

Organizations of the Poor: Conditions for success¹

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Food and Agriculture Organization of the United Nations

Prepared for the International Conference on

Membership-Based Organizations of the Poor: Theory, Experience, and Policy

Organized by Cornell University,

Women in Informal Employment Globalizing and Organizing (WIEGO),

And the Self-employed Women's Association (SEWA)

Ahmedabad, India

January 17-21, 2005

¹ The authors would like to express their gratitude to a number of reviewers who contributed information and comments that greatly enriched the paper. These include: Ian Cherrett (Senior Officer-Latin America Region), Janus Juhasz (retired Cooperatives Officer), Bernd Seiffert (Officer, Rural Producer Organizations), Vladimir Evtimov ("interim" Land Tenure and Rural Development Officer, Central and Eastern Europe Sub-region), Leith Deacon (intern) from FAO's Rural Institutions and Participation Service (SDAR); Calvin Miller (Senior Officer) and Maria Pagura (Rural Finance Officer) from FAO's Rural Finance Group, Agricultural Management, Marketing and Finance Service (AGSF), and Gerard Ciparisse (retired Senior Land Tenure Officer) from FAO's Land Tenure Service (SDAA). Outside of FAO, the authors would like to thank Robin Marsh from the Center for Sustainable Resource Development, University of California, Kristen Appendini from the Colégio de Mexico, Zarina Douglas, Rural Livelihoods Analyst (UK), Paolo Silveri and Ashwani Muthoo of the International Fund for Agricultural Development (IFAD), Pablo Eyzaguirre of the International Plant Genetic Resource Institute (IPGRI), and the participants at the conference on Membership Based Organizations of the poor and a number of SEWA members.

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Abstract

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

MBOPs are defined as organizations which poor members control and partially or fully finance. A range of MBOP types are distinguished along a continuum, ranging from self-organizations to externally supported organizations of the poor, and characterized by differences in scale, autonomy-dependence dynamics, and focus. Some hybrid organizations successfully combine the strengths of both self-organizations and externally supported organizations of the poor, enabling them to scale up, expand and diversify their constituency and effect more fundamental political, social and economic changes. These types are important for understanding the genesis, vulnerabilities, success, and survival 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 for targeting 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 improved livelihoods, 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 their success or failure. The paper concludes by summarizing the conditions that have given rise to organizations of the poor, internal factors that make for successful MBOPs, and factors that affect the ability of MBOPs to influence others and to scale up.

“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). First, charitable institutions, motivated by Islam, Christianity, indigenous religions, custom, and individual philanthropy, have been created to care for the poor. Secondly, forced confinement and segregation have been used to contain the poor, particularly lepers, stigmatized groups, and disadvantaged racial groups. The efforts of the poor themselves, as individuals who strive to improve their own livelihoods often with the assistance of family and friends, is the third and by far the most common strategy. Finally, in a few cases, organizations of the poor have been created to enable the poor 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 environmental conditions and 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 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 and strategies that are critical for the effectiveness and sustainability of these organizations.

After providing a working definition of membership-based organizations of the poor (henceforth MBOPs) and what is meant by “success”, the paper distinguishes several broad types of MBOPs along a continuum, based upon the processes by which they are formed and sustained. Following an analysis of each of these types and a summary of some of the external factors that influence the emergence of these organizations, the paper explores key internal factors that influence success. The paper concludes by summarizing major findings and highlighting key factors that affect the ability of MBOPs to scale-up.

A. Towards a working definition of MBOP

MBOPs are distinctive among membership-based organizations because they are controlled by their poor members and seek to fulfill the objectives of and are accountable to this poor membership. The **poor** are **those who live at or below subsistence level**, under the national poverty line, and include those bereft of income, power, opportunity and security and “the abject poor” (see Box 1). **MBOPs are defined here as organizations which poor members control and partially or fully finance** and whose membership exhibits the following characteristics:

- The **majority are poor**;
- 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 provide a **financial or in-kind contribution** as a condition of membership.

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).

MBOPs, then, are member-financed and member-controlled organizations² of the poor that have the economic and administrative power to act independently in the marketplace and, by virtue of their self-financed character, have some measure of financial and technical ability to survive and sustain their activities in the long run.

The organizational forms that MBOPs take are highly diverse. They are frequently referred to as “self-help groups” and “community-based organizations” in the rural development literature. But MBOPs can also take the organizational form of labour sharing and savings groups, street gangs, producer, religious and ethnic associations, small and micro-enterprises, cooperatives, trade unions, federations, national apex bodies, networks, international alliances and social and political movements. However, only when these organizations are controlled and financed by poor members themselves are they considered MBOPs.

²MBOPs are “organizations”, entities or structured arrangements of individuals oriented around a defined process in which individuals are assigned specific roles and responsibilities to attain certain goals. Organizations are distinguished from “institutions” which refer to definable sets of socially accepted rules and practices that regulate social behaviour and govern different types of collective action. Thus, a football team is an organization, whereas the game, which follows a set of rules, is an institution.

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 membership in MBOPs is, by definition, achieved or acquired by virtue of a voluntary engagement or social contract, as opposed to ascribed.³ 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, nonetheless, 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, refugees, and other 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.

B. What is success?

For the authors, “success” means sustained, rather than short-term, tactical or temporal achievement⁴. An MBOP can be considered “successful” when it fulfils, at least, all of the following conditions:

- **Achieves the objectives agreed upon by members** at its creation
- **Retains or expands its membership**
- **Shows progress towards financial and managerial self-reliance** in terms of members’ own resources and capacities, inspiring members to maintain or increase their equity stake in the organization through financial, labour, or other contributions

³ Koranic school students and Buddhist and Christian mendicant orders are excluded from this analysis since members, whether they beg for a living or are supported by their organization, take a temporary or lasting vow of poverty and are not necessarily involuntarily poor.

⁴ However, 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.

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

II. Types of organizations and factors that influence success and survival

Organizations are 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, “redress disparities in *power* and in the distribution of resources” (Thomas, 1985: 4), “assert their right to a legitimate share of social resources” (Tilakatatna, 1980: 3), and compel attention to their needs by local elites, policy makers, and others who define the rules of the game (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.

A. A continuum of organizations of the poor

Along the continuum of MBOP types, two end points can be distinguished based upon the different conditions under which they form and their degree of autonomy. At one end are **self-organizations of the poor**, which are organic, autonomous, self-started organizations that subsist exclusively with internal support. At the other end, are **externally supported** MBOPs that are conceived and organized by agencies and individuals who are external to the local environment, and that are supported entirely by external funds. **Most MBOPs, however, fall somewhere along the continuum between these two extremes**, such as MBOPs that are promoted by an external impetus, but internally organized and funded with a mix of internal and external support and MBOPs that are promoted by an internal idea, with an internal start, and some external assistance. Some major types may be depicted roughly in the following matrix:

Matrix 1: Organizations of the poor

	Organized		
		Internal	External
Support / funding	Internal	Self-organizations of the poor	Hybrid: Externally organized, internally supported
	External	Hybrid: Internally organized, externally supported	Externally supported MBOPs

It is common for organizations to shift across these different types over time, often cyclically, in response to specific historical opportunities. For example, an organization established by a benevolent individual can, over time, become owned and run exclusively by poor members themselves (Hanko and Chantrabumrourng, 2003; SEWA, 2004a), just as self-organizations of the poor can become 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 (Walhof, 2003). **Some MBOPs have proven to be remarkably resilient and durable over time**, whereas **others**, such as the mixed gender guilds of the blind **which were** organized, independent, self-sufficient and self-governing and highly **successful** in Europe during the 13th century (Matson, 1990: Chapter 1), **have disappeared**.

The way in which an MBOP is formed and its degree of access to and dependence upon external funding influence it’s success and survival over time. The two end points of the continuum of MBOPs represent differences in the degree to which organizations of the poor are conceived, organized and funded internally or externally. These end points, however, also tend to be characterized by other differences in scale, autonomy-dependence dynamics, and focus. Although there are too many types to be covered comprehensively here, some substantive examples of rural and urban MBOPs are helpful for illustrating the range of

membership based organizations of the poor that can be found along this continuum and for clarifying some of the factors that influence the success and survival of each type. The attributes of the different types described in the next section are summarized in Table 1 in Annex.

B. Self organizations of the poor

Self-organization of the poor are created, owned, and sustained by poor members themselves and are present in all parts of the world in a wide variety of forms. Perhaps the most common form are the **small, relatively informal, common-interest trust-based groups**, including **savings clubs and rotating savings associations, self-help groups, funeral associations, village banks, water user groups, and mutual aid societies** (Van Duuren, 2004; IFAD, 2004c; Marsh, 2003; FAO, 2002; FAO, 2002:16; IFAD, 2000a: 7; IFAD, 2000b: 16; Crowley, 1993). These are usually limited in size to between about five and twenty-five individuals, in which all or most members are of a similar social or economic status or physical ability and know each other personally. Members often reside near one another and enjoy bonds of friendship, kinship or alliance. In many 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 or the pooled funds are rotated and distributed according to other predefined rules (Ardener, 1995). A variety of labour, animal, and equipment sharing groups operate in similar ways.

A second example of self organized and self sustained MBOPs are the **official guilds of beggars and semi-criminal gangs** of the Hausa of West Africa (Bosworth, 1976: 91; Lapidus, 1967: 183), Modern China (Lu, 1999), and elsewhere. The blind, lame, and lepers

among the Hausa of 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; Hausa begging groups are linked to beggar networks across West Africa through which information about carrying capacity for beggars in different localities is communicated, providing mobility for the disabled and unemployed and the possibility of fairly stable arrangements for social security (Cohen, 1969: 42-7). Similarly, urban beggars in China are organized in decentralized beggar organizations with carefully designated begging territories, established rules, techniques, and tactics, regular and pre-defined begging taxes, and some five levels of hierarchy in leadership, including a number of inherited leadership positions (Lu, 1999).

A third example of MBOPs that have emerge, and been organized and sustained organically, without external stimulus, are a number of rural **refuge communities** in coastal zones of Senegal, Guinea-Bissau, Guinea, and Sierra Leone, that have endured for centuries, but were originally developed around asylum seekers composed of outcasts, the destitute, childless women, the infirm, alleged victims of witchcraft and families targeted by repeated misfortunes (Crowley, 1990). In return for a symbolic offering, an annual tribute to the first settler's family and an 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. Similarly, indigenous urban "**cults of affliction**", such as the Hausa *bori* cult (Cohen, 1969: 164) or the *zar* spirit cult in Ethiopia (Messing, 1958: 1120-6), attract impoverished, depressed, and childless women who gain membership to the community, cathartic satisfaction, lodging, food, and sometimes employment in return for offerings to a spirit or working off their dues through labour or service to the cult leader.

A fourth example of self organized and self-sustained MBOPs are the **voluntary ethnic, tribal, and mutual aid associations** and Church groups that have been organized mostly in urban areas and among immigrant communities to offer food and care to sick members, provide jobs and food for unemployed members, cover funeral expenses, encourage adoption of destitute children, provide rest houses or peri urban farmland for immigrants or new arrivals, give loans to the sick or unemployed, and repatriate destitute members, the mentally ill, juvenile delinquents and those who endanger the community, as well as send the deceased home for burial (Marsh, 2003: Annex 9; Crowley, 1990: 277-8; Iliffe, 1987: 176-178, 263). In war affected zones and refugee camps, similar mutual aid associations have emerged to support war-affected amputees in urban Sierra Leone and the development of credit, market, food and service enterprises by poor refugees in Rwanda and other parts of Central Africa.

Analysis. Overall, self-organizations of the poor usually exhibit the following characteristics:

- Are **restricted in scale** 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;
- Are relatively **autonomous** and independent, **defining their objectives** and approaches primarily **in response to member interests** and needs;
- Have group activities that are defined primarily by common interests, strengths and capacities of their membership and are **limited to what is possible with the working capital generated by members' contributions**;
- Develop locally-adapted forms of governance and management that **offer leadership opportunities to the poor** themselves;

- Are **relatively easy to form, replicate and innovate** (e.g. easy for neighbours to form their own groups);
- Can be **short lived and context dependent** as they are easy to dissolve and vulnerable to the presence or absence of particular individuals (e.g. small savings clubs often fail when a trusted member absconds with the group savings);
- Have **little reason to document their progress** for an external public or inform others of their success, except to ensure the integrity of financial and in-kind contributions for their own constituencies;
- Often encounter **difficulties in transcending ethnic, social, religious, and residential differences** in membership without the assistance of some outside intermediary.

C. Externally conceived and supported organizations

At the other end of the continuum are organizations of the poor that are conceived and supported almost entirely by external actors, whether charitable individuals, governments, non-governmental organizations or development agencies. These also assume a vast variety of forms. One type are the sustainable and financially self-reliant groups of the rural poor created through an approach pioneered by FAO in the mid-1970's (Small Farmer Development Programme in Asia) and in the 1980's and 90's (People's Participation Programme). The Plan of Action on People's Participation in Rural Development, approved by FAO's Governing Bodies in 1991, was the first action plan launched by a UN agency to support member country efforts to promote people's participation in rural development through people's organizations. Regular and self critical review, however, revealed a number of weaknesses associated with externally created and supported MBOPs in the late 1980's

(McKone, 1990); in some cases, group sustainability was improved by de-emphasizing or doing away with the credit component (Geran, 1996).

A second, particularly common form are new micro-finance MBOPs created by international finance institutions. Projects encourage the poor to form these groups to facilitate the transfer of project related credit and services, often associated with poverty reduction efforts. The groups act as convenient “conduits for project resources” in the form of seed money, micro-finance and small grants for revolving funds, and can help finance institutions to achieve pre-established disbursement targets (IFAD, 2004e, 2000a, 2000b, 2000c: 16). The preference for new, rather than existing organizations can partially be attributed to the **transaction costs for development agencies** of trying to strengthen existing multiple, heterogeneous, and scattered small-scale organizations⁵, to minimize the pressures of accumulated vested interests in established groups, to develop targeted training that incrementally improves on existing capacities, and to monitor and report on small, diverse, and dispersed institutional strengthening activities. Assuming the absence of any pre-existing organizations also enables external funding agencies to measure success in poverty reduction and community development by the number of new organizations that are formed and the number of group training courses and other support given. In practice, however, achieving the supply side target of the external funding organization often takes precedence over the effective demand for these financial resources or the capacity of recipient organizations of the poor to prioritize, plan, manage, and monitor the funds effectively.

A third example are the Harambee groups that the government of Kenya has promoted since 1963 “as a way to organize rural people around a new political base and indigenous values”

⁵ Some tools exist to facilitate this task. See for example Messer and Townsley, 2003; Carloni, 2005 (in preparation).

(Thomas, 1985: 11) and to encourage communities to work “collectively toward a common goal” (Thomas, 1985:7). Similarly, the Government of Burkina Faso’s Direction de l’Organisation des Producteurs et de l’Appui des Institutions Rurales (DOPAIR), in the Ministry of Agriculture, Hydraulics, and Water Resources was created essentially to foster the emergence and development of rural producer organizations and the partnerships with national federations needed to achieve their objectives.

Analysis. Organizations that are **externally conceived, supported, and funded** also experience a set of vulnerabilities directly associated with their dependence upon external sources of support, because easy access to services and funds,

- Creates a market incentive for individuals, who would not otherwise do so, to **join together simply to access funds** (IFAD, 2004b, 2004d; Douglas and Kato, 2004: 25, 55).⁶
- Undermines local incentives to save, **contributing to credit dependence** and undermining MBOP sustainability (FAO, 2002).
- **Distorts member investment behavior**, leading to over-investment in inappropriate “high-tech” or capital-intensive technologies that are beyond the member’s capacity to manage, and ultimately increase indebtedness.
- Supports rule-based rather than reputation based financing, **making it difficult to recognize and discourage defaults** in the absence of effective collateral (Marsh, 2003: Annex 10).
- **Can favor the entrepreneurial poor (and non-poor)**, rather than the poorest members of rural communities, unless specific mechanisms are adopted to mitigate this bias;

⁶ The incentive can be so great that individuals who are not really poor disguise their true economic status in order to join such groups.

- **Can create dependency on external resources**, causing organizations to discontinue their activities and dissolve once the funding ceases (Douglas and Kato, 2004: 55; IFAD, 2000a: 27)

Even well meaning **donors**, governments and development agencies **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. Because the decisions taken are ultimately circumscribed by the priorities, timeframes, mandates, strategies, and sometimes hidden agendas of external donors, external support may also hinder **the development of a strong and authentic decision making capacity** within these MBOPs. Donor pressure to produce “visible” results also creates incentives to demonstrate short-term outputs rather than to ensure longer-term impacts and outcomes. Even when the support is not financial, for example, when NGO facilitators help groups to organize, this support can become too influential (IFAD, 2000b: VII).

Compared to self-organizations of the poor, then, externally funded MBOPs tend to exhibit the following characteristics:

- **Undertake a comparatively wider range of income generating activities** than would be possible from member contributions alone⁷;
- Tend to be **dependent upon external finances or other support and the organizations** that provide them
- Have an **unstable membership base and are less durable over time**

⁷The potential uses that organizations of the poor have for micro finance is so varied that international finance institutions commonly develop criteria or broad parameters only for how these funds are not to be used. For example, IFAD project design documents often stipulate that loans may be taken for any income generating activity or infrastructure except those associated with recreational, sport, religious or cultural events and functions.

- Are **more easily co-opted and side tracked by external agendas** away from the interests of their poor membership and towards the priorities, strategies, targets, and time frames of the funding organization
- **Often need to document their activities**, resulting in externally funded MBOPs being better documented as a whole than self-organizations of the poor.

There is also some evidence that a policy of external support for the creation of organizations of the poor may actually affect the broader environment and diminish the local dynamic of 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**. “Quick fix” interventions tend to encourage this “dependency culture” in poor communities, since they do not engage in the longer-term processes required to strengthen local capacities and the internal credibility of groups and to ensure accountability to the poor and local empowerment.

D. Hybrid organizations of the poor

Along the continuum between organizations that are created and supported by the poor themselves and those that are created and sustained by external organizations, are a number of hybrid examples, including **organizations that are organized by the poor, but which receive partial support from external sources**. This can happen either when self-organizations of the poor approach donors, governments, or development agencies for technical and financial support or when development agencies or governments seek out

existing organizations to support rather than create new ones (Marsh, 2003; Messer and Townsley, 2003).

In ideal situations, the role of the external agency becomes one of capitalizing on local strengths and “on the foundations of solidarity that keep the community social order functioning” and of “contributing to the transformation of this social order from within its walls” (Lundin, 1999: 13). External assistance to existing organizations of the poor often focuses on strengthening and reinforcing them through the provision of technical assistance, such as capacity building in group promotion, group savings, literacy, numeracy, business management, short and long term planning, leadership training, mediation with larger institutions, policy analysis and negotiation, forging partnerships and federations, designing and putting into practice communication and information strategies, follow-up on outcomes through monitoring and evaluation skills development, and other skills (FAO, 1990, 1994, 1995, 1998, 2001, 2002; Ali and Baas, 2004; Hanco and Chantrabumrourng 2003; IFAD, 2000a, 2000b, 2004a, 2004c). Such support sometimes enables existing organizations of the poor to become legally recognized by the government and, by virtue of this “official” status, to gain access to valuable funds, services, and a place at the negotiating table.

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, Reseau “Méthodes Accélérées de Recherches Participatives” in Burkina Faso, Reseaux des Organisations Paysannes et de Producteurs Agricoles (ROPPA) in West Africa, and the Associação para a Promoção do Desenvolvimento Local (APRODEL), Associação Guineense de Estudos e Divulgação das Tecnologias Appropriadas (DIVUTEC), and United Communication and Consulting, all of Guinea-Bissau’s, are examples of NGOs

and consultative platforms 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). A Government supported example, are the farmer-initiated dairy and multi-service cooperatives to which the Government of India provides technical assistance; however, some sections of the rural poor, particularly landless households and scheduled castes, continue to encounter obstacles to participation (Marsh, 2003: 40-46). The Government of India-UNDP Community-based Pro-poor Initiatives (CBPPI) Programme is a Government-UN collaborative example.

Another hybrid type that is particularly difficult to categorize are **organizations created and supported by a mix of external and internal assistance**. Usually created through the stimulus of “outsiders”, including trade union organizers, social reformers, communists, and educated elites (de Haan and Sen, 2005), these organizations are basically run by poor members and rely upon a mix of member contributions and donations or credit from external organizations.

One 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; Wolford, 2003). As a decentralized movement built upon diverse “actions” to occupy under utilized 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 (Stedile, 2002). 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 Church, the European Union, US businessmen, and others also provided financial resources (Stedile, 2002). 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.

A second 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, in 2002 it had over 680,000 members from six states of whom two-thirds were rural. SEWA exists for, is owned, managed, and democratically run by self-employed women, and is 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, childcare, work security insurance, legal services, and others. In 2002, SEWA received less than 3% of its funds from its own members, with the remaining resource coming from "institutional donors" (79%), central (8%) and state (6%) governments, individual donors (2%), and endowments (1%). Over the years, SEWA has not only expanded in India, but has also inspired other organizations of or for the poor, including the Self-Employed Women's Union in South Africa, the Women's Economic Empowerment Association of Yemen, and the Working Group on Women Home-based Workers in Turkey.

Analysis. Hybrid organizations are of particular interest because, in the best cases, they combine the strengths of self-organizations of the poor and the advantages of externally supported organizations: responsiveness to a strong membership base and the stability afforded by member equity contributions, combined with a capacity to expand and diversify membership through organizing and to diversify activities through external funding. They

also suffer from the vulnerabilities of both types. However, unlike externally supported MBOPs that are rarely effective in bringing about fundamental social and economic changes (IFAD, 2004a: 51; 2000b: xi; McGee 2002:113), this combination of characteristics also enables the larger and more lasting of these hybrid organizations to have some impact on the policies and social and economic conditions that perpetuate poverty. Hybrid organizations, such as SEWA and MST, have the following characteristics:

- Over decades they can **expand beyond their original locations**, particularly if an emphasis is placed on organizing, expansion, and policy impact
- Can **expand beyond their original membership** to include clusters of other occupational or regional groupings. In the process, they may or may not retain a pro-poor focus, depending upon the emphasis placed on membership and leadership composition.
- Financial **support from a diversity of sources** and external partners can provide a secure capital base to diversify activities and expand membership, but can also create donor dependence
- Can potentially develop into **large scale apex organizations and social movements**
- Can have an impact on policies and fundamental social and economic conditions when of a sufficiently large scale
- Are particularly susceptible to being used by politicians and political parties as part of their campaigns and therefore may grow and decline in influence in keeping with political favour

E. Factors that influence the emergence and success of organizations of the poor

The preceding section shows that **an MBOP's scope, strength, sustainability and potential for scaling up is in part determined by the degree to which it relies on internal or**

external organizational capacities and funding. Interestingly, as Table 1 shows, because hybrid organizations have some of the strengths and vulnerabilities of the two end types, they also appear to have the potential to scale up, to attract a broader and more diverse constituency, and to effect more fundamental political, social and economic changes than either self organizations of the poor or externally created and supported MBOPs.

Certain contexts, conditions, policies and approaches have had a particular influence on MBOP formation and survival. In many parts of Africa, Asia and Latin America, organizations of the poor in the form of **mutual assistance groups have emerged historically where there was an absence of formal safety nets and government or private programmes** to cater to the basic needs of the poor. In some cases, the converse has also been true: Mexico's **strong public welfare system and social funds have created disincentives for the poor to organize themselves** (personal communication: K. Appendini).

The absence of informal safety nets also appears to play a role. Although organizations of the poor are found in many contexts, **larger scale MBOPs that transcend ethnic, religious, and social differences** appear to **emerge particularly where there are large, concentrated numbers of poor people** or where there are **evident wealth disparities**, situations which foster an awareness of a common condition and make collective action easier and less costly due to economies of scale. **Volatile and transient contexts**, such as post emergency, post-conflict, and major migration zones, **where customary social and family support systems are absent**, unable to absorb, or incapable of caring for large numbers of poor, aged, or infirm kin, neighbours, and orphans, appear to be particularly conducive to the emergence of self help organizations and labour associations of poor refugees, amputees, and youth (Marsh, 2003: 53, 62). In these contexts, the proximity of poor families of different ethnic and

religious origin may favour the flow of information about alternative organizational options and facilitate exchange and experimentation with different organizational models and concepts of leadership, rule making, and enforcement.

Yet, it is also clear that **explicit government policies to improve access by the poor to basic services have provided an impetus for the creation and expansion of MBOPs** and an opening for NGOs to act as intermediaries in accessing funds for them, blurring the distinction between self organized and externally supported MBOPs. The 1940's shift in colonial policies from improving the welfare of destitute groups to **community development approaches**, as the primary method to reduce poverty, empower the poor, and improve the sustainability and effectiveness of development projects, and the subsequent mainstreaming of **participatory approaches** in development practice in the 1970s and 80s (FAO, 1990; FAO 1990; FAO, 1978/79; Cernea, 1991; Chambers, 1997; Grillo 1997; Huizer, 1983 and 1997; McGee, 2002; van Heck, 1989; Watt *et al*, 2000; Woost, 1997) **contributed to the creation, proliferation, and strengthening of organizations of the poor**. Government, donor, and development agency support for such organizations was further intensified in the 1980's and 90's, as the State increasingly withdrew from rural service provision, **decentralization and privatisation processes** took hold, and the **influence of civil society** grew. The abundance of external support offered in conflict and post-conflict situations has also led to the proliferation of MBOPs in the Central African Republic, Guinea Bissau, and Burundi.

One factor that militates against the emergence and development of organizations of the poor are traditional socio-economic “levelling mechanisms”, which tend to protect the privileged positions of local power holders. Another factor which quells the emergence and development of MBOPs 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 and which is a common feature of fascist and dictatorial regimes where the rights of association are absent, curtailed, or not respected (see examples in Stedile, 2002; Marsh, 2003: Annex 12). 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.⁸ The **absence of policies and legislative and regulatory frameworks that uphold the rights of association, assembly and freedom of expression** can also stifle the organizational efforts of the poor.

III. Internal factors influencing 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, a number of internal factors or “rules of thumb” (Rouse, 2001: 8) can also influence the success of organizations of the poor. To achieve the objectives of their 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

⁸ It is no coincidence, for example, that Nelson Mandela was part of a sports club, the only permissible form of self-organization for urban black Africans during the Apartheid regime, and conducted his initial organizing there.

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. The next section addresses some of the internal factors that appear to contribute to the success of MBOPs.

A. 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 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; Geran, 1996).

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 Chantrabumrourng, 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 to accommodate the changing needs of their constituency.

B. 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).

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) in the first place. 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, trade unions, 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, elites, organizers, or “outsiders” who have skills that are not characteristic of the rest of the membership** (de Haan and Sen, 2005; 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 non-poor 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 often encounter particular difficulty in ensuring adequate women's involvement in and influence over decision-making; in these cases, 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).

C. 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 cannot 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 specialized 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 in their social context, such as age, experience, strong oral communication skills, and a reputation for honesty. However, highly personalized leadership can undermine group responsibility and involvement: 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 those 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 or research 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 a MBOPs evolution and effectiveness over time.

Interestingly, external financial 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. Rotating savings and credit associations and traditional labour sharing groups, for example, 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 creatively and **selectively to 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 Gandhian 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* (propagating 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.

D. 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. 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; Hanco and Chantrabumrongs, 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 labor, and keeping their incomes and savings in their own hands" (Hussain: 2004: 2). MBOPs usually 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 the changing form, function, and effectiveness of these broader institutions, whether these take the form of unspoken rules and incentives, public services, organizations, or policies. It is not surprising, 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. Creating an organization of the poor is fundamentally a political act. Organizations of the 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 organizations and to “face markets, state institutions and local structures of power that discriminate against the poor” (Hussain: 2004: 21), 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, **inter group 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 (e.g. 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.

E. 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, 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, nevertheless 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.

In essence, acceptability of MBOPs within a larger social and political context does not necessarily promote the development or success of MBOPs. While acceptance of an MBOP may greatly facilitate its work and promote its longevity, some organizations of the poor are effective particularly because they offer an alternative social model, which may appear at odds with the dominant political and social 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.

V. 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 or “rules of thumb” 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 main points raised in this paper.

A. What are the conditions that have given rise to organizations of the poor?

MBOPs can be entirely organized and funded by the poor themselves, entirely conceived, organized and funded by an external organization, or developed through some combination of internal and external organizational support and funding. The way in which an MBOP is formed and its degree of access to and dependence upon external funding are important because they influence an MBOP's success and survival over time.

MBOPs appear to emerge in contexts where there is an absence of formal safety nets and weak or nonexistent government and private welfare programmes catering to the basic needs of the poor. Contexts which contain large, concentrated numbers of poor people, where wealth disparities are evident, and where customary social and family support systems are absent, such as post emergency, post-conflict, and major migration zones, are particularly favourable to the emergence of MBOPs. MBOPs also appear to emerge and proliferate in contexts where government policies promote access by the poor to basic services, where the State has withdrawn in favour of decentralized and privatised authorities, where the influence of civil society is strong, and where development partners offering financial or technical support use community development and participatory approaches as a means for poverty reduction.

Factors that militate against the emergence and development of organizations of the poor are traditional socio-economic "levelling mechanisms", open suppression by dominant political groups, and the absence of policies and legislative and regulatory frameworks that uphold the rights of association, assembly and freedom of expression.

B. 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 to be more consistently critical for MBOP success. Well-trained leaders who possess some locally valued leadership qualities, a clear understanding of their responsibilities, and an ability to recognize emerging needs that may not be apparent to individual members, are also important for MBOP success and for members to feel that the organization represents them. Regular elections or periodic confirmation or rotation of leaders and mentoring of future leaders is also important. Even though there is no hard and fast rule about the value of elite involvement, safeguards to avert 'take over' by local elites often prove to be advantageous.

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 encourage effectiveness. Successful MBOPs usually support some or all of the following activities or services: capacity building, income generation, and influencing institutions, laws and policies. Whatever the activities promoted, it is essential for members to feel that they benefit from them and from other advantages that membership in the organization offers.

C. What are some of the internal and external factors that affect the ability of MBOPs to influence others and to scale up?

The organizational types outlined in this paper are helpful for understanding the limitations that MBOPs need to overcome in order to scale up. The restricted funding sources and membership base of self-organizations of the poor tend to limit their scale and diversity of activities. On the other hand, externally supported organizations are often less stable over time, and run the risk of losing their pro-poor focus, autonomy, and effectiveness. Although they also suffer from the vulnerabilities of both of these types (see Table 1), hybrid organizations sometimes succeed in combining the strengths of self-organizations of the poor and the advantages of externally supported organizations: a pro-poor focus, responsiveness to a strong membership base and the stability afforded by member equity contributions, combined with a capacity to expand and diversify membership through organizing and to diversify activities through some external funding. This combination provides hybrid organizations with a potential to scale up, to attract a broader and more diverse constituency and, given sufficient time and numbers, to effect more fundamental political, social and economic changes than either self organizations of the poor or externally created and supported MBOPs.

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. Beyond the internal mechanisms summarized in the previous section, MBOPs that wish to scale up need to provide regular capacity building for new members and to ensure that their funding base is stable and drawn from a diversity of sources, including a share from members own contributions. As MBOPs scale-up, the internal rules often become more complex, and become analogous to a charter, constitution, and bylaws. Constitutions,

by-laws, and other rules which are written in local languages and dialects or regularly disseminated through oral media to ensure that they are clearly understood by the membership are important for maintaining the internal cohesion of MBOPs as they expand.

In order to scale up, MBOPs give great importance to the numbers of their members and invest considerable time in raising awareness, organizing and recruiting new members. Mechanisms for obtaining new recruits are essential if an MBOP is to expand beyond its original location while maintaining its pro-poor focus. However, a key challenge is to ensure that there is sufficient trust for members to engage in joint action and investment. This is the critical factor limiting the size of many self-organizations of the poor; members work well together when they know each other well and have the social ties needed to reduce the chances of deceit, and exercise peer pressure and other social sanctions. This is particularly difficult to achieve in larger scale organizations, but can be managed successfully through two mechanisms:

- One is expansion in which occupationally or regionally focused trust-based groups, form the building blocks of larger scale MBOPs, trade unions, alliances, apex organizations or movements of the poor. Inter-group associations connecting local MBOPs together with other like-minded organizations into horizontal networks, coalitions, and alliances can be important for expanding an MBOP's influence beyond a specific locality and increasing its visibility, negotiation power and influence.
- The second is through the establishment of an ethical code, value system or moral code of conduct, often modelled on religious or philosophical ideologies, in which positive elements of tribal and customary practices, norms, and regulations are selectively adopted into an MBOP's governance structure to reduce conflicts and

promote solidarity, and appropriate ethical and moral behaviour across social, ethnic, gender, religious or regional boundaries.

Creating an organization of the poor is fundamentally a political act. Not surprisingly, 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. 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. Large scale MBOPs are particularly susceptible to being co-opted by politicians and political parties as part of their campaigns and therefore may grow and decline in influence in keeping with political favour. Many MBOPs have to tread the fine line between conformity and political pressure in order to bring about lasting improvements for their members. Some MBOPs chose to remain independent from political parties and external political and religious influences in order to maintain their autonomy and reduce this source of vulnerability.

1 **Table 1: Summary of attributes of MBOP types**

Attribute	Self organized	Mixed	Externally supported
Scale/size	Restricted to those who know each other well	Highly variable, can be very large	Somewhat restricted , due to criteria of funding organization, instability over time
Membership composition	Defined by members, generally includes a majority of poor members	Diverse, majority of poor members with some “outsiders” or elites as organizers	Often biased towards entrepreneurial poor (and non-poor)
Membership stability/durability over time	Stable , but can be short lived, vulnerable to absence of individuals	Variable , tending towards unstable	Unstable , subject to availability of funds
Context dependence	High	Medium to high	Medium to low
Source of funding	Internal , mostly member contributions	Mix of internal member contributions and external funding	External
Scope of activities	Limited to those possible with member contributions	Broad	Medium to broad , depending on type
Nature of activities	Self-help , labour/capital/service mobilization/generation	Self help, labour/capital/service mobilization/generation, information/data collection, policy change/advocacy	Capital/service access/generation, often include financial services
Leadership	Poor members themselves	Members, plus “outsiders” . Risk of greater influence by “outsiders” on organization’s objectives and strategies	Follows external criteria (e.g. literacy), favours entrepreneurs/non-poor member
Responsiveness to member interests	High , objectives defined primarily in response to member interests	Medium , long-term success depends upon ability to maintain high responsiveness to members, but expansion and “outsider” influence can reduce responsiveness	Low , objectives defined mostly in response to donor interests, incl. short-term results, external targets, time frames
Dependency and susceptibility to cooptation	Low , due to autonomy and relative independence from outside influences	Medium to high , susceptible to use by political parties/campaigns and risk of dependency on external finances	High dependency on external finances and funding organizations, easily side tracked by external agendas
Ease of spontaneous creation, replication, innovation	High because depends upon resources and capacities available to poor people	Medium to low , unless apex organization adopts long-term strategy to replicate/expand through organizing, exposure, public awareness.	Low , unless significant outside resources available
Documentation	Scarce , except to ensure integrity of financial contributions for members	Relatively well documented for external funders and political awareness	Relatively well documented for external funders
Capacity to transcend ethnic, social, religious, residential differences	Low , without assistance from outside intermediary	Medium to high , often functions best with mixed constituency but may require strong leadership, explicit moral code, and stable financial base; “outsiders”/non-poor can play important role.	Medium to low , often functions best with homogenous constituency
Impact on other organizations when successful	Stimulates other self-organizations of the poor in the vicinity	Can provide indirect benefits to other poor who are not members and their organizations; can also crowd out self-organizations of the poor	Can crowd out self-organizations and mixed organizations of the poor in their vicinity
Impact on fundamental socio-economic change	Often limited due to restricted size/scale	Variable, can be high if large scale/size, long lasting, and some emphasis on policy impacts	Often limited due to restricted duration
Longevity	Variable though often short , often dissolved at departure/death of member	Variable, but can be long (several decades or more)	Variable, but usually short and linked to availability of funding/external support

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