



## Policy Brief Theme 1

### Sustainable and scalable institutional arrangements at the community level that facilitate livelihood improvement: Policy implications for institutions and governance

#### Introduction

The dominant model for anti-poverty programmes involves the establishment of externally conceived and designed groups which tend to be promoted by line departments, missions, non-governmental organisations (NGOs) and others, primarily to serve **their own purposes**. Most programmes and associated projects seek to create organisations and federations based on pre-determined and externally fashioned visions, organisational designs, rules and institutional relationships. In such programmes, the **locus of control** remains outside local communities, with experts (overseas and Indian), leaders and workers located within the external intervener's organisational domain, or at least controlled or dominated from within the domain. Programmes are usually initiated through externally conceived 'entry-point activities' that raise awareness and expectations. Groups focused on an asset or a set of activities are frequently encountered as the agents of implementation, sometimes, (mistakenly in our view), called self-help groups (SHGs). Such models typically create project dependence and perpetuate the presence of the external intervener. The result has been programmes for micro-credit, watersheds, joint forest management, and irrigation (distribution) management, all excellent or completely ineffective, depending on whose views you take from the available literature on the subject. Few would disagree that many of these programmes are deeply flawed in terms of design and implementation.

Based on experience in Theme 1, where we sought to develop 'sustainable and scalable institutional arrangements at the community level that facilitate livelihood improvement', we argue that many of the concepts underlying such projects/programmes are also flawed. One of our key findings is that the existing asset and activity based models are not sensitive to the fact that most

micro-enterprises and farm-based activities are usually undertaken by individuals or small partnerships that are distinct from and non-congruent with SHGs or activity-based groups. There is no single organisational structure that is capable of serving all needs. It is possible, feasible and even desirable for an individual to be an effective member of a number of organisations and networks at the same time.

We believe that a new generation of reformed pro-poor programmes, policies and interventions is needed.

DFID Projects R7830 and R7839, provide insights as to how communities can and will develop for themselves pro-poor interventions that are robust and sustainable, and can (potentially) attract investment and services from the private sector.

#### Community institutional infrastructure development

We have experimented with and established what might be called a **dialectic** approach to **institutional infrastructure development**, which is different from conventional approaches that emphasise structure. The dialectic approach is NOT to be confused with 'process' approaches adopted by watershed, joint forest management and diverse other programmes. Although there are similarities, the differences are important. Experience shows that the process approach is time-consuming and relies on human resources located within or controlled from an external organisation. Scalability is an issue. Key elements of the dialectic approach include:

- Unspectacular entry into villages
- Reliance on local village-based human resources at the cutting edge, not on imported staff
- Incremental non-deterministic facilitation and self-examination by communities

- Reference to external experiences and information, review of available resources, capacities and opportunities
- Challenging assumptions held by various stakeholders, and repeated re-examination of positions and arguments
- Avoidance of distorting incentives and flooding communities with external funds, resources, technologies and advice
- Avoidance of *a priori* links to any externally conceived programme, project or activity.

This process promotes ownership, and leads to practical and manageable decisions by individuals and communities. The external intervener is under-emphasised from the beginning, thus avoiding dependence.

Some key outcomes of this approach are:

- Robust, sustainable networks initiated within very short timeframes (shortened to months from years) and at very low costs, simply through facilitation
- Networks that are conceptualised and designed by internal stakeholders, and are never (at any point) designed, controlled or managed by external agencies
- The networks sustain and grow independently, and develop capacities to cope with unforeseen stresses and to repair or cope with any damage that might occur
- The low costs of generation of a community-based momentum independent of the project make it realistic and desirable to work towards saturation of villages and communities in a given area
- An individual household may participate in a number of organisations e.g. a woman may be a member of an SHG and also of a dairy cooperative, while her husband could be a member of another SHG, in addition to being part of a farmers' discussion group, a partner in a seed procurement and supply business, and a member of an irrigation outlet channel user group. All such groups could interconnect in various ways, within *panchayats*, or a village federation, or any other way they choose
- It is possible to include the **entire range of poor people**, especially and including the very poor (except the very few destitute who may be old, sick or physically/mentally

challenged and need to be supported by welfare, i.e. the last 1 % of the population).

Because of its low transaction costs the dialectic process is followed and fostered independently with each group in each village.

This leads to community ownership, capacity accumulation and internal bonding, while avoiding exclusion and the flawed priorities resulting from external determination of institutional structures.

The unspectacular, incremental approach is especially useful in areas that are prone to endemic violence and suffer from poor governance. Traditional entry point activities only serve to raise expectations and help the 'not-poor' and 'not-so-poor' to crowd out the very poor and the poorest.

### **Programme design: building blocks and sequencing**

An important finding of our project is that some level of community-based institutional infrastructure development must **precede** rather than accompany other kinds of technical activities and service delivery if the latter are to achieve poverty focus, sustainability and cost-effectiveness. Institutional infrastructure development requires specialised skills, a particular type of organisation with certain specific management practices, and a particular kind of human resource.

Once a certain basic level of institutional infrastructure is in place, incremental interventions of the kind discussed under Themes 2 and 3 become economically attractive to a range of actors. Some follow almost automatically. People link up to external economic value chains, markets (for inputs and produce), technologies, and services. The infrastructure makes it possible for communities to access simultaneous support from a number of different sources and organisations. For example, a community may obtain micro-credit from a financial institution, education from an NGO, and seed or fertiliser from a private company. Over time, new layers or segments to existing institutional webs may be expected to develop organically, e.g. partnerships, joint ventures, and contractual arrangements. There could be a need to catalyse development of micro-level civil society consciousness to protect the poor from the predatory or unethical practices of government agencies and the private sector.

### Capacity accumulation, NOT training

We have developed and demonstrated capacity development methods that are different, in that they are largely non-didactic and independent of literacy and education; thereby they enhance the scope for community-led and managed interventions, and the development of community-based human capital. People have been supported in articulating capacity needs, and in finding ways to acquire and accumulate capacities.

The significant achievements of these projects were made with no formal training at all for institutional infrastructure-related capacity development.

### Micro-level information management

We have demonstrated that micro-level information systems greatly improve transparency and accountability, and that such systems can be established and operated at very low cost, especially when communities can obtain customised reports and summaries relevant to their priorities and purposes. Simple electronic database structures (developed by Cirrus, outside the project) were used to capture important elements of information very close to the point of occurrence of an event in time and space. This reduces the scope for error and manipulation.

For future programme design, we recommend that data management be organised as a separate line function completely independent of all other line functions.

This needs to be complemented by yet another line function, possibly outsourced, that is responsible for verification of inputs and reports generated by the system, through independent, random and purposive sampling.

### Who is a 'farmer'?

Much of Indian agricultural policy favours the landowner rather than other people with a stake in agriculture. Research and extension target landowners, and focus on the improvement of physical productivity of such resources as land and water, or of inputs like labour, fertiliser and seed. Improved livelihoods and poverty eradication are about people and their situations. As our project demonstrates, almost every household, every woman, child, and animal has an active interest in natural resources. Technical 'solutions' that

elegantly optimise one or a few production parameters have little hope of working or becoming relevant, especially for the very poor.

### Institutional change in government, donors, and NGOs

Our project experience shows that micro-organisations are capable of faster and more significant change than larger organisations. We also note that networked micro-organisations are robust, flexible and capable of responding to dynamic situations. When the poor and very poor dominate such networks by their numbers, as is the case with our project, the networks are far more effective guardians of the interests of the poor than any external agency (including NGOs) can ever be. This has important implications for the improvement of village-level governance (*panchayats*), poverty-focused programmes, relief work in times of calamity and distress, and service delivery.

We have demonstrated that government agencies, scientists, academic institutions, international and bilateral/multilateral donors and their consultants - indeed every person or external agency who wishes to work with or for the poor - must be prepared in advance to make significant organisational and attitudinal changes to be able to respond effectively to community priorities and to support the sort of processes that we describe. We experienced significant resistance within the project team to the idea that **we needed to change first**. Our project experience provides one more illustration that individual learning and change does not lead to institutional learning and change.

This suggests the need for a conscious effort and strategy for change not only within government agencies, research bodies, bilateral/multilateral agencies and NGOs, but also in the way they relate to one another.

### Business models for service delivery

Market-based and government service providers in the organised sector have been slow to respond to opportunities created by the project, mainly due to their own internal organisational infirmities. The banking sector in particular is yet to respond meaningfully. Many processes initiated by the project are therefore likely to reach a plateau in the coming months.

In sharp contrast, the response from diverse local actors in the unorganised private sector has been more than encouraging, which provides some hope.

The project team now has sufficient material to further develop and predicate business plans and models for large-scale, for-profit, poverty-focussed, micro-credit delivery and certain kinds of farm-related inputs and services. Some elements of these future models have been taken up on a commercial scale and are being pilot tested in southern India. Others are under development by individual project partners.