

Best Practices in Poverty Reduction in the Asian Region

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1. Any attempt at examination and analysis of best practices in poverty reduction has certain constraints to begin with:

- Given that poverty alleviation has been a central strategy in the socio-economic development planning of countries for the past forty years, there is a tremendous, even overwhelming, choice of practices and experiences available
- The different scales of activity, including experiences at national or country level, sub national, policy, program or project level, make comparisons between various projects difficult
- The enormous volume of documentation of best practices is generally skewed by the self interests of the agency or group involved in identifying or selecting the best practice
- The need to recognize that socio-economic activities are dynamic and undergo change and transformation so that what is identified as a best practice at one point in time can easily fall from its pedestal at another point
- There are few established research and analytical tools for measuring or assessing some of the key concepts such as "participation", "sustainability", "integrated approach" and "building social capital" commonly associated with best practices

2. Despite these constraints, and the knowledge that replication or transfers of successful policies and programs have to take into account crucial political and cultural variables that are difficult to reproduce in other settings, there is much interest in learning from them, and in distilling from identified or selected best experiences some of the main principles and outcomes that may work in other contexts. With increasing globalization, this learning approach will gather momentum as countries and organizations grapple with a wide range of anti-poverty strategies; assess the impacts; try to understand what is workable or successful, including by learning from others; and decide on what is useful to them in their own context.

3. The list of best practices in poverty reduction below has been selected through a process of desk research, observations from missions I conducted during my time with the United Nations and the World Bank as well as through nominations of colleagues working in the development field – some colleagues have first hand experience with a number of the nominated projects. While the list is based on different degrees of thoroughness and varied methodologies of data collection employed by the evaluators, all of them attempt to derive their judgments based on a set of criteria centered around relevance, efficacy, efficiency, institutional development impact and sustainability. The list does not claim to be exhaustive or authoritative; other lists can be made, and the case for omission or inclusion of individual

projects and practices made (see for example the twenty cases in “Selected Best Practices for Rural and Urban Poverty Reduction”, UNESCAP (undated) and *Poverty Alleviation Through Human Resources Development: Best Practices from Selected Asian Countries*, UNESCAP, ST/ESCAP/2105, New York, 2001). Besides best practices, important lessons can also be obtained from evaluations of failed and unsuccessful policies and programs that are just as relevant to the work of national and international development agencies. What is important is to be able to glean from both successful and less successful poverty reduction work key findings and conclusions that can be used to improve the work in poverty reduction.

4. For a start, most of the best practices found in this list can be seen to share the following common features:

- they emphasize women's agency role in the development activity through a range of new freedoms such as the freedom women have to work outside the home, the freedom to earn an independent income, the freedom to have ownership rights, and the freedom to receive education. Beyond this, the focus on women has had an important (though underestimated but not yet well-studied) impact on reducing the inter-generational reproduction of poverty
- there is relatively open access to information and transparency in decision making. Once information and knowledge are accessed by poor communities, it places them on a more equal footing when negotiating with others as well as enables them to realize their full developmental potential
- they are often based on government-NGO-CBO (community-based organizations) partnerships or coalitions for change with project activities more geared towards control of resources and decisions by local communities than by outside parties
- they have moved from project, periodic, supply-led and output driven approaches to programmatic, continuous involvement, demand-driven and outcomes-oriented approaches. In some of the cases below, considerable up-scaling and replication have taken place of initially modest or small projects
- they have ensured that sustainability is a key outcome through investments in networks of the poor and through the creation of organizational capabilities that have worked for the benefit of the many rather than the few
- initially focused on the creation of social capital, they have been able to bring about the rapid transformation of social capital into economic capital. This is particularly noticeable when comparing the East Asian with the South Asian experience where, in the case of the latter region, many initiatives have remained limited in their impacts as a result of the failure to move to the next stage of development after the achievement of social development gains
- exit strategies have been mainstreamed into project design through effective cost recovery approaches, review of grant/subsidy components, and monitoring systems to ensure optimization of grant/subsidy impact

5. Other conclusions that can be drawn are that:

- the scourge of poverty can be successfully combated even in the most depressed conditions
- the great wealth of technical expertise and human resources brought to bear on anti-poverty work - especially in terms of the administrative apparatus used for planning, processing and targeting – can turn out to be a liability by diverting resources from the important work of organizing the poor and unblocking access for the needy. This problem is often compounded by leakages through inefficient or corrupt practices

- a combination of strong and sustained political will and technical competence is required to produce good results but a command and control approach breeds a host of problems including elite capture of returns

6. Going forward, in view of the importance of the attainment of the MDG goal of poverty reduction and the great interest in best practices throughout the region, development agencies may wish to consider establishing a repository or clearing house of materials/case studies with contributions coming from member agencies, UN agencies, the World Bank, ADB and donor agencies. Activities of this clearing house could include:

- updates on literature and case studies reviews
- maintenance of a web page and sets of presentational graphics
- monitoring the scaling-up and replication of cases
- publication of occasional guidelines and technical papers
- holding of meetings to analyze dissemination experiences, etc.

The establishment of a national clearing house, besides serving as a data bank for development practitioners in the country, would provide colleagues with timely data and information to benefit research and operational work in the poverty field.

7. Another possible area of work is to build on the UNESCAP project, "Success Case Replication", which worked in 1994-98 in eight of the region's poorest regions to bring about replication of projects such as brick building, kerosene lamp making, mushroom culture, mat weaving, etc. In advisory missions that I undertook in Thailand to Narathiwat, Trang, Trad and Chantaburi Provinces with the Ministry of Labor and Social Welfare and the Ministry of Natural Resources and Environment, local authorities were very impressed and taken up with the success case replication methodology used to upscale promising micro-enterprises. I have also found much interest for similar work in other countries of the region. (Summary reports of the missions and recommendations are available on request).

Bangladesh Rural Advancement Committee (BRAC)

8. BRAC was set up in 1972 as a relief organization to provide relief and assistance to resettle refugees returning to Bangladesh from India after the war of independence. From these modest beginnings, it has grown to become one of the largest national NGOs in the world, with over 26,000 regular staff and 34,000 part time teachers working in 60,627 villages on poverty reduction and poor women empowerment. BRAC has been characterized as a learning institution, which, learning from experience and a responsive and inductive process, has adjusted development strategy to meet the circumstances.

9. Amongst its most notable achievements are the establishment of over 34,000 schools and the provision of micro-credit loans to 3.5 million women – the latter, more than any other organization in Bangladesh, including the better-known Grameen Bank. BRAC also runs a commercial bank, a dairy, a hatchery, a poultry feed factory, a plant-tissue culture laboratory, seed processing centres, an Internet service provider, clothing and craft shops and a university. It also provides health care at some 90 clinics and more than 2,000 prenatal clinics.

10. BRAC does much of what in many countries a government and the private sector would do. This is both a strength and weakness. The country already has one of the largest nongovernmental sectors in the world with more than 20,000 registered groups. Critics have argued that, despite the failure of government to provide public goods and look after the poor, and the failure of the private sector to generate enough gainful employment opportunities, organizations such as BRAC cannot effectively solve national problems or remedy these failures without dependence on external support and financing - presently, BRAC claims to be 80 per cent self-supporting, with a budget in 2003 of \$174 million.

11. Although NGOs such as BRAC and Grameen have been criticised for attempting to do what government has failed to provide - including by Islamic fundamentalists in this Muslim-majority country who have attacked the organization for its work with girls and women – their social and economic achievements are undeniable. Seventy percent of the students in BRAC schools are girls, in a country where female literacy is 29 per cent. Eighty-five percent of its micro-credit borrowers are women. Other social benefits - delayed marriage and childbirth, declining fertility rates, increased assets and household power for women - all appear to have been collateral benefits of NGO work.

12. Harder to gauge is how much actual economic progress can be attributed to BRAC and other NGO provided micro-finance, which involves providing small loans to poor people who would not usually be considered credit-worthy. A recent World Bank study found that extreme poverty among borrowers dropped 18 per cent over seven years. But it has also become evident that micro-finance cannot substitute for growth. According to a recent report by Imran Matin, a BRAC economist, 10 to 15 per cent of borrowers had "done really well" with micro-finance, 10 to 15 per cent had done poorly, or even been harmed by the debt burden, and the rest had used the money for consumption or as an economic cushion. Research has now shown that micro-credit can benefit only those with the capacity, economic foundation and entrepreneurial fortitude to work for themselves. Others – those in extreme poverty will need more cost-intensive help in the form of assets and skills training to bring them into a position to generate sustainable returns from borrowed money.

Gawad Kalinga (GK) in the Philippines

13. Gawad Kalinga is a programme of an NGO – Couples for Christ - to improve the lives of the poor in the Philippines by assisting in the improvement of their houses and neighbourhoods and through the building of communities. Besides house construction and improvement, GK improves livelihood, education, health care and in other priority areas.

14. The houses are kept affordable for the poor through:

- self-help (sweat equity) by the poor
- voluntary labour inputs by large numbers of GK volunteers
- donations by the private corporation and individuals (in the form of land, building materials, cash etc.)
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- contributions by the national government (including a grant of P30 million or US\$600,000 from President Gloria Macapagal-Aroyo)
- cooperation with local governments.

15. Housing is only an entry point for GK. The larger goals of the program are to enhance the responsibility of the poor in their own slum/squatter communities through values formation and community development, and to encourage the rich and well to do contribute towards the betterment of the poor. GK works in Metro Manila and other cities and towns of the Philippines, among rural communities, tribal minorities and Muslim communities in Mindanao. It also has a number of small projects in Cambodia, East Timor, Indonesia and South Africa.

16. Gawad Kalinga initially aimed at building 200,000 housing units, but raised its target to 500,000 units in 5,000 communities in 5 years in 2002 and recently announced a new target of 700,000 housing units in 7,000 communities in 7 years. To achieve this new target, GK has begun to work closely with Local Government Units of the Philippines and with national government agencies involved in housing and urban development.

17. Despite its impressive achievement in working with poor communities, important challenges remain for this faith-driven program. Can the communities remain sufficiently

cohesive and cooperative to look after the common facilities? How can the income poverty of slum and poor residents be improved?

18. On the first challenge, GK is attempting to mobilize the assistance of CFC members and volunteers from GK sites and from all over the country, as well as from other parts of the world with large Filipino communities. As to the second, GK has developed various livelihood programmes to assist the beneficiaries to find gainful employment, although it is not yet clear whether this can be done on a large scale, and sustained over the long term. Support financing through a government-initiated debt for poverty swap is now being explored to overcome the resource shortfall issue. In the meantime, the program's success with providing urban squatter families and rural poor with affordable housing has drawn the attention of many local authorities faced with the formidable task of taking care of the squatter population. New efforts are under way to set up GK-based shelter projects in various parts of the country through coordination of the work of central government agencies and local authorities and the simplification of procedures to fast track projects.

Thailand Village Fish Pond Development Project (VFP)

19. This project was initially piloted in the 1970s in 12 provinces in the northeast, and was subsequently extended to other parts of the country. The objectives of the VFP were to increase fish production for local consumption, to provide a stimulus for local employment, and to alleviate malnutrition and poverty. Under the VFP, support was provided by the government for the rehabilitation and construction of village ponds (reservoirs, swamps, tanks, etc.), to foster the training of local support personnel, to increase the supply of fingerling, and to provide technical advice.

20. The project achievements have been considerable with over 10,000 ponds established in schools throughout the country. Overall, these ponds are a reflection of the country's credible performance in developing its fisheries resources to meet the needs of its population. Statistics from the Department of Fisheries show that the average consumption of fish per capita in Thailand in 1999 was about 35 kg. - a figure that is much higher than the regional or world average. However, a high variation was observed within the country, with very low per capita consumption figures of about 3-5 kg recorded from communities living in remote areas. Project weak points include poor site selection resulting in lack of water availability, low fish production due to low inputs of feed, poor captive techniques, ineffective pond management, inadequate fisheries extension work and lack of coordination among various stakeholders.

21. Project strengths have included the substantial dissemination of fish culture techniques and increase in inland village-based fish production, the growth in social cohesiveness and community cooperation through village-based activity, and increase in local self-reliance. In addition, participating schools have benefited from the direct benefits of fish consumption and improved water supply, the training provided to children in practical and academic skills, and the inculcation of positive work and life values among the young. In some instances, the spread of fisheries technology has acted as a catalyst to the establishment of ponds by private individuals and communal fish ponds in adjacent villages.

22. This programme is an example of a good practice in school-based adaptive learning and community-driven development with poverty alleviation implications. It is also a good model for non-formal education that has elements that can be transferred relatively easily to other learning situations to give children the opportunity to learn more about water management, economics, biology and natural history. There are also possibilities for transfer of the approach to other countries in the region - not necessarily confining the activity to fish culture but covering community natural resources, environment/habitats for rural development, and other rural sectors.

Sarvodaya Shramadana Movement in Sri Lanka

23. This movement began as an educational experience in the mid-1950's when a group of teachers in Colombo, Sri Lanka organized "shramadana" camps in which groups of students from relatively affluent urban homes worked in the countryside to assist backward and low-caste villagers. Within a decade, this service-learning program had expanded into a large development movement with the goal of comprehensive and non-violent social transformation. By the late 1970s, the Sarvodaya movement, with support from partner organizations in the developed countries, had spread to nearly every part of Sri Lanka in part because the program of self-reliance, community participation, and a holistic approach to community "awakening" was appealing to donors. The momentum of the movement was such that by the early 1990s, in spite of political violence in the country, it had achieved considerable outreach. Through it, thousands of young women and men learned how to motivate and organize people in their own villages to meet various basic needs ranging from a clean and adequate drinking-water supply to housing and sanitation, education, and in the ways of satisfying spiritual and cultural needs. The movement's work also included peace building, conflict resolution, appropriate technology, and programs for children at risk, elders and those with disabilities.

24. The movement is based on a five-stage model of social mobilization and empowerment aiming beyond economic development objectives through:

- the introduction of functional leadership and community spirit through Shramadana camps
- the formation of functional groups and training programs according to the needs of individuals - mothers, youth, elders, children
- the prioritization of needs by groups and launch of community-oriented projects
- a focus on income generating activities to bring about a more self-financing community as the social programs are developed
- the sharing of surpluses with other communities

25. In the late 80s and early 90s, as international development priorities began to change with large projects and macro-interventions becoming popular with donors, Sarvodaya, which had originally attracted attention and resources became the victim of its own success. In 1991, as much as 85% of its external aid had dried up and the movement was forced to cut back on its activities, reduce the number of staff and rely more on the commitment of long-term supporters to keep going.

26. Since then, the movement has focused on working with international partners such as the Novartis Foundation for Sustainable Development who have a common interest in the holistic approach to development. According to the movement's website, the Foundation's people were wise enough to experience for themselves the impact of Sarvodaya's work at the village level, and so were able to negotiate much more from a context of mutual trust than from the position of a contractor dealing with an implementing organization, or of a charity donor with a beggar. It is also stated that the Foundation's representatives have succeeded in overcoming the inherent difficulty of measuring the effectiveness of a holistic program, while at the same, working with the movement to develop innovative methods of reflection and accountability.

27. The Sarvodaya movement now claims that it is stronger than ever with a new administrative management at national level supporting a motivated group of emerging leaders at the village and district levels. Almost one-third of the districts supported by Sarvodaya is not financed by outside partners. While sometimes criticized for its qualitative mode of operation, the movement's leaders and supporters argue that its deeply grounded

approach is more effective as seen notably in the movement's success in breaking the cycle of violence and conflict in the estate sector - it has been reported that Sarvodaya leaders in the estates, who invariably belong to the Indian Tamil community, have managed to keep out ethnic violence by following a course of action which has been opposed to the dominant view of elements of the political leadership of the community.

Social Governance Program in Kyrgyzstan

28. The Social Governance Program in Kyrgyzstan, which has been in operation since July 1998, was designed to support the Kyrgyz government's national development efforts. It endorses a strategy of development aimed at enhancing the impact of projects by shaping policies and the policy environment and through linking upstream and downstream activities in ecologically difficult areas.

29. The poverty alleviation component (PAC) aims to complement the efforts of the government, civil society and other organizations in poverty alleviation through the empowerment of the poor, especially women. It operates on the principles of social mobilization; the combination of increased knowledge, information and skills building through group mobilization; and provision of access to resources and means of production through micro finance and networking links between various organizations. Presently the PAC operates in 140 villages of all the 7 oblasts of the Kyrgyz Republic. It was recently estimated that about 1.511 self-help groups have been mobilized and the total number of beneficiaries has reached 50,000 people.

30. Self-help group associations (SHGAs) have also been set up as umbrella organizations to unite SHGs at the village level. The 130 SHGAs form the basis for registered legal entities, specialized in different spheres including financial services, credit unions, marketing and trade co-operatives as well as in non economic areas such as legal rights protection, lobbying and social advocacy. In 2002, the PAC was responsible for the establishment of some 16 NGOs, 7 credit unions and 3 co-operatives in different oblasts. These legally registered bodies have provided the opportunity for a smooth exit of target villages from the program and for the sustainability of the social mobilization process in the country. Other achievements include an impressive increase in savings mobilization through the local groups with total savings mobilized by SHGs in 2002 standing at 7.3 million soms compared with 4.5 million.soms in 2001.

31. What is especially noteworthy about the PAC is that it has been specially targeted at difficult parts of the country with participating villages chosen according to criteria such as remoteness, a high level of poverty, and partial or total lack of access to basic services. Although the program has been in progress for a relatively short period of time, it has been credited with some success in effectively reaching the poor with new knowledge and opportunities through the means of micro-credit and self-help. The poor in participating villages are also said to have achieved greater self-reliance and are more willing to participate in the development of their village, and in decision making processes.

32. Difficulties have included the refusal of local communities to work with the poor (distrust of the poor); fear of change among the poor; and indebtedness of the poorest which has made their participation difficult or impossible. The poorest usually comprise the most vulnerable levels of society - people with disabilities, retirees, the sick, and those who suffer from alcoholism. However, the program claims to have had some success in overcoming the serious problem of involving the poorest. Two main methods are usually used. Activists and associations of self-help groups take an active part in the process of building a new group. It is also much easier to carry out mobilization of the most vulnerable social groups when there are signs of early success. In this respect the use of different methods of micro credit has helped produce good results. An example can be found where the poorest without direct access to micro-credit were provided with potato seeds, with the ASHG assisting in the monitoring of the credit management.

Yadfon Association Mangrove Restoration (YAMR) in Thailand

33. This case is especially notable because it illustrates that some of the best work on poverty alleviation can come from unheralded sources working at the grassroots level and supported with only modest resources. The YAMR work began with Pisit Charnsnoh who lives and works in Trang, a province in South Thailand with a rich ecosystem that is being affected by rapid environmental change. In particular, the mangrove forests of the area are a biologically rich ecosystem providing the transition zone between the ocean and the rainforests, and sustaining coastal communities for generations. In Trang, the fishing communities are primarily Muslims, a religious minority in a country where Buddhism dominates.

34. In Trang as in many other parts of the country's coastline, the coastal ecosystems have been devastated by logging, the burning of mangroves for charcoal, and commercial shrimp farms - Thailand is the world's largest exporter of cultivated shrimp. Today, over half the country's mangrove forests have been lost, and many of the remaining forests have been burned to produce charcoal. The loss of the mangroves, coral reefs and sea grass beds have destroyed habitat for sea life and threatened the livelihood of subsistence coastal communities. Damage to inland waters has also been caused by commercial fishing boats that use harmful practices including explosives, over-fishing, trawling, and drag and push nets that ear up coral reefs and sea grass beds.

35. After working for years on rural development, Pisit established the Yadfon Association in 1985 to work with marginalized coastal fishing communities. It took Pisit, who is a Buddhist, much time and patience to gain credibility with the Muslim villagers. Yadfon's work, which began in a few villages, eventually spread to 30 communities. The organization encouraged villages to unite in protecting the coastal fisheries and mangroves. In 1986, under Yadfon's leadership, communities began restoring a 240-acre mangrove forest. In 1989, with the area restored, the Thai Forest Service and the provincial government declared it the country's first community-managed mangrove forest. The restoration results were dramatic. From 1991 to 1994, there was a 40 per cent increase in total catch, resulting in increased income levels for the villagers. Co-management became a government-sanctioned model in other communities. Three years ago, charcoal concession was abolished as a result of Yadfon's work and years of lobbying by environmental groups. Today, there are nine community-managed forests modeled after Leam Markham. The grassroots effort inspired the first-ever Community Forest Act which mandates that villagers are allowed to live and harvest from the forest if they can properly manage it in a sustainable manner.

35. Yadfon's approach is built on the knowledge that top-down management of fragile resources has failed. Successful conservation must involve and sustain resident communities, and the approach requires education, decentralized decision-making and hands-on strategies. The dramatic results and the organizing lessons of Yadfon have attracted agencies and leaders from other provinces and other countries to travel to Trang to learn about sustainable resource development. The dominant change that Yadfon has brought was to empower a population that had been shut-out from decisions that affected their daily lives. This effort has led to other important results, including:

- replanting by villagers of sea grass beds, habitat for the endangered dugong manatee. Villagers used dugong conservation to pressure the government to ban trawlers and destructive push nets in a protected 133 square kilometer sea grass area
- curtailing the number of commercial shrimp farms
- enforcing boundaries intended to keep trawlers out of the area as villagers took responsibility for confronting the trawlers at sea
- encouraging better watershed management and overturning a proposed dam in a national park in Trang that would have irrevocably degraded the watershed

- empowering women to play an essential role in environmental protection and community building through women's co-op to generate funds to supplement the family income during the monsoon months when the men cannot go out to sea

36. Yadfon's work has not gone unnoticed. In 2004, Pisit won the prestigious Goldman Environmental Prize for his work in improving the conditions of poor fishing communities in Thailand.

Aga Khan Rural Support Programme in Pakistan

37. AKRSP first began work in the northern areas of Pakistan in December 1982, with a mandate to act as a catalyst that would organize local communities, enhance their capacity for controlling their future, facilitate interaction with development agencies, and promote integration with outside markets on favorable terms. In its two decades of operation, it has been assessed to be an effective development instrument with poverty reducing impacts arising from interventions in productive investments; production-support investments such as access roads; training; and financial and technical services. By 2002, it was estimated that the program had grown by roughly 10 per cent a year and was now reaching about 100,000 households.

38. The basic objective of the AKRSP has not changed over the years i.e. to increase the capacity of local people in under-served high altitude areas to become involved in their own development, so that they can increase their income and welfare, through promotion of village organizations. The key components in AKRSP's approach are:

- establishment of village-level institutions (known as village and women's organizations, VOs and WOs) to manage the development process
- introduction of an obligatory individual saving scheme to mobilize capital and the use of credit from village organizations to assist small farmers
- training of local people in a range of organizational and technical skills to support them in their self-help activities
- use of a productive physical infrastructure (PPI) component with a grant element from AKRSP to support economic development and provide the initial incentive for community organization

39. The PPI component lies at the centre of AKRSP's social organization strategy. One of the main objectives of financing a productive physical infrastructure project was to convince the beneficiary community that by working together they could better meet their needs and receive benefits through cooperation in investments and services. Project selection and design were conducted with the participation of the villagers, not by offering them a set of options, but by allowing them to choose freely. At the same time, criteria for approving proposals were set as follows:

- the project had to be productive, and benefit at least 70 per cent of the VO households
- villages could execute the project without outside contractors and heavy equipment
- projects were to take no more than two years to complete
- mostly local materials were to be used
- the project would be maintained by the village organizations
- the project was free of disputes within the village or with other villages

40. Implementation of the PPIs was the responsibility of the VOs. AKRSP technical staff, especially engineering, were made available to provide technical input, but day-to-day organization and execution of the construction work was carried out entirely by the VOs under the village managers. Grants were provided to the VOs mainly to finance all or part of the labor input, but materials were purchased as needed through AKRSP. Grants from AKRSP were paid out to VOs in instalments to pay village labor on a daily wage basis. In addition, the villagers also contributed free labor when tasks needed large quantity of work. In many VOs funds for wages were saved and added to the VO's equity capital account.

Self-Employed Women's Association (SEWA) in India

41. Many best practices in poverty reduction are based on poor people's groups and their capacity to organize. The Self-Employed Women's Association (SEWA) in India provides such an example. In 1971, Ela Bhatt, a lawyer and social activist who was head of the women's wing of the Textile Labor Association (TLA) with Arvind Buch, president of the TLA, founded SEWA in Ahmedabad, India. In April 1972 SEWA was registered as a trade union, making it the first trade union to address the needs of poor women workers in the informal sector, working at home, or trading and vending in the streets. Any self-employed female worker in India could become a member of SEWA by paying an annual membership fee of rupees (about 12 cents). Every three years SEWA members elect representatives to a new trade council made up of worker-leaders, and this committee then elects the executive committee.

42. From these modest beginnings, SEWA today has over 200,000 members across India, with 84 cooperatives, 181 producers groups, 1,000 savings groups in nine districts of Gujarat, and about 100,000 women depositors in the SEWA Bank. About 30,000 poor women participate annually in the SEWA Academy, where they explore their contribution to the national economy, their roles and responsibilities as women, their own organizations, and the values and vision behind their movement. SEWA also has a "barefoot managers" training program, and health and life insurance programs. On behalf of its members it has won high court rulings to improve work conditions of urban vendors. SEWA is presently exploring options to access large loans and venture capital to finance its insurance, information technology, and banking activities. Based on its 20 years of experience, SEWA has reached out across national boundaries and actively participated in the emergence of cross-country networks of common interest.

43. One of its most recent projects is an integrated social security scheme for members in the informal sector, especially home-based workers and street vendors. The scheme involves subsidies from the Life Insurance Corporation of India and the United India Insurance Company and covers all basic lifetime risks: death, widowhood, personal accident, sickness, maternity, and loss of assets, working equipment, and housing. Insurance can be purchased either by paying a yearly premium or by making a one-time fixed deposit into SEWA's bank, with interest on the deposit used to pay the annual premium. As of December 2000, the scheme covered almost 30,000 members. In 2002, SEWA also began to explore ways to strengthen the financial base of the social security scheme and to achieve long-term financial and administrative sustainability at levels of premiums that its members can support. Ultimately, SEWA hopes to expand coverage to all its members and their families.

Dairy Cooperatives in India

44. This example of rural producers organized through cooperatives stands out as one of the better practices in a sector long touted as having the potential to make a big dent on poverty but where experience has been generally marked by repeated failures, despite significant investments of domestic resources and donor support. Dairy cooperative development in India began in Gujarat with the establishment of the milk company AMUL in 1946 in response to limited opportunities for traditional milk producers. Building on this experience, the Indian government in the 70s decided to favour the formation of cooperatives as a priority for agricultural development. Beginning in 1974 with three projects in Karnataka, Rajasthan, and Madhya Pradesh, and following with two national dairy projects funded through the late 1980s, the Government utilized over \$500 million in World Bank loans to develop the industry through cooperatives (made up of district unions combined into state

federations). These projects have focused on capacity building (strengthening cooperative institutional structures and training) and support to activities and infrastructure development for increasing production and marketing. The overall objective was to promote viable cooperative businesses, owned and managed by producers, for collecting and marketing milk products in order to expand rural incomes and improve dairy productivity. Progress in the 70s and 80s appears to have been held back because of inappropriate policy frameworks and excessive government interference. In the case of projects funded by the World Bank, projects were typically negotiated exclusively between the Government and the Bank; failed to address institutional issues; and were overly complex.

45. The movement and the Government, however, have learnt from the failures and today, the national federation comprises some 96,000 village milk cooperatives with some 10 million members. Sixty per cent of milk suppliers are landless, small, or marginal farmers. The federation and its members produce 16.5 million liters of milk daily, generating an annual additional income of \$90 for each family. Per capita milk consumption has almost doubled, and the milk cooperative business has created an estimated 250,000 off-farm jobs, most of them in rural areas.

46. Because investment has been heavy, there have been concerns about the cooperative being overprotective and monopolistic; there are also fears that it could use its political power inappropriately. However, these problems seem to be outweighed by the impressive results of the program, due largely to committed membership and farmer-controlled organizations at the local level, sound management, influential and charismatic leaders, strong accounting systems, and effective and profitable services provided to members. Perhaps the most important lessons learnt from this example are that cooperatives must be seen and encouraged to behave as private sector enterprises; government's primary role should be to establish a conducive policy framework for their growth (and not only to control or regulate); and partnerships of rural development actors (farmers) and the private sector is an extended process requiring long term support.

Community Hill Forestry in Nepal

47. Poverty alleviation programs in land locked and fragile ecosystems are generally constrained by more obstacles than their counterpart programs in countries that enjoy advantages in geography and natural resource endowment. However, handicaps in natural characteristics can be overcome through the judicious management of collective and public goods and the capacity building of the local population whose livelihoods are dependent on the sustainable utilization of natural resources. This example is evident in the case of the development of community hill forestry in Nepal. In 1978 the government of Nepal passed legislation handing over to local communities a substantial amount of public forest land and hilly areas. Local management of both public and locally owned forest was to be achieved through the *panchayats* (villages), under agreed forest management plans. The *panchayats*, however, proved ill-suited to undertake local forest management. Although forest management committees were formed, they seldom functioned as representative discussion and decision-making bodies. This failed system was subsequently revised to incorporate features of the indigenous control and management systems traditionally practiced by many communities. Such systems, based on user groups rather than on whole communities, were generally better positioned to establish management rules that were enforceable as well as had the weight of local social sanctions.

48. The focus on user groups was formalized, with more authority and responsibility progressively devolving to these groups under Nepal's 1993 Forest Act. Ownership of the land remains with the state but trees legally belong to the user groups. Management control rests solely with the users of the resources, who develop their own operational plans, set the prices at which the produce is sold, and determine how surplus income will be spent. By June 1997 there were 6,000 user groups, managing 450,000 hectares, with another 6,000 waiting for formal registration.

49. Issues still arise within user groups, between them, and with the forest department; some of these issues have to do with difficulties in securing access to forest areas from

officials, domination by local elites, politicization, and pressures from the forest department. Nevertheless, the Nepal experience has been encouraging: other country examples have demonstrated that managed forests can thrive with active user group management and is not incompatible with poverty alleviation ends.

Kecamatan Development Project in Indonesia

50. The Kecamatan Development Project (KDP) is a community-based project aimed at alleviating rural poverty. It was launched by the Government of Indonesia in 1998 amid economic crises and political turmoil. With corruption in the country wide-spread, and little funding meant for poverty alleviation actually reaching the villages, the project was also intended to help the government rebuild its credibility among the rural people. The project targets the poorest subdistricts in the country, and provides extra allocations to the eastern island sub districts hit hardest by the El Niño phenomenon. The distinctive feature of the project is its decentralized nature, which devolves decision-making to the villagers themselves. A kecamatan, or council, is an administrative unit made up of multiple villages.

Under the project, villagers are encouraged to voice their needs for infrastructure projects or small-scale economic activities in the form of proposals submitted to the kecamatan. Decisions on planning, procurement, and management of funds are made by the villagers. Project planning begins in hamlets, a social unit below the village, and ends in the kecamatan, which contains an average of 20-25 villages and approximately 100,000 people. A group existing for more than a year is eligible to make a proposal. Two proposals are selected for implementation every year, one of them belonging to a women's group.

51. Proposals for public goods are eligible for grants, and proposals for economic projects qualify for loans. Project funds are allocated directly to subdistrict councils, which allocate money among these proposals. Funds flow from a central project account to a joint village account at a local subdistrict bank, and are processed by the branch office at the National Treasury. In this way, funds do not pass through the hands of government officials. The funds are in the form of annual block grants (of Rs 500-750 million or US\$60,665-\$90,997), distributed to the villages over a three-year period. Kecamatans that have a minimum population size qualify for receiving the funds. The project is supported by World Bank credit of US\$590 million.

52. One of the focal areas of the project is the promotion of gender equality. Women are encouraged to participate actively at every stage of planning and implementation. One man and one woman are selected as village facilitators, and women make up at least 40 per cent of the members of the kecamatan decision making body. A tiered system of technical and social facilitators recruited from the private sector, nongovernmental organizations (NGOs), and the villagers themselves aid in recognition of needs, project writing, and planning. In addition, adequate support is provided for village management of procurement, finances and project implementation. Transparency is a key principle in the workings of KDP. Project information, other than contract and bidding documents, is publicly displayed on notice boards within villages and kecamatans. The responsibility for decision making rests on the villagers who have complete control of the initiation and completion of the project.

53. The project has achieved national scope covering more than 30 per cent of the rural kecamatans in the country. By its third year (2002), the project had covered more than 21,000 villages in about 1,000 kecamatans in most of the provinces of Indonesia. Approximately 75 per cent of the funds has been used for village-level infrastructure, such as roads, bridges, water supply systems and school repairs, while the remaining 25 per cent has been lent out to village group members for working capital, on a revolving fund basis. Under the second project, KDP-II, it is estimated that the total beneficiary population will be close to 20-30 million people, with 200 kecamatans added each year, and 15,000 villages covered across the country.

54. Other notable benefits of the project have been in the form of greater ownership by participating communities, improved local planning and project implementation, and better use of public resources, because they are invested according to the needs and priorities of the villagers. Since all decisions are made and activities are implemented in a transparent

manner, villagers have become more conscious of their rights, and now demand directness and transparency in other developmental activities carried out in the villages. Confidence levels have increased among the villagers, since they no longer depend on intermediaries on NGOs to voice their concerns or demands. There also have been substantial poverty reduction benefits from the project. The share of loan beneficiaries perceived to be poorer members of the communities is 78 per cent, of which 38 per cent are women. After the completion of the first year, 500,000 women were reported to have participated in the project.

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