<u>Organizations of the Poor: Conditions for success</u>

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__Abstract__

Based on the undocumented field experiences of FAO staff working with rural institutions in developing countries and project documents produced by UN agencies, this paper provides an overview on some of the factors that contribute to the success of membership based organizations of the poor (MBOPs).

MBOPs are defined as organizations whose members are involuntarily poor and have chosen to join an organization to achieve collective objectives using, in part, their own contributions. Two main types of MBOPs are distinguished: self-organizations and externally supported organizations of the poor. These types are important for understanding the genesis and vulnerabilities of MBOPs.

MBOPs are considered successful when they achieve their members' objectives, retain or expand their membership, stimulate members to maintain or increase their equity stake, and bring about some improvement in their well-being.

Many MBOPs are not composed exclusively of the poor, although the majority of their members are poor. Maintaining a critical mass of poor members, devising mechanisms to target poor households, and some level of occupational homogeneity are important for maintaining a pro-poor focus, but the value of mixed skills or mixed gender within MBOP membership varies. Similarly, the optimal organizational structure, size, and leadership type varies by the context and is a function of MBOP objectives. Maintaining members' equity stake in the organization, ensuring that leaders are considered legitimate by members, and making certain that rules are not only clearly understood but evolve over time, appear to be consistently important for successful MBOPs. Members also need to derive returns from

participation, and these usually take the form of capacity building and empowerment to run their own organization, access to productive or financial capital, or increased influence, negotiation power, and links to other organizations.

The paper argues that given the diversity of MBOPs and the socio-economic, agro-ecological and policy contexts in which they are found, no blueprint combination of characteristics and good practices can guarantee the success or failure of MBOPs. However, guidelines on good practice for tackling common MBOP problems can help MBOPs to achieve their objectives and to develop into sustained organizations that benefit the poorest members of society.

"By protecting themselves from famine, by exploiting the resources of the bush, by hawking or begging or stealing, by endurance or industry or guile, by the resourcefulness of the blind or the courage of the cripple, by the ambition of the young or the patience of the old –by all these means the…poor survived in their harsh world" (Iliffe: 1987:8).

I. Introduction

Throughout history, four main strategies have been used to support the survival of the poor (Iliffe, 1987:7). Charitable institutions, motivated by Islam, Christianity, indigenous religions, custom, and individual munificence, have been created to care for the poor. Forced confinement and segregation have been used to contain the poor, particularly lepers, stigmatized groups, and racial underclasses, as in Southern Africa. The efforts of the poor themselves, as individuals who strive to improve their own livelihoods often with the assistance of family and friends, is by far the most common strategy. Finally, in a few cases, organizations of the poor have been created to enable the poor themselves to escape from poverty. It is this last strategy that is the focus of this paper.

Under what conditions have organizations of the poor emerged and what are the main types? Who makes up their membership and how does it evolve over time? What are the characteristics of governance, organizational functions, and linkages with other organizations that promote or inhibit sustained membership and effective impacts?

Based on an institutional review of the good practices and experiences of member-based organizations of the poor drawn primarily from the hitherto undocumented field experiences of FAO staff working with rural institutions in developing countries and a selection of project reports produced by UN agencies seeking to improve the livelihoods of the poor, the authors attempt to answer these questions in order to enable emerging organizations of the poor, or those who assist them, to recognize and develop some of the elements that are critical for the effectiveness and sustainability of these organizations. Among the vast array of MBOPs, of

particular interest are those that form around the objective of improving the social and economic status of their members and play a critical role in poverty reduction.

After providing a working definition of membership-based organizations of the poor (henceforth MBOPs), the paper analyses two main types of MBOPs formed by different processes, defines what is meant by "success" and then identifies some of the pre-conditions of MBOP success that relate to their objectives, composition of their membership, their governance mechanisms, scope and diversity of activities, and linkages between MBOPs and other organizations. The paper concludes by summarizing major findings.

<u>Towards a working definition</u>

MBOPs are defined here as organizations composed of members, **the majority** of whom **are involuntarily poor**[2] and living at or below subsistence level, under the national poverty line (see Box 1), and whose membership exhibit the following characteristics:

- They have joined on a **voluntary** basis;

- they agree to work together to achieve **objectives that have been collectively defined** by and are important to their poor members (Tilakatatna, 1980: 2), but in some cases, can also benefit other poor who are not members;

- they have developed, agreed upon, and engage in their **own decision-making** structures;

- they are expected to provide a **financial or in-kind contribution** as a condition of membership.

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[2] Due to the variety of sources consulted, the authors assume that references to poverty can be taken at face value.

Many of these characteristics are, in fact, common to membership-based organizations more generally. What sets MBOPs apart, however, is that the majority of their members are poor and that the organization, as a whole, seeks to fulfil the objectives of this distinctive membership and is accountable to it.

Who are the Rural Poor?

In most developing countries…the disadvantaged or poor…live at or below subsistence levels…They include small and marginal landowner-farmers, tenants, sharecroppers, landless labourers and small fishermen, as well as forestry workers, rural artisans, nomadic pastoralists and refugees.

Different degrees of deprivation also exist among the poor. Small farmers are sometimes considered "marginally poor" because they have some access to income and assets. Usually worse off are sharecroppers, landless labourers and hawkers (the very poor), who are dependent on the better off for their survival. The most deprived people in rural areas are destitutes, such as widows and the handicapped, who have no economic base (FAO, 1990:9).

As organizations rather than institutions[3], MBOPs are structured arrangements of individuals oriented towards accomplishing specific tasks and functions in which some members are assigned specific roles and responsibilities. The organizational forms that MBOPs take are as diverse as the socio-cultural and agro-ecological contexts in which they are found. In the development literature, rural MBOPs in developing countries are often referred to as self-help groups (SHG), community-based organizations (CBO), and community development organizations (CDO). But MBOPs can also take the organizational form of informal groups, street gangs, producer, religious and ethnic associations, small and micro-enterprises, cooperatives, trade unions, international alliances and social and political movements. Only in a few cases, however, are these themselves actually MBOPs.

Groups of people sharing an ascribed status, such as an age grade, clan, caste, tribe, or ethnic group, are not necessarily MBOPs as members become part of these groups by virtue of a social position assumed involuntarily or received at birth. Our understanding is that

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[3] "Institutions" refer to definable sets of socially accepted rules and practices that govern and characterize different types of collective action. Thus, a football team is an organization, whereas the game, which follows a set of rules, is an institution.

membership in MBOPs is, by definition, achieved as opposed to ascribed. Although social pressure can sometimes be an incentive for people to join an MBOP, membership is fundamentally voluntary and subject to personal ability and choice. It is indisputable that people of certain ascribed statuses, such as the infirm (lepers, HIV/AIDS affected, mentally ill), the disabled (blind, paralytic, mentally handicapped), orphans, widows, low castes and outcastes, the enslaved, and victims of political insecurity and natural disasters are often among the poorest members of society and occasionally band together into voluntary organizations, including MBOPs, to improve their well-being.

In contrast, Koranic schools and Buddhist and Christian mendicant orders are voluntary, membership-based organizations of the poor. However, such orders are not included in this analysis since their members are willingly, not involuntarily, poor, having chosen to be so through an optional vow of poverty.

II. Formation of organizations

The formation of organizations is important because compared to poor individuals, organized groups of the poor have a better chance to improve their well being, access information channels, organize for collective action, and "redress disparities in power and in the distribution of resources" (Thomas, 1985: 4), as well as "assert their right to a legitimate share of social resources" (Tilakatatna, 1980: 3). Unless

> "...institutions can change under pressure, a society's outcomes are 'frozen'
>
> in the interests of the existing controllers of the institutions. This favours the
>
> rural poor only if they control the institutions, or at least can compel attention
>
> to their needs from those who do" (IFAD 2001: 11).

By joining organizations, poor individuals gain access to a wider range of resources, skills, information, knowledge and experience, as well as to the power that their combined numbers and assets represent. In a broad sense, then, MBOPs are "essentially a means of empowering the poor...to deal with the problems and issues of poverty" (Tilakatatna, 1980: 2).

Yet, historically, much of the world's poor have not organized themselves into groups focused primarily on improving the well being specifically of the poor. This section identifies two distinct bases for the formation of organizations of the poor, provides some examples of and differences between each type, and attempts to identify some of the factors that affect the capacity of the poor to organize.

There appear to be two basic types of MBOPs that form under different conditions. These are: i) those that are created by the self-organization of the poor themselves without outside stimulus or assistance; and ii) those that are created with the help of organizations and individuals seeking to support and enable the poor. Information about the former is more common in anthropological and sociological monographs and in the literature produced by larger scale organizations of this type, while the latter type is most commonly documented in the development literature.

<u>Self-organizations of the poor</u>
The first type, self-organizations of the poor, has a long and scattered history. In **rural areas** of developing countries, they tend to be of relatively small scale, the most common forms being savings clubs and rotating savings associations, self-help groups, funeral associations, village banks, water user groups, and mutual aid societies (FAO, 2002; Van Duuren, 2004; Crowley, 1993). These are usually limited in size to a range of members of a similar social

and/or economic status who know each other personally and have developed a certain measure of trust. In rotating savings and credit organizations, for example, all members contribute a fixed fee in a prescribed time period; the total pool of resources collected in each time period is allocated in turn to each member successively. A vast range of labour and equipment sharing groups operate in similar ways.

In a few cases, large-scale organizations of the poor also emerge in rural areas. In coastal zones of Senegal, Guinea-Bissau, Guinea, and Sierra Leone, for instance, whole rural communities have developed around asylum seekers composed of outcasts, the destitute, barren women, the infirm, victims of witchcraft and families targeted by repeated misfortunes and such communities have endured for centuries (Crowley, 1990). In return for a symbolic offering, an annual tribute to the first settler's family, and agreement to abide by the community's rules, new members are granted land to farm, a fictive kin status, membership in the community's age grades and other organizations, and sometimes a specific office. Refuge villages and churchyard communities also appear to have existed in Ethiopia (Borelli, 1890: 247; Giel, 1974: 549-556) and elsewhere for sometime.

Another example is the Movimento Sem Terra (MST) in Brazil, which was founded in 1984 to promote agrarian reform for the benefit of four million landless rural farm families (Stedile, 2002). As a decentralized movement built upon diverse "actions" to occupy underutilized land, its 20,000 activists have assisted some 857,000 families to register for land, 350,000 families successfully to occupy and take over land, and 80,000 families to camp on roadsides and unused properties in, as yet, unresolved efforts to convince the government to grant them land. The movement's members contribute at least 2 percent of their encampment's production or the equivalent in labour to the MBOP, but the state governments, the Catholic

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Church, the European Union, US businessmen, and others also provided financial resources. While most occupations and associated political decisions and tasks are managed by member committees of 15 to 20 persons in the areas to be occupied, the movement is managed at the national level by a commission, consisting of representatives from each State whose members are elected every two years, and twenty one national directors.

In **urban areas**, a vaste range of MBOPs now exist throughout the world and some strong organizations which existed historically have subsequently disappeared.[4] In urban areas of Africa, the poor have historically organized themselves into voluntary ethnic and tribal associations which variously provide food and care for sick members, provide jobs and food for unemployed members, cover funeral expenses, encourage adoption of destitute children, provide resthouses or periurban farm land for immigrants or new arrivals, give loans to the sick or unemployed, and repatriate corpses, destitute members, the mentally ill, juvenile delinquents and those who endanger the community (Iliffe, 1987: 176-178, 263). In addition, urban cults of affliction, such as the *zar* spirit cult in Ethiopia attract impoverished, unhappy, and barren women, who in return for making offerings to the spirit or working off their dues through labour or service to the cult leader, gain membership to the community, cathartic satisfaction, lodging, food, and sometimes employment (Messing, 1958: 1120-6). The Hausa *bori* cult operated in similar ways and had its own chieftainess (Cohen, 1969: 164).

Official guilds of beggars and semi-criminal gangs whose purposes included taxation exist among the Hausa and Nupe of West Africa (Bosworth, 1976: 91; Lapidus, 1967: 183), in Modern China (Lu, 1999), and elsewhere. Nupe occupational groups, composed of members living together in one locality to practise hereditary crafts, form and operate under a leader

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[4] One example are the highly successful, organized, independent, self-sufficient and self-governing mixed gender guilds of the blind which were common in Medieval Europe, even in the 13th century, providing mutual protection, self expression and representation (Matson, 1990: Chapter 1).

nominated by the ruler (Nadel, 1969: 102). The blind, lame, and lepers among the Hausa of and Ibadan reside in separate quarters, and organize themselves into groups to distribute their begging activities, holding an almost complete monopoly over the begging industry in the city. The rulers or chiefs (*sarki*) of each group, sometimes receive a special share of the alms collected, and are responsible for representing the group, providing accommodation, shelter, laundering, and sometimes meals and other hospitality (Cohen, 1969: 42-47). Hausa gamblers and thieves are organized in similar ways and include in their ranks structured sub groups that specialize in particular types of protection rackets and theft (Cohen, 1969: 108). Furthermore, Hausa begging groups are linked to beggar networks across West Africa through which information about carrying capacity for beggars in different localities is communicated. This provides mobility for the disabled and unemployed and the possibility of fairly stable arrangements for social security (Cohen, 1969: 46-7). Similarly, urban beggars in China are highly organized in decentralized beggar organizations with carefully designated begging territories, rules, techniques, and tactics, established and regular, pre-defined begging taxes and some five levels of hierarchy in leadership, in some case including inherited leadership positions (Lu, 1999).

Another example is the Self-Employed Women's Association (SEWA) (SEWA, 2002, 2004b) which was founded in 1972 as a trade union to support the self-employment and self-reliance of poor women workers in the informal sector in Ahmedabad in Gujarat, India (SEWA, 2004b). Although it began as an urban movement, it now (2002) has over 680,000 members in six states, of whom two-thirds are rural. SEWA exists for, is owned, managed, and democratically run by self-employed women, and aimed at their financial and managerial self-reliance. Its members work as vendors (9%), home-based artisans (34%), and agricultural workers and service providers (57%). SEWA provides a variety of services to its members,

including bank, health care, child care, work security insurance, legal services, and others. In 2002, SEWA received less than 3% of its funds from its own members, with "institutional donors" (79%), Central (8%) and State (6%) Goverments, individual donors (2%) and endowments (1%) providing the remaining resources. Over the years, SEWA has not only expanded in India, but has also served as a model for MBOPs in South Africa, Yemen and Turkey.

These examples provide a basis for some general observations. First, **the most common form** of self organization of the poor, present in all parts of the world, appears to be that of **small informal common-interest trust-based groups**, limited to between about five and twenty-five individuals, in which all or most members know each other well (FAO, 2002:16; IFAD, 2000a:7; IFAD, 2000b:16; IFAD, 2004c; Crowley, 1993). While such groups are numerous, they can be short lived: it is common for small savings clubs to fail when a trusted member absconds with the group savings. Thus while they are easy to form, they are also easy to dissolve and are vulnerable to the presence or absence of certain individuals. While there are some cases in which the size reaches thirty or more, overall the members are limited to a small enough number of individuals for members to know each other well, have a sense of each others' actions outside of the group to reduce the chances of deceit, and exercise peer pressure and other social sanctions to minimize losses and promote group stability. Nevertheless, under certain circumstances **large scale social movements** also emerge, that over decades succeed in expanding beyond their original locations, by organizing the poor and obtaining funds from a diversity of sources, while retaining their pro-poor focus.

Secondly, self-organizations of the poor appear to be **more common in urban than in rural areas**. This appears to be linked to the large and concentrated numbers of underprivileged

and more evident wealth disparities in urban areas that foster an awareness of a common condition and collective action among the poor. Where they exist, the dominance of welfare oriented religious traditions, such as, Islam and Coptic Christianity has played a role in concentrating the poor and disabled, providing a means for independant survival, and making them visible in major population centres, creating the critical mass needed for collective action (Iliffe, 1987: 47). Weaker social pressures to care for poor, aged, or infirm kin, neighbours, and orphans and the ineffectiveness of kin networks capable of absorbing large numbers of poor members also provide an impetus to the poor themselves to organize. The proximity of poor families of different ethnic and religious origin favours the flow of information about organizational options for the poor, and facilitates exchange and experimentation with different organizational models and concepts of leadership, rule making, and enforcement. Although the urban poor are "more readily distracted", they are also "more in touch with mass media and the rest of the world" and "quicker to absorb new information and debate things" than the rural poor (Stedile, 2002: 12).

In contrast, despite greater numbers of the poor in rural areas, the fragmentation of productive activities and geographical distance makes organizing slower and mitigates against MBOP formation in rural areas. There may also be some cultural factors at play, as "the farmer is more of a Doubting Thomas, he wants to take it slowly, to try things out. He needs to visit...to see if it works" (Stedile, 2002: 12).

Thirdly, **in urban areas, organizations of the poor more commonly grow to a larger-scale than they do in rural areas**. It is not clear why this is so, but it may be linked to the fact that urban self-organizations of the poor are founded less on trust and simple common interest than on a strong, common objective of economic and social empowerment associated with the

complex conditions of a large, concentrated, and diverse constituency that share a common economic and social status and live in close proximity.

An important factor that mitigates against the self-organization of the poor, in both urban and rural areas, is **open suppression by dominant political groups** who view large groups of the poor to be a threat to their own status and civil stability. Because of public apprehension and suppression of the poor's organizational efforts to improve their social and economic status, they have often organized under apolitical guises, such as religious, recreational and sports organizations. It is no coincidence, for example, that Nelson Mandela was part of a sports club, the only permissible form of self-organization for urban Africans during the Apartheid regime, and conducted his initial organizing there.

<u>Externally supported organizations of the poor</u>

The second broad type of organization of the poor is of those that are created through the endeavours of organizations and individuals to support and enable the poor. While this type has existed throughout history, the 1940's shift in colonial policies from improving the welfare of destitute groups to community development approaches as the predominant strategy to deal with the poor and the subsequent mainstreaming of participatory approaches in development practice in the 1980s (Cernea, 1991; Chambers, 1997; Grillo 1997; McGee, 2002; Watt *et al*, 2000; Woost, 1997) contributed to the proliferation of support for the creation of organizations of the poor by public and private donors and agencies. Over this period, governments and development agencies increasingly created and reinforced organizations of the poor as a primary method to reduce poverty, empower the poor through participation in their own organizations, and improve the sustainability and effectiveness of development projects (Cernea, 1991: 8; McGee 2002: 112).

In some cases, development agencies seek out **existing organizations and informal groups to strengthen and reinforce** them through capacity building in group promotion, group savings, literacy, numeracy, business management, leadership training, and other skills (FAO, 1990, 1994, 1995, 1998, 2001, 2002; Ali and Baas, 2004; Hanko and Chantrabumroung 2003; IFAD, 2000a, 2000b, 2004a, 2004c). Support commonly consists of capacity building in organizational skills, mediation with larger institutions, follow-up on outcomes, and enhancement of the "self-sustainability of rural community-based organisations". The Association for Realisation of Basic Needs (ARBAN) in Bangladesh, the Rural People's Institute for Social Empowerment (RISE) in Namibia, Alternative for India in Development (AID), and Praxis in India are examples of NGOs that provide this kind of support to MBOPs and that describe themselves as at the "forefront of participatory practices" (Alternative for India Development (AID); ARBAN, 2004; Praxis, 2004; RISE, 2004). Such support sometimes enables these groups to become recognized as formal organizations.

Some governments also support MBOPs. The government of Kenya, for example, has supported Harambee groups since 1963 to encourage communities to work "collectively toward a common goal" (Thomas, 1985:7). These self-help groups vary in structure according to the local culture and engage in a range of activities in response to local needs. Kenyan Harambee groups are perceived "as a way to organize rural people around a new political base and indigenous values" (Thomas, 1985: 11).

Much more common, however, is the practice of **creating entirely new organizations** of the poor (IFAD 2000a, 2000b). International finance institutions, in particular, favor the creation of new groupings of poor individuals who reside in a common zone, but may require support

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to develop a common identity, trust or other social capital that is not initially shared among potential members.

The bias towards new, rather than existing organizations can probably be attributed to the **transaction costs for development agencies** of trying to identify existing multiple, heterogenous, and scattered small-scale organizations[5], to minimize the pressures of accumulated vested interests in established groups, to develop targeted training that incrementally improves on existing capacities as a function of actual group needs, and to monitor and report on small, diverse, and dispersed institutional strengthening activities. It is far easier to assume a *tabula rasa*, and presume success in poverty reduction and community development by increasing the number of new organizations that are formed and the number of group training courses and other support given.

Beyond capacity building, a common focus of the support that development agencies give to the organizations of the poor is seed money, micro-credit and small grants to form revolving funds (IFAD, 2004e). The importance of micro-credit for the poor is evidenced in the fact that as of December 2002, 2,572 micro-credit organizations have formed, reaching close to 41.6 million of the poorest people "when they took their first loan" (Daley-Harris, 2004: 3). Unlike self-organizations of the poor that rely, at least initially, almost exclusively on their members own contributions and savings to finance their work, externally supported groups draw, from their outset, on micro-credit and grants for the working capital needed to support their activities. Support for the formation of new micro-credit groups is especially popular among international finance institutions seeking to achieve pre-established disbursement targets and for whom these organizations sometimes serve essentially as "conduits for project resources"

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[5] Some tools exist to facilitate this task. See for example Messer and Townsley, 2003.

(IFAD, 2000c: 16). In practice, achieving the supply side target often takes precedence over the effective demand for these financial resources or the capacity of organizations of the poor to manage the funds effectively.

Regardless of the motives and source of demand for micro-credit, the availability of these extra resources allows an MBOP to undertake a greatly expanded range of income generating activities than would be possible from member contributions alone and thus, in theory at least, can contribute significantly to poverty reduction. In fact, the potential uses that organizations of the poor have for micro credit is so varied that international finance institutions commonly develop negative criteria to establish broad parameters for the use of these funds. For example, project design documents commonly stipulate that loans may be taken for any income generating activity except those associated with recreational, sport, religious or cultural events. These criteria, nonetheless, leave considerable room for manoeuvre.

Externally funded MBOPs, as a whole, are often required to document their activities, whereas self-organizations of the poor rarely have reason to do so for their own constituencies. It is also in the interest of funding organizations to count how many MBOPs they support and periodically assess their performance. Self-organized MBOPs often pay less attention to documenting progress or informing others of their success. As a result, externally funded MBOPs as a whole are better documented than self-organizations of the poor.

Despite these advantages, MBOPs that have been created as a result of the availability of external support or depend heavily on other assistance from outside organizations also suffer from a number of **vulnerabilities**. First, the availability of micro-credit for small groups essentially creates a market incentive for individuals, who would not otherwise do so, to join

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together simply to access funds (IFAD, 2004b, 2004d). The incentive can be so great that individuals who are not really poor disguise their true economic status in order to join such groups. Externally supported MBOPs may inherently be biased toward the entrepreneurial poor (and non-poor), rather than the poorest members of rural communities, unless specific mechanisms are adopted to mitigate this bias.

Secondly, even under the best of circumstances, the individuals that join together may have nothing more in common than the set of criteria established by the project. An FAO study of fisherfolk organizations supported by development agencies near Lake Victoria in Uganda reported that the majority of groups were formed purely to access resources and external funding (Douglas and Kato, 2004: 25, 55). As they are rooted less in the common interests, strengths and capacities of their membership than in the availability of outside sources of funds, there is a danger that these MBOPs become dependent upon the external resources and are forced to discontinue their activities and dissolve once the funding ceases (Douglas and Kato, 2004: 55; IFAD, 2000a:27). This is born out by the evidence that while there are numerous successful and sustainable "savings first" MBOPs, there are very few successful and sustainable "credit or grant first" groups.

A third, related risk is that external funding can create incentives for an MBOP to move away from the real objectives of its membership. As the saying goes, "there is no free lunch": even grant-givers expect some type of an in-kind or financial return from the recipient. Even well meaning donors may actively influence MBOPs in their choices of activities and in the ways they are structured and governed, affecting the organization's sustainability and pro-poor focus, or inhibiting members from identifying their own creative solutions and organisational strategies to address new problems as they arise. A related issue is that external support may

hinder the development of a strong and authentic decision making capacity within these MBOPs, because the decisions taken are ultimately circumscribed by the priorities, timeframes, mandates, strategies, and sometimes hidden agendas of external donors. Even when the support is not financial, for example, when NGO facilitators help groups to organize, this support may become too influential (IFAD, 2000b: VII), reducing opportunities for the poor "to define development for themselves" (Woost, 1997:238). Organizations funded principally by or that place great emphasis on their own members' contributions, investments, and savings are more independent.

A fourth source of vulnerability for these groups, probably related to the previous points, is that they may be less effective in bringing about fundamental social and economic change or in having a positive impact on poverty (IFAD, 2004a: 51). An evaluation of the Tamil Nadu Women's Development Project found

> "*that the provision of micro-credit can not by itself create the necessary conditions for economic and social change. Therefore, care should be taken in future projects to tie credit provision to group cohesiveness and community sensitisation, including training and awareness building of local institutions and individuals involved in the project*" (IFAD, 2000b: xi).

This appears to confirm what has been more broadly recognized by "the participation orthodoxy", that it is no longer "sufficient to permit 'them' to participate in 'our' projects" as "'our' projects are not going to change their lives much" (McGee 2002:113). Instead, external agencies seeking to support MBOPs are increasingly recognizing that they need to find out what the poor's "projects of life might be and how we – practitioners, academics,

NGOs, official agencies and partner governments – might most usefully participate in them" (McGee 2002:113).

A final weakness is that a policy of external support to the creation of organizations of the poor may actually affect the broader environment and diminish the local dynamic for the poor to organize themselves. "Non-direct cash incentives for the formation of community-wide groups is a challenge in communities where groups are formed purely to access credit or external funding" (Douglas and Kato, 2004:55). This occurs as a sort of crowding-out effect, as limited human resources and capacities are co-opted by the MBOPs with external funding; potential members come to expect this funding and the activities associated with it at the expense of poorer resourced autochthonous efforts to self organize.

The overview of the two types of organizations of the poor permits two broad observations. First, historically, two factors appear to be important in the formation of both types of membership based organizations of the poor. One is the absence of strong government or private welfare programmes to cater to the needs of the poor. Where strong public welfare systems exist, there is often less incentive for the poor to organize themselves. Secondly, it is clear that many organizations move between these two types over time. It is common, for example, for an organization established by a benevolent individual to gradually become owned and run exclusively by the poor themselves (Hanko and Chantrabumroung, 2003; SEWA, 2004a). It is also common for self-organizations of the poor to be co-opted by non-poor individuals and organizations, even with altruistic motives, and in this way alter the organization's focus, direction, and ownership by the poor.

III. What is success?

Whether an MBOP emerges through the self-organization of the poor or through the assistance of charitable individuals or development agencies to organize them, many other factors influence their success. For the authors, "success" means sustained, rather than short-term, tactical or temporal achievement. An MBOP can be considered "successful" when it fulfils, at least, all of the following necessary and sufficient conditions:

- **achieves the objectives agreed upon by members** at its creation

- **retains or expands its membership**

- **inspires members to maintain or increase their equity stake** in the organization through financial, labour, or other contributions

- **brings some improvement to the** self esteem, economic and social status, or **well being of its members**.

Externally supported MBOPs also need to show progress towards financial and managerial self-reliance in terms of members' own resources and capacities, in order to be successful.

These conditions are themselves the outcomes of five other factors, or "rules of thumb" (Rouse, 2001: 8). To achieve the objectives of its membership and to bring some improvement to their well being, MBOPs usually have to be **representative** of their constituencies, allowing for broad and equitable member participation in decision making. Representation requires that members have an equal share or equity stake in the organisation, usually the equivalent of one member with one vote, and hold management accountable for achieving that goal. In addition, there must be some **reciprocity** between members and leaders, such that communication flows in both directions. To retain and expand membership, it is usually critical for members to invest some of their **own resources** first in the organization. Equally important is for members to see some **return** for this investment

overtime; membership remains constant or expands when it clearly benefits from being part of the organisation, and when those benefits exceed the costs of cooperation. When financial resources are involved, this also means that the organization has to be able to manage funds effectively, without accumulating debts. Finally, members tend to **reinvest** and contribute to the future growth of their MBOP when they obtain a good net return on their membership. Under the best conditions, both the membership base and the aggregate value of member transactions with the MBOP increase over time.

A number of other factors have not been considered here as core conditions of MBOP success. One is **social and political acceptability**. Acceptance of an MBOP within a larger social and political context may greatly facilitate its work and promote its longevity. However, some organizations of the poor are effective particularly because they offer an alternative social model, which may appear at odds with the dominant political context. Many MBOPs, such as SEWA and MST, have to tread the fine line between conformity and political pressure in order to bring about lasting improvements for their members. A second factor that has been excluded is **longevity**. Longevity is not necessarily a good indicator of success and organizational well being, as an MBOP can be highly successful and then dissolve when it has achieved its objectives, or it may last a long time simply because it is subsidized by external funding. The next section addresses some of the internal factors that appear to contribute to the success of MBOPs.

IV. Objectives and improvements in well-being

The objectives that poor members define for their organizations are highly diverse, ranging from building the savings of their constituency to reforming the agrarian structure or providing physical protection in an alternative community. These objectives may relate to

material improvements in income or consumption as well as non-economic facets of the human condition (Bonfiglioli, 2003: 14-15). In practice, many MBOPs combine social and economic objectives.

The important point is that the **objectives are defined and agreed upon by the members of the organization themselves**. The apparently simple act of affording members the opportunity to analyse their own problems and identify, for themselves, the needs they wish to fulfil implies a power to control one's own destiny and can, in and of itself, be profoundly empowering (Ali and Baas, 2004: 12*).* When members are not given an active role in developing the objectives and modus operandi of their organizations, as is sometimes the case in externally supported groups, members may consider that these organizations lack the qualities that they value most (Narayan, *et al.*, 2000: 194) and, therefore, are not really theirs.

Members ultimately assess the value of being part of an organization by its ability to achieve these objectives. These **returns** to participation are most easily assessed in relation to the activities in which MBOPs engage. Yet, many of the **improvements in well being** that members report **go far beyond the specific objectives** themselves and can, in some instances, be incentive enough for members to continue to participate in the organization even when progress towards achievement of the objectives is slow. Thus, even when the ostensible focus is on group savings or mobilizing one's own resources for development purposes, the unintended benefits derived from group membership are usually equally noteworthy. Poor members, and women in particular, frequently report improvements in access to public services, security, dignity, higher status, respect, confidence, sense of self-worth, and decision-making power as benefits from participation in MBOPs and "participation in groups

increases women's participation in overall community development activities" (IFAD, 2000c: 16).

It is commonly noted that the **benefits of group membership are not limited to the members** themselves. The "economic and social betterment of women" promoted through the Tamil Nadu Women's Development Project (India), for example, helped members "to improve the welfare of their families and their status both within the family and in the community" (IFAD, 2000b: v). Equally important are the benefits associated with shifts in community perceptions about the poor's capabilities. For example, as a result of the transfer of knowledge and skills from MBOP group members

> "*to their family members and to other members of the community. […] This mutual respect that has developed between the disabled member of the family and other family members is the basis for the development of a stronger and self reliant disabled farmer who can now be recognized as an active member of the family and community*" (Hanko and Chantrabumroung, 2003: 28).

Over time, some MBOPs find it valuable for members to **review and**, if necessary, **adjust the organization's objectives periodically**, particularly because significant changes in the membership and financial status of the MBOP, as well as changes in the social, economic, and policy environments and the emergence of other member based organizations in the vicinity, may require some refinement, shift or expansion in the original objectives in order the accommodate the changing needs of their constituency.

V. Composition of their membership

MBOPs are focused above all on a set of objectives that poor members have collectively defined and judge to be important for improving their livelihoods. Although the poor play a paramount role in the definition of the organizations' objectives, **many MBOPs are not composed exclusively of the poor** and group composition is important because it affects the "process, potentials and outcomes of the group experiences" (Kilavuka, 2003:2-2). This section examines how the composition of members within organizations of the poor can affect MBOP success.

Ensuring that a minimal percentage or a critical mass of members is poor appears to be important for MBOPs to remain centred on objectives and activities that benefit the poor. This is no easy task since the poor, and especially poor women, have little free time and are often reluctant to join groups (IFAD, 2000c:17). Although documentary evidence is scarce, the focus on pro-poor objectives appears to be higher in organizations that are almost exclusively composed of poor members than those that are simply inclusive of the poor. In recognition of the importance of a "poor majority", some development agencies employ **specific mechanisms to target and include poor households and maintain a more continuous pro-poor composition and focus** in the MBOPs they create or support. For example, recruiting members by combining the use of locally developed wealth ranking indicators with a requirement that all potential members participate in a voluntary, revolving labour pool as prerequisites to membership were shown to be a good practice for ensuring a poor majority within MBOPs supported by FAO, in collaboration with the Community Based Regional Development Program (CBRDP) and UNDP in Yemen (Ali and Baas 2004).

MBOPs also tend to be more successful when members share one or several socio-economic conditions, and are therefore relatively homogenous. MBOPs whose members have common occupations (e.g. labourers, farmers), geographical residence, gender, language, and/or tribal, ethnic, religious, or caste affiliation appear to have some advantage in defining common objectives and representing and serving the interests of their membership. Of all of these, studies of MBOPs in Yemen, Tamil Nadu, Gujarat, and Brazil suggest that a certain level of **occupational homogeneity** may be critical for providing members with a strong unifying set of interests and skills and clarity on the obstacles, policies, market chains, and relationships with others to be addressed (Ali and Baas, 2004: 19; IFAD, 2000b; SEWA, 2004b; Stedile, 2002: 9-10). MBOPs of milk producers organize together around a set of concerns and capabilities that are usually distinct from MBOPs of vegetable producers, palm oil manufacturers, and fish processors, even when these are located in the same geographical area (Crowley, 1993: 53). Occupational homogeneity of membership helps to foster group cohesion around common objectives and strategies and helps to minimize conflict.

Occupational homogeneity can remain remarkably stable over space and time, and appears to be a pre-condition for the scaling-up and expansion of MBOPs. Occupationally focused groups sometimes form the building blocks of larger scale MBOPs and alliances of the poor. While India's SEWA, for example, has a diverse occupational base, its organizational focus is around a clearly defined set of smaller scale, constituent, occupational groupings in the informal economy, including home-based workers, vendors/traders, labourers and service providers and small producers (of gum, salt, embroidery, milk, etc.) (SEWA, 2002).

Nevertheless, it is common for MBOPs to include a few non-poor members who have skills that are not characteristic of the rest of the membership (IFAD, 2000a; Stedile, 2002: 4-5).

Literacy and numeracy, organizational skills, and some knowledge of legal and regulatory frameworks and public and private services and responsibilities are often valuable for effective MBOPs but, as these skills are rarely present among the majority of members, may be provided by a few individuals who assist the organization. Corroborating **the value of mixed-skill MBOPs**, a study in Kenya finds that

> *"groups composed of members having diverse abilities that are relevant to the task, perform more effectively than groups composed of members having similar abilities. Group performance usually calls for diverse activities, each of which requires specific abilities that are more likely to be found in mixed ability groups"* (Kilavuta, 2003:2-5).

Evidence from Yemen also suggests that for particular kinds of development and training activities, such as labour-intensive, income generating activities in agriculture and fisheries and some credit schemes, poorer members can benefit from the financial, human, and social resources of relatively better-off members and, in some cases, a mutually beneficial relationship can be sustained overtime (Ali and Baas, 2004:38). Non-poor members can bring entrepreneurial capacities, technical skills, awareness of other organizations and regions, facilitated market linkages, and play a critical role in the transfer of these skills and capacities to poor members.

However, even when the relationships between poor and non-poor members can create increased income opportunities or longer term employment for some poor members, the resource gap between non-poor and poor members can also persist and grow overtime. The presence of both poor and non-poor members in an MBOP, in and of itself, contributes very little to removing the socio-economic disparities and hierarchies that exist between poor and

non-poor members, even though MBOPs usually aim in some way to reduce the poverty of their members.

The advantages or disadvantages to MBOPs of social and economic heterogeneity in membership, in terms of age, caste, and gender for example, **are less clear**. In Yemen, women's organizations have benefited crucially from the support of men in the communities (Ali and Baas 2004) and **mixed gender MBOPs** have been found to be effective in Kenya and Uganda (IFAD, 2000c:16; Kilavuka, 2003:1-3). However, in contexts in which women's status is significantly lower than men's, mixed gender MBOPs encounter particular difficulty in ensuring adequate women's involvement in and influence over decision-making, and women-only groups appear to be the best option as they allow women to gain greater confidence and autonomy (IFAD, 2000c: 16). MBOPs that have proven successful in these contexts appear to combine a focus on location-specific differences in women's situations with the development of specific women's economic activities and, among both men and women, awareness raising and incentive creation to encourage women's participation and socio-economic empowerment. For these reasons, a majority of IFAD funded self-help organisations in Southern Africa were women only groups (IFAD, 2004d).

VI. Development of governance structure

The structure and rules by which an organization of the poor is governed, such as incentives for engagement, methods of representation and leadership, by-laws and even moral codes of conduct, also have a direct bearing on an MBOP's internal cohesion and achievement of its objectives. Good governance in MBOPs is a vast subject in and of itself and can not be addressed in detail here. Instead this section highlights just a few dimensions of governance that can affect MBOP success. The most important characteristic of the governance structures

of successful MBOPs is that they are developed, negotiated, agreed upon, and filled by the members themselves.

Equity stake

A fundamental element of effective governance is **the equity stake of members in the group or organization**. "Equity stake" refers to the sweat capital, in-kind or financial contribution that members make in order to be part of the organization. There is a strong positive correlation between the relative weight of a member's equity stake in the organization and his or her interest in governing or controlling the organization, so as to protect or gain a just rate of return on that investment. The MST (below) provides a clear case for why the members' own investment is so critical for an MBOP's governance and cohesion.

Movimento Sem Terra (Brazil)

"All the costs have to be borne by those who participate. Otherwise things get confused: 'I don't know who' buys the tents, 'I don't know who' pays for the transport; the farmers end up depending on 'I don't know who'. At the first sign of trouble they'd say, 'No, I didn't come here on my own, so-an-so brought me' and they'd leave, because they wouldn't see the struggle as a personal sacrifice. We could carry out much larger actions if we asked for money from outside—but it would have a disastrous ideological effect. Instead, every family taking part in an occupation spends months working, to get materials for shelter, to get food---they know that they'll be surrounded by police, that they'll have no food, that they'll have to hold out for weeks until there are political repercussions, and solidarity begins to bring in resources." (Stedile, 2002: 8)

The equity stake, whether as annual dues or some other form, creates a strong incentive for members to take an interest in the organization and to become "actively involved in all stages of the planning, implementing and monitoring activities" (IFAD, 2000b: xi). In most MBOPs, the general principle is that each member has the equivalent of a single vote, even if some members, in fact, invest significantly more time and resources in the organization. Among MBOPs, the patronage principle, in which a member's share of the business defines the

proportional weight of his or her vote appears to be very rare, except in a few cases of profit oriented organizations.

Size and structure

A second factor that affects governance is group size and structure. Depending upon the objectives of the organization, the **optimal size and structure vary**. For informal savings groups, for example, small numbers of members all of whom know each other well tend to be work best (IFAD, 2000a: 16; IFAD, 2000b:7), whereas for social movements seeking broader judiciary, political and economic reform very larger numbers of members, reaching the hundreds of thousands, can be essential (Stedile, 2002). **The optimal organizational structure is** also **a function of the MBOPs objectives** and therefore few generalizations are possible. Depending on the objectives, organizational structures may range from highly decentralized movements in which the full membership is barely known, such as the MST (Stedile, 2002), to very hierarchical groups such as Chinese beggar organizations (Lu, 1999).

Leadership

A third dimension of governance that is important for successful MBOPs is **leadership**. As with structure and size, the ideal characteristics of leaders and other specialised roles are highly variable depending upon the type of organization and its objectives. Small groups may function without a leader, but larger groups often contain a variety of specialized functions.

Many successful MBOPs have elected leaders, but this is not sufficient for good leadership. Effective leaders focus on finding solutions to critical concerns that are shared by the broader membership, have some vision of other changes that might be needed, have a capacity to set high but obtainable goals and to motivate and align members behind them, and demonstrate a

readiness to take responsibility and to hold themselves accountable to members (Kitavuka, 2003: 4). Regular meetings that include dialogue between the broad membership and MBOP management are important for building and maintaining a shared vision and mode of operation. Furthermore, in order to gain and maintain their own legitimacy among MBOP members, leaders usually have to possess **other socio-cultural qualities** that are recognised by their community, such as age, experience, strong oral communication skills, and a reputation for honesty. Critically, however, MBOPs that ensure that their members, including leaders, are **well-trained and clearly understand their responsibilities**, obligations and rights tend to fare better overtime than those that assume that this knowledge is innate to leadership (Ali and Baas, 2004:22; Douglas and Kato, 2004:55; IFAD, 2000b:7). Finally, the existence of some mechanism for **regular elections or periodic confirmation or rotation of selected leaders and mentoring of future leaders** also appears to be important for successful MBOPs.

An important function of MBOP **leaders**, particularly after an MBOP has operated for some time or as they expand into new areas or activities, is to **recognize additional needs that may not be apparent to individual members** and were not evident at MBOP formation. For example, in order to convince government officials of the need to change particular policies, statistics on the numbers of poor who are or would be affected by particular policies is often essential. Even action oriented organizations, such as SEWA and the MST, have at certain times, had to conduct research or censuses themselves or support government registration schemes in order to demonstrate the numbers who stand to benefit from their cause and to advance the needs and clarify the identity of their constituency (Crowley, 2001: 2). This illustrates the vital role that leaders can play in shaping an MBOPs evolution and effectiveness over time.

Interestingly, external support may dictate the presence of certain specialised functions and offices, as in Masaka District of Uganda where "all of the externally formed groups have a committee consisting of a chairperson, treasurer and secretary" (Douglas and Kato 2004: 25). Whether fixed or rotating among members, these specialized functions are especially important in larger scale organizations and, when implemented effectively, play a role in ensuring transparency in accounting, active engagement in collective decision making, effective communication between leaders and members in regular meetings, and credibility that the organization will deliver on objectives.

Some organizations claim that the attribution of a **stipend** for the elected animator, frequency and timing of meetings and the presence of an NGO acting as a facilitator can be important for MBOP success, if the NGO's capability and experience are carefully assessed before it becomes formally involved (IFAD, 2004d; IFAD, 2000a, 2000b; Ali and Baas, 2004). However, paying village animators to facilitate farmer field schools in Zimbabwe proved to be an unsustainable practice: when external funding ceased, paid animators had fewer incentives than unpaid animators to continue their work, ultimately leading to conflict and group collapse (Mudhara, 2004).

Weighted representation in management structures to include different socio-economic groups can be important for the cohesion of heterogeneous MBOPs. In many contexts, especially in mixed-gendered organizations, women's representation in MBOP management is low or of a symbolic rather than de facto nature, unless special measures are taken to ensure otherwise (Kilavuka, 2003: 2-4). In the North Cachar Hills of Assam in India, for example, strong male biases effectively limited women's participation in management and decision

making in community based organizations (IFAD, 2000c: 16). A pervasive "macho culture" has been cited as the reason for progressively lower proportions of women in the higher echelons of MST management (Stedile, 2002: 9). Although women-only groups are not a viable option for certain kinds of MBOPs, they can be essential for those which seek to improve the status and decision-making capacity of a poor population in which the majority are females and in which there are few other avenues for female leadership aside from women only groups led by women.

Some new MBOPs have found it useful to create honorary advisory positions in their governance structures in order to accommodate traditional leaders. The active participation of local leaders can serve as a strong incentive for members to participate and can strengthen the credibility of the organization (Douglas and Kato, 2004). MBOPs in Yemen effectively averted 'take over' by local leaders by clearly defining their roles and responsibilities and then ensuring that they participated in the development of the constitution and by-laws of the organizations (Ali and Baas, 2004:31). However, if not carefully managed, the involvement of local elites can also constitute a longer term risk, since participating in and influencing the rule-making process offers an excellent opportunity for elites to takeover an MBOP legitimately (IFAD 2004c). The point is that there is **no hard and fast rule about the value of elite involvement.**

Internal rules or by-laws

A fourth characteristics of the internal governance of MBOPs that is critical for success is for members to develop **a set of internal rules** to govern group operations (FAO, 1995, 2002; IFAD, 2000a, 2000b), **which are clearly understood and** meant to be **consistently applied** to all members. This is important for all MBOPs, but is particularly valuable for ensuring that

heterogeneous organizations do not fracture along the lines of social and economic difference. Even for the smallest and most informal MBOPs, clear oral or written rules that are consistently applied are the foundation for collective action. MBOP rules may be very simple, defining only the objective, equity stake, and conditions of membership, or they may be more complex, defining leadership functions and responsibilities, the regularity of meetings of the membership, incentives to discourage members from leaving the group before a certain grace period has passed, or the pace and requisites of group development and expansion (IFAD, 2000a, 2000b). The internal regulations of successful MBOPs appear to have the following characteristics: they are developed by the members themselves, refined through broad consultation with and inputs from MBOP membership, and fall within the broad parameters of national laws.

Whatever their form, it is common for **MBOP rules** to **develop and change overtime**. In later stages of MBOP development or as MBOPs scale-up the rules often become more complex, and become analogous to a charter, constitution, and bylaws. Although constitutions and by-laws need not be written, it is important that they be developed and clearly understood by the membership rather than derived from blueprints provided by legislative texts or developed by the leaders alone. When MBOPs surpass a certain scale of membership, written constitutions and by-laws can be helpful, particularly if they are translated into local languages and dialects.

The formal or informal status of the organisation and its legal status are not clearly linked to MBOP success or sustainability. For example, rotating savings and credit associations and traditional labour sharing groups have operated for centuries without formal status. On the other hand, formalization may bring some advantages to larger MBOPs. When

MBOPs have reached a certain level of maturity, the formalization process itself can sometimes help to reduce internal conflicts and disputes over internal rules, while clarifying and supporting responsibilities, obligations, benefits and profit sharing among members (Ali and Baas, 2004). This is particularly the case when MBOPs are supported by a higher-level legal framework or external organisation.

Codes of moral conduct

A fifth characteristic of many successful, larger scale MBOPs, particularly those that resemble social movements, is an explicit code of moral conduct. Successful MBOPs often manage to creatively and **selectively adopt positive elements of tribal and customary practices,** norms, and regulations into their governance structures as vehicles for development, conflict resolution, solidarity, and appropriate ethical and moral behaviour. Such codes define the ethics, value system, and moral behaviours to which members aspire and are sometimes modelled on **religious or philosophical ideologies**. For example, SEWA espouses many elements of Ghandian non-violent ideology and its members have developed a "moral compass" to guide their behaviour, in the form of eleven vows or pledges: "being truthful, being non-violent, being honest, retaining minimum possessions, controlling ones desires, using one's own labour, rejecting caste divisions, being free from fear, adopting *swadeshi* (propogating local livelihoods like Khadi), adopting a simple lifestyle (including in our food in-take), practicing *sarvadharam* (equality of all faiths)" (SEWA, 2002: 2-3). In SEWA, these values "are explicitly reinforced many times a day, at the opening of every meeting, through a series of songs/chants making reference to Hindu, Muslim and Buddhist belief" (Crowley, 2001: 3) and, as with similar codes used in other MBOPs, have been successfully employed to breed inclusiveness and acceptance of historically marginalized groups and to maintain unity despite socio-economic heterogeneity.

VII. Scope and diversity of organizations' activities

The identification of needs, mobilization of resources, and the implementation of activities to meet these needs are the core activities of most MBOPs. Hawking, begging, unskilled day labour, handicraft, manual transport, tenant farming, sharecropping, and the collection, sale, and processing of common pool resources from forests, bush, swamps, and aquatic areas for food, fuel, fodder, fibre, and construction materials have historically been the main income-earning activities of the poor. Stealing has also been an important basis of survival in some areas. It is not surprising then that these trades also tend to be the focus of the activities of membership based organizations that serve this constituency. Successful MBOPs select their activities based on membership demand, but **the number and scope of activities undertaken by each organisation largely depends on the resources available**. Smaller scale MBOPs that rely exclusively on the savings of their members tend to engage in a more restricted range of activities.

Building capacities to run the organization

One set of core activities in most MBOPs relates to **building members' capacities to run the organization** itself. By their very existence, MBOPs offer an opportunity to the poor to reduce their isolation, provide each other with peer support, identify their own priorities, define and control their own institutions, and plan a way out of poverty. MBOPs sometimes undertake specific training activities to build the capacities of individuals to operate effectively in the organization or group. A number of external agencies that support MBOPs consider that the capacities of members to run and manage their organizations effectively is paramount for sustained success; as a result, these agencies dedicate considerable time and energy to training and capacity building in group formation, enterprise development,

accounting and financial management, leadership training and other skills, before providing

resources for any other activities (Ali and Baas, 2004; Hanko and Chantrabumroung, 2003;

IFAD, 2000a; 2000b; 2004). To enable new recruits to become active members and to enable

them to benefit from membership immediately, some organizations consider it important to

provide training in these areas on a regular and ongoing basis, and not just in the early stages

of MBOP formation or when it has diversified to new activities.

Such capacity building and learning-by-doing also builds members' ownership of their

organization and helps the MBOP to retain a pro-poor focus, even in the face of pressure from

other institutions and the wider social and political context. The important point is that this

capacity building serves a dual purpose: it builds the skills and self-esteem of individuals

and it improves the effectiveness and sustainability of the organization as a whole. Even

when the financial incentives for engaging in MBOPs are mixed, these other basic activities

associated with group membership can provide lasting skills and a sufficient basis to attract

active members.

Increasing financial or other security

A second set of core activities, apparently present in all MBOPs, relates to **generating**

productive or financial capital, providing members with the possibility of some type of

financial security. The most common reason for members to join MBOPs is to build their

savings or gain access to credit, insurance (such as, SEWA's support for identity cards and

unemployment benefits), employment, land, or other capital that can provide a safety net in

case of emergencies. "…Overcoming poverty means empowering the poor to acquire greater

control over their use of productive resources including their own labour, and keeping their

incomes and savings in their own hands" (Hussain: 2004: 2). MBOPs engage in or support at

least one activity of this type since, even on a small scale, such activities can offer significant benefits to poor members. Although generating productive and financial capital is important for all MBOPs, it appears to be especially important for and sometimes the only activity in externally-funded MBOPs.

Building influence and negotiation power

MBOPs are invariably built on the capacities of participating members, created in response to broader social institutions, and redefined overtime in relation to their changing form, function, and effectiveness, whether these take the form of unspoken rules and incentives, public services, organizations, or policies. It is not suprising, then, that influencing these institutions, laws, and policies is the focus of a third set of core activities of some MBOPs, particularly the larger scale ones.

By joining organizations, poor individuals gain access to the collective information, skills, knowledge and experience of other members, as well as to the **power and social capital that the combined numbers of members and their assets represent**. Organizations of poor, and the sheer numbers they represent, can provide the poor with an important basis for influencing others to respond to their concerns and interests, a means "**to compel attention** to their needs from those who" control institutions (IFAD, 2001: 11), and an entry point to negotiate with donors, banks, NGOs and other international institutions who would not, in other instances, consider individual requests. Organizations give the poor the **leverage** to negotiate directly with local authorities and other organisations and to "face markets, state institutions and local structures of power that discriminate against the poor" (Hussain: 2004: 2I), where individuals would be unable to do so.

MBOPs striving to achieve significant policy reform, such as SEWA and MST, give great importance to the numbers of their members and invest considerable time in **raising awareness, organizing and recruiting new members**. To expand an MBOP's influence beyond a specific locality, **intergroup associations** and clusters can also be helpful. For women, this is relatively easier to achieve in countries, such as Rwanda and Uganda, where well-developed networks of women's groups and association already exist (IFAD, 2000c: 179). Connecting local MBOPs together into **horizontal networks, coalitions, and alliances** that include other like-minded organizations is important for increasing the visibility, negotiation power and influence of MBOPs.

The cases reviewed demonstrate that MBOPs can afford poor women new physical mobility, expanded contacts with banks, NGOs and district authorities, awareness of political and property rights, and increased confidence (IFAD, 2000b) all of which are vital skills for negotiation, power and influence. The cases also show that MBOPs can successfully negotiate with local authorities for projects to build new rural infrastructure (IFADb, 2000), influence governments and public services to establish pro-poor procedures, sway employers to improve the employment conditions and reduce the vulnerability of workers and small scale farmers, persuade the judiciary by providing legal representation to their members, and motivate traders and other middlemen to increase the prices they pay for the produce of the poor.

Accommodating emerging needs through new activities

Successful MBOPs find **some balance between achieving the basic objectives of the organization, and responsively adapting to the needs of the poor that emerge over time**. In accordance with these needs, successful MBOPs flexibly incorporate a range of other new

self-help activities on demand, including income generating initiatives, vocational training, literacy education, disaster relief, advocacy to eradicate "socially harmful" practices such as alcohol consumption, conflict management and rehabilitation, or cultural, health, religious, sport or other activities. Following the 1999 earthquake and 2002 communal riots in Gujarat, for instance, SEWA introduced new activities, respectively, to facilitate disaster relief for the poorest families and to address the economic loss and emotional scars of widows and orphans (SEWA, 2002).

To be successful, however, an MBOP must ensure that it has reached **a certain level of organizational maturity and effectiveness of membership participation before diversifying** its activities and that it diversifies **slowly and gradually, in incremental steps**, taking care to monitor the process carefully and make adjustments as needed (IFAD 2000b; Ali and Baas 2004; Crowley, 2001). In some cases, competition among different MBOPs in the same geographical area has helped them to diversify and specialize in support of different types of self-help initiatives, so as to attract new and maintain old members.

VIII. Scaling up and linking of MBOPs with other institutions

In order to expand over time and have some impact on the laws, institutions and policies that lock the poor into the cycle of poverty, effective links with and impacts on other institutions are critical. Within MBOPs, as in many other organizations, relationships with external organizations tend to be established through the contacts and initiatives of individual members, and the basis for these contacts may be planned, but are just as often circumstantial, originating from an individual's family or friendship connections. MBOPs that have successfully developed enduring relationships with other organizations, and have retained

valuable social and political capital despite the loss of individual members, have done so by developing **specific mechanisms to transform personal contacts into broader institutional relationships**.

A clear, shared understanding, on the part of both **MBOPs and governments**, of their **distinct but complementary domains of activity and legal responsibilities, as well as some coordination** between the two are important for peaceful co-existence. In some of the best cases, this shared understanding enables community-based MBOPs and local governments to recognize the value added of these differences, to resolve legislative inconsistencies, and to define a mutually supportive legal relationship. Some MBOPs have policy and operational linkages with local and higher level government that permit joint development planning and complementary sharing of responsibilities. Some successful MBOPs limited to specific community territories, for example, enjoy the support of local governments in the provision of social infrastructure, such as schools, drinking water supply, health centres, and roads. Larger scale MBOPs, such as the MST, that considers "housing, electricity, school, teacher-training"and related basic needs to be the responsibility of the State, can organize to force the government to make local authorities pay for these services (Stedile, 2002: 8). In turn, many MBOPs complement government initiatives by providing support-services for productive, income generating activities outside the remit of government assistance.

However, MBOPs that maintain relationships with organisations of the non-poor for policy and advocacy purposes also run the risk, over time, of losing their own pro-poor focus. This happens gradually, as the interests of even well intentioned **external** policy advocacy **groups,** often dominated by wealth and powerful constituencies, **progressively overtake the primary**

economic services, activities, and **concerns of the MBOP's internal constituency**. Some MBOPs in Yemen are trying to manage this risk, by creating subcommittees within their own **management structures to ensure that external policy advocacy and internal economic activities are managed separately** (Ali and Baas, 2004). Larger scale MBOPs, such as SEWA and MST, neverthless consider their autonomy to be important and may invest time and resources to ensure that they **remain independent from political parties and other external political and religious influences** (Stedile, 2002, 4).

Many experiences show that **larger scale MBOPs that take the form of unions or social movements tend to encounter greater resistance from governments** than do less threatening community-based MBOPs. The nature of the MST's relationship with the Government of Brazil has clearly been a function of changes in political regimes and associated policies of tolerance, accommodation, and cooptation (Stedile, 2002: 12-14). There are also cases, however, in which MBOPs that are initially considered threatening, either due to changes in the broader political environment or purposeful efforts on the part of the organization itself to adopt more cooperative strategies, gradually develop a more cooperative relationship with governments overtime.

IX. Summary and conclusions: conditions for successful MBOP

Given the diversity of MBOPs and the socio-economic, agro-ecological and legal, regulatory and policy contexts in which they are found, no blueprint combination of characteristics and good practices can guarantee the success or failure of MBOPs. However, guidelines on good practice for tackling common MBOP problems and risks, drawn from a diversity of sources,

can be helpful in strengthening the capacity of MBOPs to achieve their objectives and to develop into sustained organizations that benefit the poorest members of society.

Responses to three main questions provide a useful structure for summarizing the points raised in this paper.

<u>What are the conditions that have given rise to organizations of the poor?</u>

As organized groups, the poor have a better chance to improve their well-being than they do as individuals. Yet historically, many of the world's poor have not created organziations focused particularly on improving the well being of this specific group. The most common way in which the poor have organized themselves into membership-based organizations has been in the form of small informal common-interest trust-based groups. Strong alternative, clientelistic and customary institutions and the dispersion of the poor over large geographical areas have historically limited the development of MBOPs in rural areas. As some MBOPs offer alternative social models that are at odds with the socio-political context in force, dominant political groups sometimes try to suppress MBOPs, either deterring the poor from organizing or motivating them to do so under apolitical guises. In contrast, urbanization, the absence of public welfare schemes, the erosion of customary networks, the force of charitable ideologies, and exposure to alternative social models are some of the factors that have given rise to large concentrations of the poor seeking a means for independent survival and influenced the poor to organize themselves into MBOPs. Policies and external funding that support community development and participatory approaches as a means for poverty reduction have also created the conditions for the emergence of organizations of the poor.

Organizations of the poor can be distinguished into two types, fundamentally associated with how they are created. Self-organizations of the poor are created when the poor organize themselves or each other; these organizations can form the basis for strong and lasting solidarity, but are sometimes limited in scale and in the diversity of activities they can undertake. Externally supported organizations, on the other hand, are often easier for outside organizations to work with, are better documented, and have more resources and activities, but are often less stable over time, run the risk of losing their pro-poor focus, autonomy, and effectiveness, and can "crowd out" self-organizations of the poor in their vicinity. In reality, many organizations of the poor move between these two types over time.

What are the internal factors that make for successful MBOPs?

A successful MBOP achieves collectively defined objectives, retains its membership, inspires members to maintain an equity stake in the organization, and improves the well-being of its members. For this to happen, members have to feel that the organization is in some way representative of their interests, as reflected in objectives and rules of governance that they have helped to define and in the organization's capacity to adjust in response to the changing needs of this constituency. While mixed skills and mixed gender within the membership can sometimes strengthen an MBOP's ability to achieve these objectives, maintaining a poor majority and some level of occupational homogeneity appear, more consistently, to be critical for maintaining a pro-poor focus. Effective and appropriate leaders, who are periodically rotated, and possess some locally valued leadership qualities and a clear understanding of their responsibilities, are also important for members to feel that the organization represents them.

For MBOPs to be successful, members have to consider that the benefits from cooperation exceed their investments. An appropriate size and structure of the organization, in relation to the objectives it wishes to achieve, can facilitate cooperation. At the same time, it is essential for members to feel that they benefit from the productive or financial activities, training, capacity building, greater influence and negotiation power, and other advantages that membership in the organization offers.

<u>What are some of the internal and external factors that affect the ability of MBOPs to</u>

<u>influence others and to scale up?</u>

In order to scale up effectively, MBOPs must ensure that they have reached a certain level of organizational maturity and only gradually and incrementally expand their membership and diversify their activities. Regular capacity building for new members is essential. Organizing the poor and obtaining funds from a diversity of sources, including its own members, appears to be important for an MBOP to expand beyond its original locations while maintaining its pro-poor focus. As an MBOP grows in membership, its capacity to influence other organizations also increases, but at the same time, its very numbers make it increasingly challenging to other organizations and politically and economically dominant groups. Defining distinct and complementary domains of activity with Governments and other organizations in their vicinity and remaining independent from political parties and external political and religious influences are important both for establishing peaceful relations with other organizations and for maintaining the MBOP's autonomy.

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