

Taking Action for the World's Poor and Hungry People

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SPEAKER SUMMARY NOTE

Session: Building the Social Capital of the Poor and Hungry
Speaker: *Vijay Kumar*, Chief Executive Officer, Society for the Elimination of Rural Poverty, India
Title: How Are Organizations For and With the Poorest and Hungry People Best Fostered?

1. In order to achieve freedom from hunger and poverty, fostering organizations of the poorest is a necessary condition. This however does not happen automatically and requires *sensitive support* organizations for the poor to induce this process.
2. Organizations for the poor can be Government organizations, Local self Governments, or Civil Society organizations. The organization must have a strong and long term commitment for eradication of poverty through the institutions of the poor.
3. Role of Government:
 - Creation of enabling atmosphere for social mobilization and empowerment of poor
 - High degree of political commitment to this process
 - Set up a dedicated institution for fostering institutions of the poor
 - Scaling up successful models to the entire province or country
 - Effective pro poor policies and programmes
4. Core philosophy regarding poor that has to be internalized by the *organizations for poor*:
 - All poor have strong desire and innate capability to come out of poverty
 - Social mobilization process is the best way of unleashing this innate capability
 - The poor can come out of poverty only through their own institutions, in which they participate freely and fully
 - Poor should play a key role in all the interventions
 - Poor have a strong spirit of volunteerism
5. Adopting participatory identification processes so that the poorest families are clearly identified.
6. Building and nurturing institutions of the poor. The *organizations for the poor* initiate the process of social mobilization. The services of dedicated and committed personnel are essential for this process. Through a series of dialogues with the poorest households, they convince the poor women to come together as a group, to fight poverty collectively. A group consists of 10 – 15 women, popularly called as Women Self help group (S.H.G) comes into existence as a result of these efforts. The group is formed on the basis of 'affinity' and strong bonding among the members. If groups are formed on the basis of narrowly defined interests, they are likely to be short lived. These groups become strong by meeting regularly, saving and lending to each other regularly, discussing common problems and undertaking collective action to achieve their objectives. The regular meetings and collective actions unleash the hidden energies of each member and make the group into a strong group.
7. Village level federations of S.H.Gs. When about 1/3rd of the poor in a village are covered under S.H.G network, it is time for the S.H.G.s to come together and form a federation. The federation of S.H.G.s at the village level gradually takes over various responsibilities from the external facilitating organization. The strength of the poor is enhanced several fold, when all of them are organized and federated at the village level. While the S.H.Gs are based on affinity, the village federation enables poor members from various castes, religions and occupations to come together. It facilitates horizontal integration within the village and unleashes complementary energies.

8. The manner in which these institutions of poor in Andhra Pradesh, India, have comprehensively tackled the chronic hunger problems of their members is a testimony to their enormous potential for poverty eradication. The federation, since it represents all poor households is able to exert pressure on the public distribution system (P.D.S) to deliver the entitlements of each poor family. However, the P.D.S accounts for only 1/3rd of a family's monthly cereals requirement and when wages are uncertain they can't purchase this also. For the balance requirements of cereals and for other essential commodities, the Village Federations in A.P are implementing a unique food security credit model, which covers 1.64 million households as on date.
9. The S.H.G prepares one month or 3 months' indent for essential commodities based on requirements of each member. The members enter into a formal understanding with the SHG on repayment terms based on their sources and timing of income flows. The Village federation compiles indents from all S.H.Gs. The S.H.Gs and the Village federation enter into a formal understanding specifying the repayment terms. The federation mobilizes the finances required either from member contributions or from Government's ongoing anti poverty programme or from the banks. The Federation buys in bulk from the nearest wholesale market and supplies good quality commodities to members through their S.H.Gs. The cost for the members is lower than the market price at the village level and at the same time the Federation meets all its transaction costs and also earns a small profit. The members are relieved from the tensions of day to day buying and from the indignities of borrowing at humiliating terms from the local traders. It is a win-win situation for the members, the S.H.Gs and the federations.
10. Through this intervention the Federation and S.H.Gs develop institutional norms, financial management and supply logistics skills and capacity to handle complex functions with a high degree of self management. The bond between the members and the SHG and the S.H.Gs and the federation becomes stronger. The members gain in several ways – most important they are able to eat well and feed their children on time. They have other equally important gains – cost reduction, food assurance for one to three months, easy payment plan, and good quality food. The cost reduction is very significant – they save Rs.80 – Rs.120 per month, whereas their savings in the group is Rs.30 – Rs.50 per month. Due to these impacts, the programme is rapidly spreading and in the next 3 years all the 8 million poor households will be covered.
11. The role of the support organization is very important. The organization provides intensive day-to-day support to the federation and S.H.Gs in piloting this initiative in select villages. It provides capacity building services, facilitates experience sharing among different villages while the pilot is being implemented and does trouble shooting with banks, line departments of the Government and other external agencies. In the scaling up phase, the key role is played by best practitioners who have implemented this initiative for more than 6 cycles of purchases and recoveries. They are the SHG leaders, Federation leaders and village Para professionals. The external support organization undertakes training of these community resource persons and facilitates their visits to newer villages and facilitates exposure visits to the pilot villages by the newer village federation leaders.
12. Since this is a model based on empowering organizations of the poor, the solutions that they find to their problems are different from a situation where the poor are mere recipients of aid, or, mere wage earners in a food for work programme. These organizations do not stop with one intervention, they are constantly innovating and they take up with greater vigor and commitment newer interventions to solve the problems of their members. They experiment with deepening the food security intervention and in some villages graduated to nutrition security through targeted approaches for pregnant women and lactating mothers.
13. The role of *organizations for poor* is crucial in the initial stages of S.H.G formation in continuously motivating the S.H.G members, undertaking training programmes for them, facilitating group meetings, taking them on exposure visit to well functioning groups, etc. Subsequently when the federations are formed their role changes to building capacities of the Village federation leaders and their Para-professionals. The success of the external organization depends on how well they are able to devolve responsibilities to the Federations and how well they prepare themselves to assume new responsibilities in the evolution of institutions of the poor. To be truly effective, the *organization for poor* must be a learning organization and continuously reinvent itself to effectively serve the changing needs of the institutions of the poor.

14. Higher order federations. The same logic applies to higher level federations of the poor. The role of building the capacities of the village federations, regularly monitoring them is taken over by the 2nd level federation. The role hitherto performed by the external organization is gradually taken over by the federation.
15. The *organizations for the poor* help the S.H.Gs and their federations to access financial support from Commercial Banks. The eradication of poverty accelerates when the S.H.Gs start accessing bigger loans from the banks. The second key role is to sensitize all Governmental Line agencies to be pro poor and facilitate organizations of the poor to access services from all Government agencies.
16. Scaling up strategy. It takes about 3 – 5 years of intensive work by *organizations for poor* for significant results to be manifested in 200 – 300 villages covering 30,000 – 50,000 poor households. The real challenge is in scaling this effort to cover 500,000 households and from 500,000 households to 5 million households – the size of a province in India. In our experience scaling up can be done in 5 – 10 years, depending on the ultimate size of population to be covered.
17. 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 phase can be effective resource persons for universalisation of this strategy. Similarly, the leaders of S.H.Gs and S.H.G federations who have gained vital experience in setting up and managing institutions are the best resource persons for training the leaders in the newer areas.
18. The role of *organizations for poor* is very different in scaling up. Rather than replicate the work that they have done in the intensive phase, their main role is in nurturing the social capital in the form of community resource persons from the intensive phase to build capacities of S.H.Gs in the universalisation phase. In the intensive phase villages, the role of *organizations for poor* is in deepening the interventions and in tackling other important dimensions of poverty. Once these issues are resolved in these villages, these can be taken to scale by community resource persons. These resource persons have acquired expertise in specific thematic areas like food security or health interventions.
19. **Impacts in Andhra Pradesh State, India:** Using the above strategy the Society for Elimination of Rural Poverty, an organization for poverty eradication set up by Government of Andhra Pradesh has been able to achieve the following key impacts:
 - Intensive phase (1995 – 2000), covering 500 villages and 100,000 rural poor women
 - Scaling up (2000 – 2007 and continuing)
 - 8.7 million Women organized into 688,000 S.H.Gs (90% of rural poor households covered). 31,500 village level federations, and 946 Mandal federations (2nd tier federations)
 - Accumulated corpus of the S.H.Gs - US\$ 748 million
 - Mobilization of finance from banks to S.H.Gs : US\$ 50 million in 2001/02 to US\$ 850 million in 2006/07
 - **Comprehensive food security coverage** – 1.64 million families, Plan for 2008 - 3.0 million members and by 2010 – 8.0 million (36.0 million population)
 - Health and nutrition centers for pregnant women, lactating mothers and children from 6 months to 5 years. 84 villages now, 1112 villages by 2009, 8069 villages by 2010 and the balance 24754 villages by 2011
 - Effectively accessing all ongoing poverty eradication programmes, especially the employment guarantee scheme
 - Social capital of more than 10,000 women who can take these interventions to newer areas

To conclude, the institutions of poor are well geared up to play a crucial role in enabling the state of Andhra Pradesh to plan to achieve the M.D.Gs relating to hunger and poverty eradication, women empowerment and gender equality, maternal health and reduction of child mortality by 2015.