.

² These scoring are calculated based on questionnaires set for identification of ID Poor of Ministry of Planning, and the total score, from 0 to 68 as maximum score, has been used to classify the ID Poor in different levels. Poor level 1 (poorest) is 59-68 scores, Poor level 2 (poor) is 45-58 scores and other level is from 0 to 44 scores.

Table 2: Listing of three priority villages in the 16 Pilot Communes of 1st Batch

Province	District	Commune	1 st Priority Village	% ID Poor 1&2	2 nd Priority Village	% ID Poor 1&2	3 rd Priority Village	% ID Poor 1&2
Banteay Meanchey	Phnum Srok	Ponley	Ponley	24.9	Svay Sa	23.4	Svay Khmau	21
	Preah Netr Preah	Tuek Chour	Kandal	29.8	Smach	28.6	Anlong Vil	28.4
		Bos Sbov	Srah Khtum	41.0	Khnhaer	39	Khvav	38.8
	Thma Puok	Kouk Romiet	Phlov Bambaek	62.8	Trapeang Samraong	56.2	Sameakki	54.9
Siem Reap	Soutr Nikom	Popel	Popel Kandal	51.2	Trapeang Prei	49.3	Trapeang Trom	48.0
	Varin	Varin	Nel	61.3	Kouk Phnum	56.6	Kouk Srok	48.2
Kampong Thom	Stueng Saen	Achar Leak	Prey Banlich	19.7	Krachab	17.6	Achar Leak	13.6
		Srayov	Roluos	47.6	Mneav	43.8	Pou Saen Snay	43.5
	Prasat Balangk	Sala Visai	Chamnar	56.2	Kvan Tieng	55.8	Veal Lpeak	55.3
	Santuk	Prasat	Srae Ta Kao	53	Sampong	33.6	Leav	27.9
	Stoung	Pralay	Kouk Rovieng	61.7	Srae Ta Maen	60.7	Ta Treal	60.5
Kampong Cham	Ponhea Kraek	Kraek	Prey Totueng	50.7	Kov	45.2	Srae Tuek	40.4
		Veal Mlu	Phum Dab - Prambei	55.2	Kabbas	33.6	Sokh Chamraeun	33.6
	Batheay	Tang Krang	Tang Kouk	51.3	Popit	42.5	Tboung Phnum	34.3
		Tang Krasang	Chi Neang	61.1	Chan	44.4	Kradas Ka	36.5

3.5. Priority Ranking of Target Village

14. A participatory ranking procedure for all villages in the Commune is facilitated by the CEWs assisted by the DoA staff. The following procedure is followed:

- All villages in the commune are ranked for each of the seven criteria.
- For each village the sum of the seven ranks is calculated to derive an overall score for each village. The village which receives less total ranking score is prioritized for selection following to an identified number of the target village.
- The decision on the ranking is made by the Commune Chief, assisted by the DoA staff. The village leaders will be observers in this process.
- The villages are listed in the order of their total score to prioritize them for support under the Project.
- The desired number of target villages per commune is then selected from this ranking

Table 3: Participatory Ranking Table for all villages in the commune

Criteria	Village. 1	Village. 2	Village 3	Village 4	etc.,
Potential for agricultural productivity improvement (main income sources from agriculture activities)					
Poor Village based on Village/Commune Database or ID poor or other database available					
Strong commitment from Village leader to successfully implement the project					
geography favorable for project implementation (accessible and with communication all year round)					
Community united and good security					
No similar support from other project activities					
At least eligible 10 target households to be a members of LIG					
Total					
Rank					

*** Note: the village that receives less total score is prioritized for selection

3.6. Approval List of Target Village

15. After ranking and agreement on the selected Target Villages, with the approval of the CCs, the C/S Chief, with assistance from the CAA, will prepare the list of selected Target Villages with an attached minute of the meeting for the village selection process and send the list of the Target Villages to the District Governor for endorsement and copy to PST and DST for information and documentation.

(Sample)

Tonle Sap Poverty Reduction and Smallholder Development**ADB Loan/Grant: 2599 (SF)/0186 (SF)**

Province:

District:

Commune:

List of Target Village

No.	Name of Target Village	Population in of village	Remarks

Date:.....

Prepared by CAA

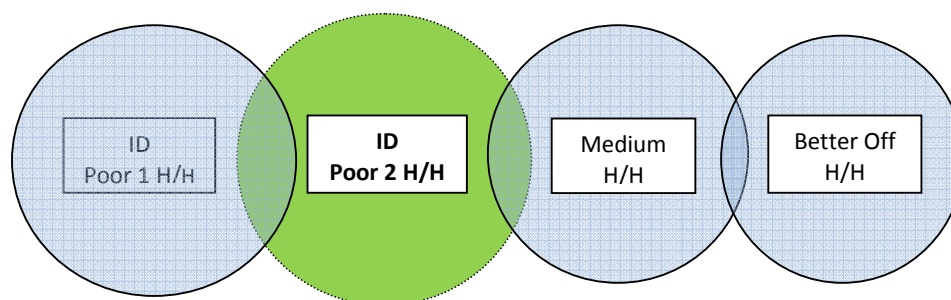
Certified and sent to district
governor for endorsement

Name:.....

CS Chief

4. PROCESS OF HOUSEHOLD SELECTION

16. In this process, the CC must pay more attention to the community interests since the household selection is a key factor in ensuring the success of the project and sustainability in the local community. The CAAs and CEWs play a key role at this stage. The selection has to mainly focus on the ID Poor 2, but in the case that ID Poor 1 meets the qualification criteria below (see Section 4.2), they are prioritized for selection as members of LIG members. If the selected ID Poor 2 Households do not have someone who can read and write then the medium household that can read and write will be considered as a member and possibly taking LIG group leader positions of voted by the members. The selected households will form the LIG. In the figure below the overlapping area represents households for whom there is not a clear assessment to which classification that specific household belongs to, if the wealth ranking criteria of ID Poor 1 and ID Poor 2 household mix up at least three criteria.



4.1. First Village Meeting

17. This meeting will be chaired by the C/S Chief with the participation from Village Chief, elder villagers, monks, CEW, CAA and PFT/DFT, DST and other relevant stakeholders. The objective of the meeting is to provide an orientation to the villagers about the Project and their participation, and to conduct a wealth ranking exercise to form a temporary list of members of the LIG.

18. At least five days before the meeting, the C/S Chief should discuss with the Village Chief, CEW, CAA and DFT/DST on:

- Agenda for the 1st Village Meeting;
- Selection of Facilitator for each session;
- Sending invitation to all village households to make sure that as many as possible will come to the meeting;
- Check the list of the village households;
- The venue for the meeting
- How to organize logistic support including snack and other stationery;
- Cash required conducting the meeting.

19. The **Village Meeting Agenda** should include the following points:

- Project intervention including project component and activities;

- Role of CCs, Village Chief, CEW, DFT/DST and Service Providers;
- Clarification on household selection process through wealth ranking and group formation;
- Participation of the farmers in the Project and the benefits;
- Use of village inventory of poor households to list ID Poor 2 households;
- If village inventory of poor households is not available, wealth ranking procedures to list the ID Poor 2 households can be used???
- Temporary list of the eligible households from ID Poor 2 for LIG membership;
- Criteria of target household selection;
- List of households by following ID Poor.

4.2. Target Household Selection

20. Before the closing of the meeting, the C/S Chief check if there are any households that do not want to participate as members of the LIG and he/she has to remove them from the list if they do not want to. After that the C/S Chief can close the meeting and confirm pledge that the Temporary List of selected households will be posted on the CC information board and in the Target Villages as well as other places in the commune.

21. On the same day, the CC with CAA, CEW, PFT, DFT, DST, Provincial Advisors (if possible) and respected elder villagers or the nearby monks should discuss and identify the households to form the LIG. It is important to secure the participation of the respected elder villagers or the monks since they can assist in the assessment of the character and attitude of the selected households with limited bias.

22. The criteria for household selection are as follows:

- Poor households that are industrious/hard working and are willing to participate;
- Households that have a permanent residence in the village;
- Households that possess arable land; or have some land surrounding their house that can be used for growing crops and/or raising livestock; or are engaged in off-farm activities relating to processing of agricultural products;
- Families that have ability to crop and/or to raise livestock or to earn income from off-farm activities related to agricultural. Under this category households that have members who are widow, or handicapped husband and households from an ethnic minority with many children will receive priority;
- Families that are honest, in compliance with the laws, have responsibility, and have good relations with other residents in the village;
- Families that are determined to make regular savings, in accordance with the decisions of the group.

Table 3: Wealth Ranking Criteria

Indicator	ID Poor 1 H/H	ID Poor 2 H/H	Medium H/H	Better Off H/H
Houses	Thatch-roofed house with thatch- or straw-insulated walls	Thatch- or zinc-roofed house with bamboo- or wood-insulated walls	Tile-roofed house with wood-insulated walls	Tile-roofed house with concrete-insulated walls (from 3 or more than 3 rooves)
Plots of Land	< 0.2 hectares	< 0.5 hectares	0.5 - 1.5 hectares	> 1.5 hectares
Animals	No cows or buffalos	1 - 2 cows	2 - 4 cattle	> 4 cattle
Transport	No bicycles or motorbikes	1 - 2 bicycles	Bicycles and motorbikes	Modern bicycles and motorbikes
Agricultural Equipment	Ploughs, rakes or ox carts.	Ploughs, rakes or other small tools	Mechanical plough or tractor and other domestically used tools	Mechanical plough or tractors for domestic use or hired
Food shortage	8 - 12 months	3 - 7 months	0 - 2 months	none
Occupation	Farmer or Selling Labour	Farmer or small scale business or worker or government staff	Farmer or medium or big scale business	-
No. of family member cannot work to earn income	> 50 per cent	> 25 per cent but =< 50 per cent	> 10 per cent but =< 25 per cent	< 10 per cent
Education	More than 3 children (6-11 years old) do not go school one month a year	3 children (6-11 years old) do not go to school one month a year.	< 3 children (6-11 years old) do not go to school one month a year.	-

***Note: if the wealth ranking criteria of ID Poor 1 and ID Poor 2 household mix up at least three criteria, those households will be selected.

23. The **Wealth Ranking** procedure is used when there is no updated household inventory or the ID Poor Household Inventory is not yet available (Annex B4). It is intended to find out the real livelihood status of people in different levels in order to allow the Project intervene effectively to improve their living standards. The Wealth Ranking exercise should be facilitated by the CEW with the assistance of the DFT/DST members. The CEW will commence the process using the overall listing of households in each village and categorize them into the living standard and criteria for each level. The CEW can use the following example to encourage a participatory discussion to accept or add more criteria of each classification:

4.3. Home-Based Observation

24. The home-based observation will be undertaken by the CEW assisted by the DFT/DST without the presence of the Commune or Village Chief. All households in the temporary list of the ID2 Poor Households will be visited and the household head will be interviewed about his/her commitment to join the group. The observation points are indicated in Annex B5. If there are any households needed to be replaced as a result of the home based observation, the replacement should be done in consultation with the Village Chief and a further home-based observation will be done for the replacement household(s).

4.4. Second Village Meeting

25. After the completion of the home-based observation process, the CEW with the assistance of the DFT/DST will draw up a final list of the potential LIG members from all of the villagers that have been completed with the home-based observation.

26. The Village Chief will organize a **meeting with all households** to present the final list of the selected members. The CEW and DFT/DST will also explain the other conditions for membership of the LIG with the above criteria.

27. The households that have been identified as potential LIG members will be required to sign a commitment letter to follow the conditions or criteria as members of the LIG. After the 2nd Village Meeting the Commune Chief will organize a CC meeting to approve the list of LIG members.

4.5. Registration of Group Membership

28. The households that are included in the list that was approved by the CC will be invited to register their membership of the LIG. The registration will not be considered official unless both husband and wife together signed or thumb printed. In case that there is a lack of agreement between the wife and husband, the household cannot become a member of the LIG. A sample of an application form for LIG membership is indicated in Annex B06.

4.6. Livelihood Improvement Group Formation

29. The CEW, with assisting from DFT/DST, will facilitate the 1st meeting of the LIG members to elect the Group Leaders (three group leaders for each LIG: Chief, Vice Chief and Bookkeeper). **At least one of these must be a woman.** The CEW will facilitate the identification of more than three people, both men and women, who are willing to stand for election, and the selection of group leader process requires participation of all members of LIG through election. The facilitator must make it clear that there must be one woman among three group leaders and, the facilitator should spend at least 15 minutes to explain the concept of gender equity to all LIG members before voting of LIG leader selection.

30. The voting will be carried out in two stages:

- First vote to elect the Bookkeeper;
 - Second vote to elect the Chief and Deputy Chief of the LIG and in each stage of election must have at least three candidates stand for voting.
31. During the identification of the potential candidates, the CEW will need to explain the roles and responsibilities of the LIG leaders. These tasks include:
- Managing and leading all activities of the LIG;
 - Facilitating the implementation of the LIG plans;
 - Building relationships with others to reinforce the quality of leadership;
 - Coordinating and tackling all problems, with a high degree of accountability;
 - Conducting regular LIG meetings;
 - Acting as a model for the other members when undertaking project activities. An additional task is to manage the LIG revolving fund, the expenses and income, and ensuring that all members make regular savings and repay their loans punctually.
32. In the voting ballot, two candidates of one man and one woman should be elected by group members at the same time to ensure good gender balance. (See Annex B21: Sample of Ballot). The CEW announces the result of each LIG election and reports to the C/S Chief.
- Gender balance in LIG group management will be promoted through elections. On the voting ballot, there are two columns, one for men, and one for women. This means that each LIG member can vote for two persons, (1) a man, and (2) a woman at the same time for the management group including the group's leader, deputy group leader.
- The candidate man or women that receive the higher votes will become the group leader and the candidate receiving second majority votes will become the deputy. When the man is the group leader, the woman will be automatically the deputy group leader although she might receive the votes less than the second man candidate.
- In the case that the man and the woman candidate receive equal votes, the second election will take place by hand raising to decide on whom should take the role of the group leader and deputy group leader from these two candidates.

4.7. Establishment of Common Interest Groups

33. When some of the LIG members, consisting of 10 to 25 households, have identified a specific livelihood activity which will be eligible for support from the Commune Block Grant they can commence the formation of a Common Interest Group (CIG) of at least 4 members within the LIG with no limit of the maximum.
34. It is preferable if all CIG households live close to each other, for example, Mrs. Sum, Mrs. Soy, Mr. Sok and Mr. Sun has the same willing to raise chicken and they have a good relationship. Their duty is to help each other, and the CIG members have to be accountable to the LIG on any loans with the LIG. If any members do not pay back the loans that they borrowed from the LIG the other members of the CIG are required to repay on his behalf. The formation of the CIGs will be facilitated by the CEW with the support of the DFT/DST members. Each CIG will be required to appoint a Group Leader who will be the contact person of that group for the CEW, DST and Service Providers to coordinate their support. If all the LIG members should form one CIG then there will be no requirement for the selection of a Group Leader.

4.8. Livelihood Improvement Group Recognition

35. After the LIG is formed, the CEW and CAA have to prepare a report and submit this to the CC for approval and issue a decision to recognize officially the LIG. The LIG organization structure is presented in Section 5.6.

4.9. Number of Livelihood Improvement Group in 1st Batch of Target Communes

36. In Project Year 1 there are planned to be 113 LIGs formed in the first 16 Target Communes in the four targeted provinces.

Table 4: No. of districts, communes and LIGs in 1st batch of Target Communes

No.	Province	# of district	# of commune	# of LIG
1	Kampong Cham	3	5	35
2	Kampong Thom	4	5	33
3	Siem Reap	2	2	14
4	B.Meanchey	3	4	31
	Total	12	16	113

5. MANAGEMENT OF Livelihood Improvement Group

5.1. Group Leaders

37. It is important for the LIGs to have a management group since they can contribute to, lead, and assist group in working smoothly and in a sustainable manner.

5.2. Composition of the Group:

- **Group Leader:** The group leader is a key person for overall management and ensuring that the team works smoothly and in a sustainable manner.
- **Deputy Group Leader:** Is responsible for group leader's duties when they are absent and responsible for planning and following-up the accounting.
- **Bookkeeper:** Is the key person responsible for budget management and all group accounting, income, and expenses activities.

5.3. Roles and Responsibilities and Qualification of the Group Leaders

5.3.1. Group Leader

38. The Group Leader takes the overall responsibility for the management of the LIG to ensure that the functioning of the group is transparent, accountable, and reflects gender equity and equality. The main responsibilities of the Group Leader are as follows:

- . Encourage women to make decisions and participate in the LIG activities;
- . Facilitate and lead the group in the development of the group management plan, and prepare for meetings and training activities;
- . Seek out and communicate with institutions, charities, and NGOs for funding;
- . Monitor and evaluate the implementation of the LIG activities and ensure that social and gender issues as well as gender responsiveness is included in the group's activities and is included in the LIG work plan;
- . Effective management of all cash transactions;
- . Sign on proposals raised by group members to borrow money from the group and monitor the repayment;
- . Responsible for the LIG deposits and withdrawal of money from the bank;
- . Participate in the accumulation of group capital (e.g. for rice seed), coordinate the group saving activities and a rice bank in the group;
- . Disseminate awareness techniques to all LIG members and participate and provide support in the implementation of the project;
- . Approve all internal regulations;
- . Ensure all procedures are equally respected and followed-up upon;
- . Act as a representative of all the group members of the LIG;
- . Devote sufficient time for the group and its activities;
- . Facilitate and implement the group action plan;
- . Maintain good communications with others and group members;
- . Facilitate the solution of the LIG problems;
- . Be a good role model for the implementation of project activities;

- . Work closely with the CAA and the CEW to resolve problems;
- . Ensure sex disaggregated data is included in monthly, quarterly and annual progress reports

39. The requirements for the Group Leader are as follows:

- . Must have a strong character and firm resolution.
- . Since s/he comes from that village, s/he must be a good role model in the community.
- . Have capacity to lead the group;
- . Be honest and intelligent;
- . Have some knowledge about rural credit;
- . Be patient, helpful, and proactive;
- . Support women and men members equally in decision making and in expressing ideas;
- . Maintain good communication with team members, especially with women.

5.3.2. Role of Deputy Group Leader

40. The Deputy Group Leader supports the Group Leader and fulfills the group leader functions when he/she is absent from the village. The main responsibilities of the Deputy Group Leader are as follows:

- . Assist in the dissemination of agricultural techniques to the group as well as ensure that gender issues are considered before the dissemination of information on new agricultural techniques.
- . Assist in the dissemination of information on social problems and gender mainstreaming in the LIG to group members;
- . Lead the group in resolving internal problems;
- . Assist in the preparation of group work plans, take the minutes at meetings, and write reports on the group activities;
- . Act as the group leader when group leader is absent;
- . Devote adequate time to the affairs of the LIG;
- . Participate with the group in mobilizing capital for rice, saving money, and budgeting;
- . Assist in managing the cash to be deposited in the bank, and money which will be withdrawn from the bank;
- . Assist in recording all money saved and borrowed, and interest to be paid back by group members in a cash book (i.e. books provided for each individual).
- . Monitor and regularly advise group members as needed.
- . Work closely with the CAA and the CEW to solve problems.

41. The requirements for the Deputy Group Leader are as follows:

- . Must be literate and able to read and write;
- . Able to record the progress of the group's work;
- . Character must be honest and intelligent;

- . Have some knowledge about rural credit;
- . Be patient, dynamic and helpful;
- . Maintain good communication with group members, especially the women.

5.3.3. Role of the Bookkeeper

42. The main responsibilities of the Bookkeeper are as follows:

- . Manage all group documents related to accounting;
- . Monitor and collect different kinds of capital from the LIG's members;
- . Regularly produce an income/expense statement and balance sheet and share the report with all group members;
- . Take responsibility for cash management;
- . Responsible for deposit and withdrawal of money from bank;
- . Record all money saved, withdrawn, received, and borrowed by group members in cash books;
- . Cooperate with credit agents (if the project uses the services of MFIs);
- . Work closely with the CAA, the CEW to solve any problems.

43. The requirements for the Bookkeeper are as follows:

- . Able to read and write;
- . Have the capacity to record all financial transactions;
- . Be honest and intelligent.

5.4. Role and responsibilities of LIG members

44. The members of the LIG must fulfill the following responsibilities:

- . Participate in improving their own living conditions;
- . As the heads of households manage family affairs and ensure their quality of life;
- . Be a good member in terms of performance and respecting principles of the group;
- . Actively participate in all areas of development activities;
- . Participate in training on social issues and gender;
- . Never display any discrimination against women in agricultural techniques;
- . Participate in meetings to which they are invited by the group leader;
- . Follow through in utilizing the technical abilities they received in trainings;
- . Assist in the training of other farmers in agricultural production techniques they received from the trainings;
- . Any money that is borrowed must be paid back to the group on time and in the amounts that were borrowed;
- . Receive capital (e.g. for the budget, for the materials used in group activities, and for the commune development fund);
- . Allocate sufficient time to participate in the group development plan and village activities;

- . Have the right to stand as a candidate for election as a Group Leader and elect their own group's leaders and all group members are able to stand for election except the group leader;
- . Obtain training in agricultural production techniques and credit;
- . Ensure that gender and social issues are included and maintained in the group's internal regulations;
- . Manage and distribute the necessary budget for group members who borrow money; Identify the interest to be paid and the date to pay back loans according to the agreed terms set down in the meetings of group members;
- . Participate in the monthly and annual saving of the group's money in accordance with the group's guidelines and principles;
- . Have the right to use any type of the group's capital once agreed upon by all group members and leaders;
- . At least one of the group's members must be a woman;
- . Participate in exchanging ideas at group meetings or other meetings related to development activities;
- . Participate and assist in trying to solve other group members' problems;
- . Make suggestions as to change group leaders who fail to carry out their responsibilities;
- . Participate in protecting and maintaining the assets and properties of the group;

5.5. Mandate of the Group Leader

45. The period of service of the Group Leader is two years; former group leaders can stand for re-election. The selection of new group leader is to take place before his/her term in the following cases:

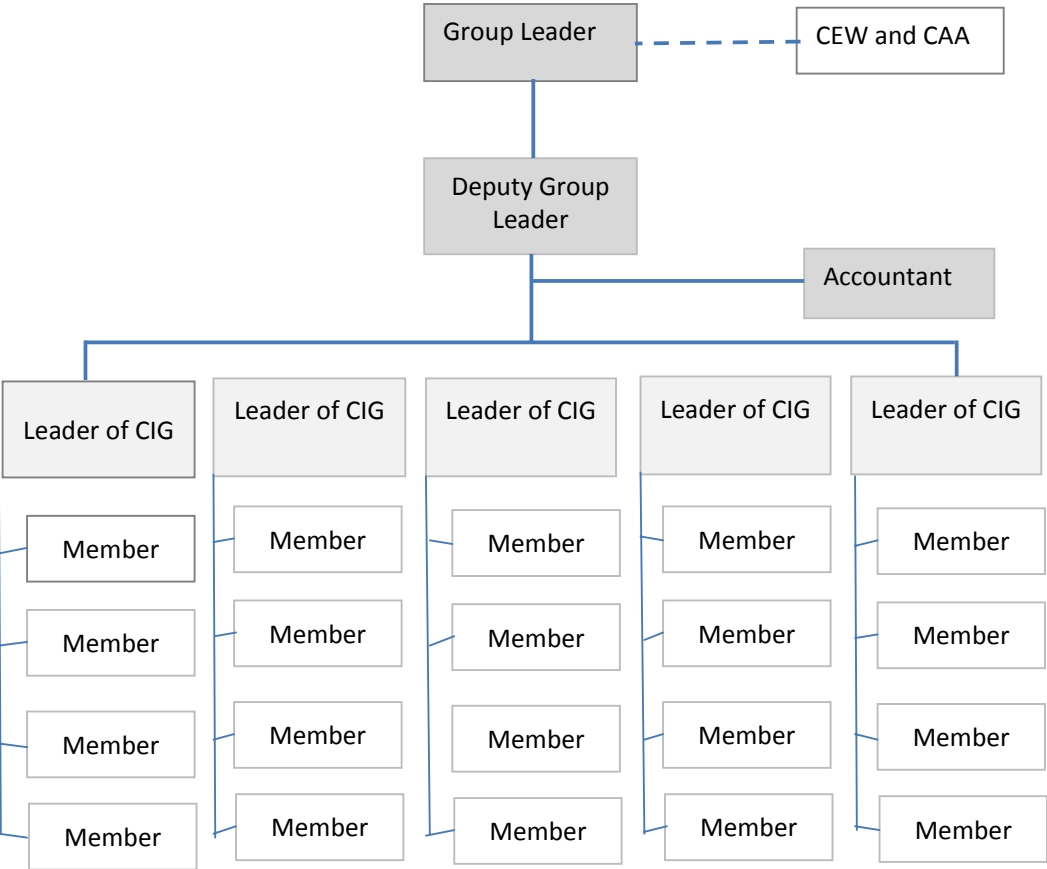
- . S/he is not active or does not fulfil his/her responsibilities as a Group Leader;
- . Resignation;
- . Got a serious illness and thus not being able to work;
- . Absence from the group and its activities for 30 days;
- . Owing money for an exceeded and an extended period of time and continually delaying in the repayment of loans;
- . If it is deemed that the Group Leader's performance is not acceptable.

5.6. Group's Organization Structure

46. Each LIG will be led by three Group Leaders which is selected by election of group members and be composited as following below;

- | | | |
|---------------|----------|----------------------------------|
| 1) Chief | 1 person | in charge of overall |
| 2) Vice | 1 person | in charge of plan and accounting |
| 3) Accountant | 1 person | in charge of cash management |

LIG Organization Structure



6. GROUP FINANCIAL MANAGEMENT

6.1. Financial Resources for Livelihood Improvement Groups

47. Source of income for LIGs group is from:

- Financial assistant from the Project (TS-PRSDP) through Commune Development Fund (CDF);
 - 100 % loan interest from group fund;
 - Monthly saving from group member;
(see Annex B7 on group income receipt)
- Any other funds that the groups may receive from other projects

6.2. Expenditure Line Items

- | | |
|---|---------------------------------|
| - administrative cost and other expenses | 10% of loan interest collected; |
| - group leader allowance | 30% of loan interest collected; |
| - Social relief
(see Annex B8 on group income receipt) | 10% of loan interest collected; |

48. The LIG Leaders shall exercise the following rules:

- Administrative costs must be used efficiently and invoices kept for all expenses to show to LIG members during meetings. The cost could not exceed 10 per cent as stated above.
- LIG Leader, Deputy Leader and Accountant will receive equal allowances financed from 30 per cent of the interest collected from the group members.
- The LIG Leaders have the right to withdraw their allowances when all members have repaid their loans borrowed from group fund and the returned loans are ready deposited into bank account.
- The LIG Leaders shall keep 10 per cent of loan interest as a reserve, and no members can use this cash. The cash would keep for any emergency case only to support any family without loan interest. The cash could be used also to fund any member, who is facing serious illness or funeral expenses.

6.3. Loans

49. The loan size to each member shall be decided by the group. The interest rate to be paid by member shall be decided by group members through a group meeting, but should be enough to cover the inflation and basic operation costs as in paragraph 48. Loan duration shall be decided by a group meeting, but shall not be exceeded 12 months. The group shall have the right to keep revolving fund in cash not more than 300,000 Riel. (See annex B09 on loan contract provision).

50. The LIG Leaders, assisted by the CEW and CAA, shall monitor all group member activities that are financed through loans. This is to ensure that those members use a loan in accordance with the proposed activity plan submitted. Please see Annex B10 on Monitoring of Revolving Funds.

51. In the case of the death of or any disasters to a member and there is no household

member to continue the repayments, a group meeting shall be organized in order to issue a letter informing Village Chief and C/S Chief of the death. The LIG members must meet to discuss the mechanism for recovering the outstanding loan including the possible use of the Group Emergency Fund. The LIG members can also decide to contribute to the funeral expenses from the Emergency Fund.

6.4. Group Savings

52. Group members, whose migration is officially recognized by the Village Leader and CC, shall have the right to withdraw all membership fees and savings in full plus any interest, and 50% of the interest on a loan provided from the Revolving Fund.

6.5. Cash Keeping and Bank Withdrawal

53. The LIGs should establish a bank account to keep the money rather than holding the money in cash. They should reconcile the account annually and the date of reconciliation shall be agreed in a group meeting with at least two thirds of the members present. The budget balance reported during the meeting shall be deposited in the bank account. The LIG Leaders have the right to act as cash depositor to the bank account. Cash withdrawals from the bank account should be done based on the amount requested by individual members with the agreement of the group and inform the CC. Any two members out of the three LIG Leaders must authorize the withdrawal of cash from the bank account with endorsed activities plan, passbook and withdrawal voucher. The LIG can have the right to choose any bank Micro-Finance Institutions currently operating in the local area.

6.6. Accounting

54. The cash in the bank account shall be accounted for clearly. The revenue and expenditure shall be reported regularly during each LIG meeting. Account reconciliation shall be done annually or depending on the agreement of a LIG meeting. Any cash holdings must be deposited in the bank account first before being used in the following year. The LIG must record all funds debited to the group members in a group member's book. The CEW, CAA and LIG Leaders must ensure accuracy, timely and regularly of the records. Livelihood improvement group will record as follows:

- Loan agreement (see annex B09)
- Saving account of group member (see annex B11)
- Cash withdrawal and debt returning record (see annex B12)
- Report on monthly activities of the group
- Group credit book (see annex B13)
- Other record books needed for the group.

7. TRAINING

7.1. Training Topic

55. After achieving the target of establishment of the LIGs, the next step is training to those groups based on group type. At least three-days training should be organized for the LIG Leaders focusing on group management strategy and accounting. Due to limitation of educational background of some LIG Leaders, the training materials should be made simple and sample of some documents should be prepared beforehand for the working group. Training should separate into two groups, training for the group members and training for Group Leaders. Other trainings for management team, which are not in the CIP, shall include in Annual Work Plan and Budget (AWPB) prepared by project team.

56. Below are some training topics for group:

- ToR and internal rule of LIG group leaders and LIG members
- Revolving fund management and accounting;
- Rice crop training;
- Home vegetable gardening training;
- Chicken raising training;
- Pig raising training;
- Health and nutrition training;
- Household fish raising technique training;
- Study and understanding of market information training;
- Facilitation skill training;
- Development plan formulation;
- Gender mainstreaming into livelihood improvement group;
- Short lessons on Gender and social analysis for inclusion into agriculture technical training;
- Gender responsive report writing;
- Post-harvesting technology; and report writing skill ...etc.

7.2. Training Strategy

57. The procurement of training services as described above shall be conducted by Commune Procurement Committee. The Project Team will prepare guidelines on the selection of Service Procurement for the CC and other relevant parties to follow.

58. The training strategies must be simple, participatory, student focused with short content which is easy to follow. The important point of the training strategy also is linking theory with actual practical exercise or study tour. To ensure women are included in the training session, the facilitator should organize group discussion separation between men and women, therefore trainer should be both sex, male and female.

59. The training sessions should not be scheduled at times when women are not busy, and avoid times such as during meal preparation time for her family. All women comments should take into consideration during training, which would help to encourage full women participation.

60. The training should consider strengthening capacity of project implementer at all levels, especially CC. Regular capacity building would help to ensure project sustainability at the end of project cycle.

8. GROUP INTERNAL RULE

8.1. Internal Rules

61. The Internal Rules are an important tool leading team toward successful. The rules should be formulated by the group members themselves with facilitation support from CEW and CAA. Management team and group members are responsible to comply with the internal rules regularly and equally, which it is used as a tool to evaluate group sustainability.

8.2. Sample Document

Tonle Sap Poverty Reduction and Smallholder Agricultural Development Project (TS-PRSDP)

District: Province:

Supported by the Asian Development Bank (ADB)

ADB Grant/Loan: 2599/0186-CAM

Commune: Village: Group:

Starting date:

- 1 People must register as member of livelihood improvement group and become a full membership of the group. The group member should contribute as family fund in amount of 40,000 Riels per family.
- 2 Member of the LIG must be a citizen of village and Commune as stated above.
- 3 Member of the LIG must be of good character, honest, hardworking and have confidence in other members.
- 4 The LIG shall meet every [...] of first week of the month at ...[time].... in ...[place].....
- 5 Members of the LIG shall deposit saving cash in amount of[.] Riels every (1 month or 3 months). The saving amount deposit shall not be less than [...] Riels.
- 6 Members of the LIG shall be present in the meetings at least 70 per cent of the time to be eligible for fund borrowing.
- 7 Loans shall not be extended more than six months, the end of period which borrower must return debt back to the group. Maximum loan for each member is[...] Riels.
- 8 In principle, interest rate is ...[.]% within month(s).
- 9 In case debt repayment is late, the borrower must pay penalty in amount of % of loan per week.
- 10 Members of the LIG shall have the right to borrow for emergency loan from the group for medical treatment, other accidents, or in case of the death of a family member.
- 11 No interest rate will be charged for such emergency cash borrowing.
- 12 Emergency loan shall not exceed six weeks.
- 13 In case of emergency cash debt repayment being late, the borrower must pay penalty in amount of 2 per cent of loan per week.

- 14 Meetings shall be organized regularly with full participation of all members. Late arrivals and absent members from meeting without adequate reason shall pay a penalty of 1,000 Riels.
- 15 In case an LIG member migrates from the village, that member shall receive the savings deposited with the group, and any part of the loan interest belong to him/her, and amount of cash earning from any penalties.
- 16 In case any LIG member resigns from membership, but is still living in the village, that member should wait until year end to receive his/her cash after liquidation of account of the group.
- 17 In case any member dies, the debt should be paid by a family member of that former member. Any benefits set forth in b.15 above would be provided to family member of that group member.
- 18 Changing or replacing membership (as b.15 and b.17 above) to any his/her family member can be made after an agreement among all group members.

9. GROUP MEETING INSTRUCTION

9.1. First Meeting of the Group

62. The CEW and CAA have important roles in the facilitation of the 1st LIG meeting. The meeting aims to start up the group initial activities and to build the self-confidence of the group members to prepare and approve importance acts as follows:

- Group article of association, see annex b.16;
- Internal rules;
- Roles of group leader, deputy group leader, cashier and members;
- Principle of decision making of the group on interest rate, loan size, length of loan, loan use, saving amount of each member, and penalty to group member, who do not comply with group rules;
- Accurate records;
- Meeting venue, meeting schedules and agenda ...etc.

9.2. Monthly Meeting of LIG

63. The meeting is very important to implement group activities ensuring sustainability. Any studies found that the success of such groups results from the conduct of regular meeting to address all issues together with group members.

64. The LIGs to be established will comprise 10-25 members, and at least 20 members equivalent to 80 per cent of full member should participate. In cases where most members are absent at the meeting, with less than the required number, the meeting should be postponed. Each meeting should be led by the LIG Leader, or in case the Leader is absent, the Deputy Group Leader deputy should lead the meeting.

65. The Village Chief, CEW and other relevant persons shall be invited to join the meeting to help providing advices or any solutions to issues arisen, if any. Regular meetings should be organized every month depend on the decision of the members. The LIG shall identify clearly the meeting place, the date and time. The meeting place should be in the village center where all members can attend without disturbance. The time must be suitable to most members depending on seasonal calendar of group members. The Deputy Group Leader role is a minute taker in all meeting. List of participants is required in all group meeting. Please see annex b.17 for sample of list of participants.

9.2.1. Meeting Agenda

66. In all normal and extraordinary meetings there shall be a clear agenda. The agenda should be proposed by one group member, but shall not be determined by the Group Leader. The agenda should be specific, and not cover too many topics, which require too much time to discuss, and ensuring gender and social issues are included into group meeting agenda. See annex b.18 for sample of group meeting agenda.

For instant, the meeting agendas should cover:

- . Report on animal diseases (agriculture activities);
- . Saving;
- . Loan return;
- . Fund status in the last month (revenue and expenditure);
- . Group strengthening, discipline and penalty;

- . Sharing new agriculture technology;
- . Market information studies;
- . Loan ...etc.
- . Next month plan;
- . Commune/Sangkat agriculture extension worker shall instruct how to register, recording, documentation, and reporting of funding status to cashier after the end of meeting.

9.2.2. Starting Meeting

67. The Chairperson of the meeting shall begin with some welcome remarks to the group members. S/He should continue by a review of the minutes from the previous meeting. The Chairperson of the meeting can present the activities for the month. It is important in the meeting agenda to report to the whole meeting again. The Chairperson should present meeting agenda to discuss today and suggest to participant if any points to be added to the agenda or any urgent subject to discuss first. Starting meeting should look conscientiously and clearly in order to convert the attention of the group member.

9.2.3. Steering Meeting

68. There should be appropriate time for any member, who would like to report on the actual status of their household. Many issues could arise, especially animal raising group (cattle, buffalo, pig and chicken). Not all technical issues could solve at meeting group level, but the Chairperson must confirm that issues will be taken up with the CEW, CC and the Project Team at district or provincial level or with the Project advisers.

69. The Chairperson of the Meeting shall discuss with the members following subject specified the agenda one after another.

9.2.4. Closure of the Meeting

70. The Chairperson should cultivate a friendly environment in each meeting. S/he should thank all members for their participation and provide comments to the meeting. The important point is to summarize decision making and agreed actions taken in the meeting, mentioning persons, who would be responsible to implement agreed actions. The minute taker, Deputy Group Leader, should keep record and list of participants. Please see annex b.19, sample of meeting minute.

10. GROUP PLANNING

10.1. What's Group Planning?

71. Planning is prior consideration of what is to be done and about other needs for the future to achieve expected goal. The goals should be specific, appropriate and clear based on careful consideration. The identification of the goals could be either long or short term depending on the type of planning. To formulate an appropriate goal, a planner should conduct a careful analysis on the time, resources and operational surroundings including gender and society to be incorporated into an overall plan. Generally, planning should base on previous experience also.

72. The Plan is a set of activities involved together contributing to achieve objectives, using available resources within a time frame.

Below are major elements to be considered during planning exercise:

- Why is planning needed?
- What are the expected outputs?
- What type of objective will the plan be expected to achieve?
- Who is responsible?
- What are planning phases to complete? Timing?
- Where is location for planning phase to implement?

10.2. Who Formulates the Plan?

73. To receive loans and other services from the group, small group with support from CEW and CAA should formulate an activities plan based on what's agreed in the group. Please see annex b 20 on chicken raising activities plan. To do self-planning is serving to:

- Understand current situation and future goal to achieve at certain period;
- Identify resource needed (human, budget, materials and social matter);
- Identify implementation actions each step to be successfully accomplishing the plan;
- Identify realistic strategy to implement activities;
- Allocate easily roles and responsibilities to implement tasks;
- Have tools for monitoring and evaluation;
- Seek for support from relevant people.

10.3. What Does the Plan Look Like?

74. To ensure the formulated plan by the LIG is realistic and workable, the plan should formulate with the following features:

- Simple, but details the clear purposes;
- Achievable (not ambitious);
- Suitable within the context (actual household or community situation) and timely;
- Measurable;
- Group members interested to participate in implementation

11. GROUP SUSTAINABLE PRINCIPLE

11.1. External Funding

75. In the initial stage, the LIGs which are established following the Guidelines and after approved by the C/S Chief, received trainings, opened account and other arrangement such meeting...etc., shall receive fund from Block Grant which allocated by C/S Chief base on its LIG capacity. To ensure that all LIGs in the four target provinces implement their activities continually, it is important that all group members have clear roles and external resources are mobilized to increase their existing group fund. External funding resources could be mobilized through support from a local NGO working in the local area, or from a local financial organization, which will provide additionally funds depend on the group requirement. An evaluation, however, is required to measure performance capacity and strengths of the LIG, before external funding resources can be provided. External financing could be made unless majority of group members agree with.

11.2. Supporting Fund

76. The Supporting Fund is the group fund, and will be used for their common interest. The Supporting Fund will earn from the savings of the group members either monthly or annually, withholding a percentage of the profit for services fees. The Supporting Fund can only be used based on group endorsed activities plan. The observation found that any LIG rely totally on the external fund, would mean that the group failed after the donors withdraw their assistant or end financing. Some groups with more funds, do not know or withhold some parts of fund to serve common interest when the group facing any bad circumstances. Supporting fund withholding from gross profit could be 5 per cent or 10 per cent or 15 per cent depend on group member decision.

11.3. Group Performance and Assessment

77. The purpose of group performance and assessment is to evaluate the strength and sustainability of the LIGs. The assessment should base on following principle:

- Assessment is acceptable, provided that there are participation of 60 per cent of the group members;
- Assessment shall conduct annually;
- There should be group strengthening measurements, when assessment showing low or medium results.

78. There are three types of performance assessment:

(1) Self-assessment

The CEW should explain to the group members in each commune how to conduct the self-assessment of the LIGs using questionnaires provided. There are major criterion (questionnaires) to question with scoring system from 1 to 3 in each criteria (3 is highest score). The questionnaires are as follows:

Criteria	Score		
	1	2	3
1. Do you understand about LIGs project implementation clearly?			
2. Does group member still use technology provided by the project?			
3. Does living standard of each member improve?			
4. Does internal rules being complied strictly?			
5. Does LIG communicate well with other institutions, such as local authority, agriculture sector, service provider?			
6. Is there strong commitment and good solidarity in the group?			
7. Is there regular monthly meeting? (minute and report available)			
8. Is revolving fund managed properly? (accurate accounting report, update regularly, debt of revolving fund returns on time and full mount, increasing of group revolving fund)			
9. Is there no group member lost?			
10. Is there any business plan for the group?			
11. Is there any good leadership and management?			
12. Is there any domestic violence			
13. Do you understand about gender mainstreaming in LIGs?			
Total			

(2) Assessment by project team

79. The Project team may assess performance capacity of the LIG, when it is appropriate. The assessment requires establishing a team or a committee comprises of following member:

- Provincial support team;
- District support team;
- Provincial involved adviser as assistant.

80. The assessment should follow the same criteria as above, but could add more questions, if necessary. Data analysis of the assessment could be conducted in each province, while result should be sent to national team for compilation. Final report on capacity of livelihood improvement group established under TS-PRDSP project should be shared within the project and with other stakeholders.

81. Assessment steps are shown below:

Activities	Facilitators	Participants	Location
1. Meeting with involve parties to introduce assessment procedures and questionnaires	M&E officers	PST/DST, commune and Sangkat project team	District and Municipal

2. Self-assessment by group	-CS Councils - CEWs, CAAs	LIG members	Target villages
3. Assessment by project team	- PST - District/Municipal project team outside target area	- CS Councils - LIGs - CEW, CAA, - Village chief	Target villages
4. Consolidate result	M&E officers	PST, DST	Provinces

*** Note: Assessment should conduct at first year of group establishment and annually in the following year.

(3) Assessment via contract

82. The Project Team may assess group capacity through contracting with service provider, who has community experience. This task should be done at national level through the national standard operating procedure. National project team is responsible to prepare TOR and other conditions before assessment could be implemented. The assessment will be conducted three years per time or as necessary needs.

11.4. General principles

- There should be statutes and internal rules for the team formulated, ensuring gender and social matter are included into those statutes and internal rules;
- All members must comply with statutes and internal rules;
- All members shall treat the team as belonging to all, not to any one individual;
- The group shall prepare specific plans such as member meeting, guideline and benefit of LIGs dissemination to villagers, monitor and supervise use of loan to group member...etc.
- Member of saving group shall participate in the meetings regularly to discuss and sharing experience;
- Team shall use saving cash deposit by own member as much as possible;
- Election of group leader, deputy and cashier shall follow democratic and good governance principle;
- Group leader, deputy and cashier terms shall be clear defined;
- At the end of each term, new election should be organized.