

## How Can Organizations of the Poorest Best Be Fostered?

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**O**rganizing the poor is an essential element of any sustainable development strategy. Organizations of the poorest do not develop automatically, however. Rather, sensitive support is needed to induce this process. This support can come from government institutions, local governments, or civil society organizations.

Drawing on the experience of the Society for the Elimination of Rural Poverty (SERP) in Andhra Pradesh, India, this chapter considers how organizing poor women can help them to achieve freedom from hunger and poverty and how governments and civil society institutions can help develop and strengthen such organizations of the poor.

SERP is a poverty eradication institution established by the government of Andhra Pradesh in 1995. In the past 13 years, it has organized 8.83 million women into 708,000 self-help groups (SHGs). Box E5.1 provides more details on SERP's work.

### The Benefits of Organizing

The core philosophy guiding SERP's work is that all poor individuals have a strong desire and an innate capability to move out of poverty. Acting individually, they often cannot realize this innate capability. However, when poor women are encouraged to come together through a process of social mobilization, their voices are amplified and their ability to access markets and solve their own problems is increased. As members of organized entities they can access markets (such as credit

### **Box E5.1 SERP's experience in Andhra Pradesh, India**

During the past 12 years SERP has been able to achieve the following key impacts:

- Completion of an intensive organizational phase (1995–2000) in which 500 villages and 100,000 rural poor women were organized into groups.
- Scaling up (2000–08 and continuing), in which 8.83 million women have been organized into 708,000 SHGs (covering 90 percent of rural poor households), 34,269 village-level federations, and 1,086 subdistrict federations. Taken together, these groups have
  - accumulated a capital sum of US\$748 million;
  - increased the mobilization of finance from banks to SHGs from US\$50 million in 2001/02 to US\$1.5 billion in 2007/08;
  - achieved comprehensive food security for 2.11 million families, with a plan to reach 3.5 million members by 2009 and 8 million members by 2011;
  - established health and nutrition centers for pregnant women, lactating mothers, and children from 6 months to 5 years of age in 84 villages, with a plan to set up centers in 1,112 villages by 2009, 2,400 villages by 2010, and 30,000 villages by 2014; and
  - effectively tapped into all ongoing poverty eradication programs, especially the rural employment guarantee scheme.

markets) and demand better public services. Individuals may have different capabilities, but with a common vision and a lot of determination they are able to work together to find unique solutions to their problems. As it solves these problems, the collective becomes stronger, and as the collective becomes stronger, it is able to solve larger and more complex problems. Thus a virtuous cycle that empowers organizations and individuals and unleashes their innate capabilities is generated.

SERP's core philosophy is that the development of organizations of poor women is an essential element of a sustainable development strategy. SERP's experience shows that the benefits of working together can be fully realized only through organizations

that “belong” to their members and allow them to participate freely and play a key role in all activities. This is essential in ensuring that the organization can take full advantage of the strong spirit of volunteerism among the poor and can design and prioritize the right interventions. Complete ownership by the poorest is a must.

Empowering organizations of the poor may result in outcomes different from those generated by food aid or food-for-work programs, for example. This is because organizations of the poor do not stop at one intervention; they are constantly innovating and adopting new interventions to solve the changing problems of their members. For example, a food security intervention begun by some groups in Andhra Pradesh evolved into an intervention to ensure nutrition security by targeting pregnant women and lactating mothers. Another interesting outcome of organizing the rural poor is that in many villages landless agricultural laborers have been able to secure higher wages from the landlords because they are no longer dependent on the landlords for loans in times of food insecurity.

### Supporting the Development of Organizations of the Poor

Governments can foster organizations for the poor by creating an enabling atmosphere for the social mobilization and empowerment of the poor, by exhibiting a high degree of political commitment to this process through the provision of resources and a dedicated institution to support organizations of the poor, and by supporting the scaling up of successful models.

Support from institutions dedicated to fostering organizations of the poor—whether run by the government or by civil society organizations—is essential. The success of these institutions depends on how strongly they believe in the capabilities of the poor and how effectively they build and nurture organizations that are fully owned by the poor. The supporting institutions should be prepared for long-term involvement because there are no shortcuts when it comes to social mobilization and empowerment. The following subsections consider how supporting institutions can best foster organizations of the poor at different stages of their development.

#### Building and Nurturing Groups

The first role supporting institutions can play in helping to develop organizations of the poor is to initiate the process of social mobilization. This is usually done by engaging the services of dedicated and committed community organizers and activists. After training, these workers spend their entire time in rural areas interacting with the poorest households. By engaging household members in a series of dialogues, the organizers and activists are able to convince the households to come

together as a group and fight poverty collectively. Each community worker focuses her efforts on a particular area and group of villages and adopts participatory identification processes to identify the poorest families.

In Andhra Pradesh, women's SHGs were formed as a result of the efforts of dedicated, trained community workers and activists employed by SERP. Each SHG consists of 10–15 women who share a certain “affinity”—common interests and strong bonds. Based on SERP's experience, SHGs that are not formed on the basis of shared interests are likely to be short lived.

The role of the supporting institution remains crucial in the initial stages of a group's existence. Community workers and activists employed by the supporting institution can continuously motivate group member and, among other things, facilitate group meetings, undertake training programs for members, and take members to visit well-functioning groups.

In Andhra Pradesh, SHG members were trained on the importance of consistently saving small amounts and lending to each other based on need. Regular meetings provided a forum for collecting the savings, making loans, and monitoring repayment. In addition, regular meetings provided a forum for members to share their problems and needs and discuss practical solutions. Undertaking these regular collective activities strengthened the SHGs and allowed their members to unleash hidden energies.

#### Helping Groups Gain Access to and Deliver Services

Once organizations of the poor are established, the supporting institutions can play a crucial role in

- helping groups to access services from the private sector—for example, poverty eradication accelerates when organizations of the poor are able to start accessing larger loans from commercial banks—and
- sensitizing other governmental agencies to the need to be pro-poor and facilitating groups' access to services from all government agencies.

One way supporting institutions can do these things is to encourage the development of SHGs into village federations. One of the reasons for the success of SHGs in Andhra Pradesh is the small number of people involved in each group. When a group is small, each member can properly monitor the savings, borrowings, and repayments of other members and is also able to understand the needs of everyone in the group and speak openly in group meetings. However, the small size limits the activities in which SHGs can engage.

Federating these groups to create a larger group is essential to realize additional benefits. When the poor are organized and federated at the village level, their strength is enhanced severalfold. And unlike SHGs, which are based on affinity, village federations enable poor members from various castes, religions, and occupations to come together. They also facilitate horizontal integration within the village and unleash complementary energies.

In SERP's experience, when about one-third of the poor in a village are SHG members, it is an opportune time for all the SHGs in the village to come together and form a village-level federation. This federation then gradually takes over various responsibilities from the external supporting institution, such as mobilizing poor households into new SHGs, facilitating group meetings, and undertaking training programs for members.

Once a federation is formed, the supporting institution's focus will need to change from organizing SHGs to building the capacities of village federation leaders and their paraprofessionals. The success of a supporting institution depends on how well it is able to devolve existing responsibilities to the organizations of the poor and how well it prepares itself to assume new responsibilities. To be truly effective, a supporting institution must be a learning organization and must continuously reinvent itself to effectively serve the changing needs of the organizations of the poor.

The same logic applies to higher-level federations of the poor. Once village federations are federated at the subdistrict level, subdistrict federations can take over the role of building the capacities of the village federations. The role hitherto performed by supporting institutions like SERP can then be gradually taken over by the subdistrict federation. For example, regular monitoring of village federations is taken over by the subdistrict federation. One important caveat here is that the roles of the federations and member organizations should be clearly demarcated.

Box E5.2 provides an example of how village federations in Andhra Pradesh were able to ensure the delivery of government services and improve the access of members to food markets. Supporting institutions play an important role in helping organizations of the poor to undertake such activities. In Andhra Pradesh, SERP provides intensive day-to-day support to village federations that are piloting this initiative. It provides capacity-building services, facilitates experience sharing among different villages while the pilot is being implemented, and does troubleshooting with banks, government departments, and other external agencies. In this scaling-up phase, the key role is played by best practitioners (SHG leaders, federation leaders, and village paraprofessionals who have been involved in more than six cycles of purchases and recoveries). SERP trains these community resource people and facilitates their visits to villages that have more recently become involved in the process.

### **Box E5.2 Meeting SHG members' needs: A food security credit model**

Because they represent all poor households in a village, village federations in Andhra Pradesh are able to exert pressure on the Public Distribution System (PDS) to deliver the food entitlements of each poor family. However, the PDS accounts for only one-third of a family's monthly cereals requirement, and when wages and self-employment income are uncertain, poor households are unable to purchase the remaining two-thirds of their cereals requirement.

To bridge this gap and to provide other essential commodities, village federations in Andhra Pradesh are implementing a unique food security credit model for 2.11 million households. First, the local SHG prepares a list of 1–3 months' worth of essential commodities based on the requirements of each member. The members enter into a formal understanding with the SHG on repayment terms based on their resources and the timing of income flows. The village federation then gathers all the information from the SHGs and enters into a formal understanding with each SHG specifying the repayment terms. Next the federation mobilizes the finances required—from member contributions, from the government's ongoing anti-poverty program, or from banks—and buys high-quality food in bulk from the nearest wholesale market and supplies it to the SHGs.

SHG members gain in several ways: most important, they are able to eat well and feed their children on time at a cost 10–15 percent lower than the market price. They are also able to benefit from having a 1–3 months' supply of high-quality food and an easy repayment plan. Additionally, they do not have to face the tensions of day-to-day buying or the indignities of borrowing at humiliating terms from local traders. The village federation benefits because it meets all its transaction costs and earns a small profit. It is a win–win situation for the members, the SHGs, and the federations.

Through these interventions the village federation and SHGs develop institutional norms, acquire financial management and supply logistics skills, and generate the capacity to handle complex functions with a high degree of self-management. The bonds between the members and the SHG and between the SHGs and the federation become stronger.

The manner in which these organizations of the poor in Andhra Pradesh have comprehensively tackled the chronic hunger problems of their members is a testimony to their enormous potential for poverty eradication. Because of the success of the food security credit program, it is rapidly spreading, and it is hoped that all 8 million poor households in Andhra Pradesh will be covered within the next 3 years.

### Scaling Up

SERP's experience in Andhra Pradesh suggests that it takes about 3 to 5 years of intensive work on the part of a supporting institution to see significant results; that was the case in 200–300 villages covering 30,000–50,000 poor households. The real challenge is in scaling up this effort to cover 500,000 households, then 5 million households, which is the size of a province in India. In SERP's experience, scaling up can be done in 5–10 years, depending on the ultimate size of the population to be covered.

Scaling up can happen only through the dedicated efforts of the organizations of the poor who have benefited in the intensive phase. Only those members whose lives have been significantly transformed in the first intensive phase can be effective resource persons for the universalization of this strategy. Similarly, the leaders of SHGs and village federations who have gained vital experience in setting up and managing institutions are the best resource persons for training leaders in villages and districts more recently involved.

The role of supporting institutions is very different in the scaling-up phase. Rather than replicating the work that they have done in the intensive phase, their main role is to utilize the social capital developed in that phase (namely, the community resource persons drawn from the villages initially participating) to develop the capacities of SHGs elsewhere. In the intensive-phase villages, the role of supporting institutions is to deepen the interventions and tackle other important dimensions of poverty. Once these issues are resolved in intensive-phase villages, the lessons can be taken to scale by the community resource persons. By then these resource persons will have acquired expertise in specific thematic areas such as food security or health interventions.

### Conclusion

By supporting the development of organizations of the poor, governments and civil society organizations can greatly enhance the capacity of those organizations. The success of the interventions undertaken in Andhra Pradesh clearly shows that once they are established and strengthened, these groups can help ensure that the MDGs related to hunger and poverty eradication, gender equality and the empowerment of women, maternal health, and the reduction of child mortality are met by 2015.

### For Further Reading

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