

Organising the Poor to Harness their Potential:
The Choices before Us

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The Institutional Landscape for Poverty Alleviation

Given its history and the persistence of serious problems, including widespread poverty, it is possible for some to look at Pakistan in a way that inspires little confidence in its people and institutions. It is also possible, however, to take stock of the country's institutions and the potential of its people, and conclude that Pakistan has what it needs for moving forward. The difference between the two perspectives is not only an intellectual issue, but also a matter of choice. The choice is made not only by the people, the intellectuals, the donors and the functionaries of the State, but also by those who are responsible for guiding the country at a given point in time. This paper suggests that there is sufficient experience from Pakistan and elsewhere to inform such choices, to decide what are the best examples in relation to the goal of poverty alleviation, and to engage the various institutions of the country in doing what they can do best.

The institutions that matter are well-known. The question is what functions they can perform effectively and efficiently for alleviating poverty, and how the country's leadership wishes to engage them. The premise of this paper is that existing institutions have well-defined roles, and that none of them is a substitute for others in relation to poverty alleviation. Based on experience from Pakistan, as well as from other countries, particularly in South Asia and East Asia, the institutional roles of relevant institutions may be summarised as follows:

- The institutions engaged in development administration, including the line agencies, provide technical and financial assistance for public goods and services. For poor people, the line departments are the biggest repository of technical expertise in most sectors of interest. Unless each of them is specially equipped, however, they do not have the capability for organising households. In Pakistan, responding to the growing emphasis on community participation, several line agencies have added community-oriented units, or appropriate sub-contracting arrangements, during the 1980s and 1990s.
- Commercial institutions are meant to invest in profitable opportunities for their owners and investors. While they may sometimes establish their own initiatives for organising poor households, these initiatives are seldom if ever profitable or self-sustaining. In Pakistan, however, some of the banks and DFIs have been trying to reach the poor through programmes of supervised credit and micro-finance.
- Representative institutions represent people in matters of governance and the allocation of resources; they are, therefore, central to the political economy of the country, but they are meant for representation rather than participation of households. Based on what is known about representative institutions, they are not intended for organising households for participating in the project cycle and increasing their incomes. In Pakistan, it has been documented since the Basic Democracies experiment 40 years ago that local government institutions focus on infrastructure, rather than household-level income generation and poverty alleviation.
- Participatory grass-roots institutions are those through which households participate directly in decision-making, rather than indirectly through representatives. They are voluntary institutions of those whose common interest is best served by joining each other in the collective management of common problems and resources. Research in Asia, Africa and Latin America has documented that, in addition to effective local government, voluntary local organisations are vital to rural uplift, and that informal local organisations tend to produce more equitable outcomes than formal ones.

- In socially stratified societies such as Pakistan's, participatory institutions seldom emerge spontaneously on a large scale: they are fostered by autonomous support mechanisms that are supported by the State but protected from undue interference by administrative and representative institutions. As observed in East Asia, South Asia and other countries, autonomous support mechanisms, supported by commitment from the highest levels, appear to be the only viable mechanism for fostering participatory institutions for poverty alleviation on a large scale. The Rural Support Programmes, or RSPs, are autonomous support mechanisms.
- Non-government organisations (NGOs) and community-based organisations represent aspirations for advocacy, community service and innovation in service delivery. Though some NGOs are engaged and supported by government for purposes of service delivery, others maintain an independent outlook vis-à-vis the government. As observed in Pakistan and elsewhere, NGOs seldom if ever have the scale to have nation-wide impact on poverty.

Given the roles and functions of the institutions described above, there is little merit in presenting either-or choices to policy makers concerned with poverty alleviation. In particular, there is nothing constructive in the claim that reform of public sector institutions should be preferred to the presence of autonomous support mechanisms: both are necessary and possible at the same time. There is neither logic nor a grain of truth in the assertion that representation is the same thing as participation: participatory institutions are important to poverty alleviation, as representative ones are to political economy, and the mantra of local government has nowhere replaced the voice of the people. Nor is it particularly enlightening to know that government funds are available to autonomous support mechanisms: for poverty alleviation on a large scale, they have to be and have been, not only in Pakistan but also in countries that have fared better in solving the poverty problem. **The real choice is whether poor people should be left to fend for themselves or mobilised for harnessing their potential.** As the following section shows, it would be nothing but heroic to assume that community institutions already exist for helping the poor to benefit from public services, increase their incomes or manage their common concerns.

Institutional Vacuum at the Local Level

In many countries, including Pakistan, it has been documented that traditional institutions for managing common concerns have disintegrated or become weak, and new ones have not yet developed in their place. This observation relates, for example, to institutions for the management of common property such as forests, pastures, rangelands and irrigation channels. Among the modern institutions that are relevant to poverty alleviation, those with a commercial orientation (e.g., banks, seed companies, fertiliser suppliers, etc.) are seldom located outside urban centres and the largest of rural settlements. Among line departments, the largest (e.g., Agricultural Extension) have a presence that goes down to the Union Council level, but neither these nor other line departments have a presence in the village. Among representative institutions, the lowest level is that of the Union Council, where each village may have perhaps one representative.

Lacking a presence in the village, line departments and local governments, particularly the front-line functionaries who deliver services, have to depend on those who, rightly or wrongly, claim that they represent the villagers. As a result, public functionaries adopt the "representative approach" to development in which representatives—actually local notables—influence key decisions about local development. This can be seen in the leadership and working of project committees, associations for irrigation and water management, committees for managing schools, health facilities and forests, and co-operatives of various kinds. With few exceptions, these organisations seem to be

associations of local elites (e.g., co-operatives and committees), or extensions of provincial agencies that have been pressed in the last 10-20 years to involve the beneficiaries. While they may be performing their functions and achieving their objectives, organising people to alleviate poverty is not among the strong points of sectoral committees, local notables and people's representatives.

The conclusion must be that, as far as poverty alleviation and service delivery to the poor are concerned, there is an institutional vacuum at the grass-roots level. More specifically, the country does not have nation wide coverage of autonomous local organisations, in which people could place their trust and resources, articulate the voice of the poor and vulnerable, and promote accountability at the local level. In these circumstances, it goes without saying that people will try to do the best they can for themselves. Indeed, many in the villages have set up *falahi* (welfare) and *islahi* (reform) committees without sponsorship from outsiders. There is little to suggest, however, that these committees engage in any systematic attempt at poverty alleviation, or have the ability to influence the resources and services of line departments, NGOs, banks, suppliers, etc.

Given the lack of local organisations that engage the poor, it should not be surprising that the poor and poorest households—the lowest 40 percent or so by income level—have little say in development activities that matter to them. But Pakistan is no different in this regard from poor and rich countries where the problem of poverty has persisted. Cross-country comparisons suggest that poverty may persist even in well-to-do countries (such as the United States, United Kingdom and Australia) that have sound economic policies, efficient government services, high investment in human capital, targeted research and monitoring, decentralised governance, strong democratic credentials and many other desirable features. In many of the developed and developing countries, the poor have been simply left behind, or re-located from rural to urban areas in the process of growth. In other countries, however, including China, Taiwan and South Korea in the second half of the twentieth century, the leadership invested in organising rural people through (more or less) autonomous support mechanisms, and ensured that the poor were not left behind as the economy experienced growth and rural-urban transformation¹.

The Nature and Role of Rural Support Programmes

Successful experiences of various countries of Europe, East Asia and South Asia were first analysed and adapted for Pakistan by the late Dr Akhter Hameed Khan in the 1960s. This resulted in the Comilla Pilot Project in former East Pakistan and a Magsaysay Award (“the Asian Nobel”) for Dr Khan. In the 1970s, Dr Khan's approach was introduced in NWFP through the Daudzai Pilot Project near Peshawar. Both projects—Comilla and Daudzai—fell as the political leadership supporting them disappeared from the scene: the bureaucracy of the day reasserted itself and closed down the initiatives. A new beginning was made in 1982, but this time through a non-governmental initiative, namely, the Aga Khan Rural Support Programme (AKRSP), that enjoyed a long-term commitment from its sponsors and the highest level support from the government².

¹ The recurring theme in East Asian cases is that systems of local organisation were taken more seriously than in other developing countries, and they were created through concerted top-down initiatives. The central governments ensured that these initiatives were autonomous and equitable, and protected from the influence of local elites. European experiences, for example, with the co-operative movements of the nineteenth century, did not depend as much on the state but evolved more slowly in a more mature democratic dispensation.

² Like its predecessor in Comilla, the AKRSP too resulted in a Magsaysay Award for its project leader.

Since then, other Rural Support Programmes (RSPs) have been established as autonomous support mechanisms for mobilising the rural poor and harnessing their potential¹.

They are not substitutes for the administrative and representative institutions of the State or the NGOs in civil society; nor are the other institutions substitutes for the RSPs. The RSPs have a very specific rationale—that bottom-up development requires top-down commitment through autonomous support mechanisms. This is clear from post World War II experiences in East Asia, as well as earlier European experiences: regardless of whether the leadership was communist or capitalist, elected or military, it aimed for support mechanisms that were autonomous to a high degree, protected from centralised bureaucracies and political elites, and benefited the majority of the people. Many among the highest decision-makers of Pakistan and other South Asian countries have acknowledged the role of autonomous support mechanisms in recent years.

For example, starting in 1982, every RSP in Pakistan has been established with commitment from the highest levels of government. The Pakistan Poverty Alleviation Fund (PPAF) that supports RSP and NGO partners is also an autonomous organisation. The former Finance Minister, who served in the Federal Cabinet during the 1980s and 1990s, has stated for the record that the PPAF was designed to operate outside bureaucratic and political control, because policy makers² learned their lessons from several years of experience. The role of autonomous support mechanisms for organising the poor is also highlighted in *Meeting the Challenge*, the 1992 report of the Independent South Asian Commission on Poverty Alleviation which consisted of highly-regarded South Asian intellectuals, policy makers and practitioners concerned with poverty issues. This report was adopted by the SAARC Heads of State and Government at the Dhaka Summit of 1993. The resulting Dhaka Declaration led UNDP to sponsor social mobilisation in six of the seven countries of South Asia through RSP-type initiatives for poverty alleviation.

The idea of social mobilisation employed by the RSPs revolves around the experience that poor people do not need handouts—they need social guidance to harness their potential. The RSP programme philosophy (described in the accompanying box) means that no pre-conceived package is thrust upon the people—people themselves identify the opportunities through which they can improve their incomes and quality of life. The idea of RSPs being support mechanisms implies that they do not attempt to replace other development

RSP Programme Philosophy

- **Goal:** Reduction of poverty and improvement in the rural people's quality of life.
- **General Objective:** To foster a countrywide network of grass-roots organisations to enable rural communities to plan, implement and manage development activities and programmes for the purpose of ensuring productive employment, alleviation of poverty and improvement in the quality of life.
- **Strategy:** To harness the people's potential to help themselves.
- **Approach:** In order to harness this potential, the people need social guidance to:
 - Organise themselves into multi-purpose, broad-based community organisations in order to pool resources, cut down on overheads, achieve economies of scale, etc.
 - Help identify true and genuine activists in the community. It is only these individuals who can harness the potential of the people, not outsiders.
 - Identify/prioritise the endeavours people are willing to undertake in terms of opportunities and needs.
 - Determine feasibility of identified needs and priorities in terms of people's capacity, willingness, equity, sustainability and resources that may be available within the area or can be accessed from outside.
 - Arrange, secure and facilitate flow of required resources to the community.
 - Monitor, lobby and establish linkages between communities and other development agencies, such as government development departments, District Councils, Union Councils, NGOs and donors.

¹ The RSPs working in Pakistan are the Aga Khan Rural Support Programme, the Sarhad Rural Support Corporation, the National Rural Support Programme, the Ghazi Barotha Taraqqiati Idara and the Punjab Rural Support Programme. The South Asia Poverty Alleviation Programme (SAPAP) sponsored by UNDP in six of the seven SAARC countries, including Pakistan, is also a Rural Support Programme, albeit not incorporated as a private company like the other RSPs.

² Like the project leaders of Comilla and Daudzai before them.

agencies—they build linkages between organised communities and a wide range of service providers from the public and private sectors. The fact that the RSPs are autonomous ensures also the autonomy of the village organisations they help establish. The villagers who lead these organisations are not necessarily local notables or politicians—they are activists who work for the entire community and help the poor.

Social mobilisation along these lines is seen by many not only as a prerequisite for poverty alleviation, but also as the core of democracy. The late political scientist Eqbal Ahmed, who followed the progress of the RSPs since the mid-1980s, has described this eloquently in the following words: “In the third world, as in pre-industrial Europe, peasant societies are characterised by duality of political culture. Relations within the peasant community tend, by and large, to be democratic, in the sense that patterns of collective decision making and communal co-operation mediate the competition, among individuals and families, for scarce resources. By contrast, the peasants’ relations with the ‘external world’—feudal lords and the state—have been historically unequal, authoritarian and oppressive. Democracy requires the abolition of this duality. Representative government can be neither stable nor efficient in the absence of a participatory and egalitarian society. An essential step toward the democratisation of society is to forge participatory relationships between autonomous villages and peasant organisations on the one hand, and the state on the other.”

Evaluating the RSP Experience

AKRSP, the first of the RSPs, has been evaluated three times by the World Bank’s Operations Evaluation Department between 1987 and 1996. This Department does not normally evaluate non-Bank projects, but it has maintained an interest in AKRSP for the purpose of learning about the RSP approach and its relevance to Bank projects. The other RSPs for which external evaluations are available are the Sarhad Rural Support Corporation in NWFP and the National Rural Support Programme (NRSP). The newest RSPs—Ghazi Barotha Taraqqiati Idara and the Punjab Rural Support Programme (PRSP)—have not been evaluated.

The World Bank’s first evaluation of AKRSP (1987) differentiated the RSP approach from more conventional approaches in the following words: “[The] patient pursuit of ... longer term institutional and social objectives is possible in AKRSP, compared with the typical five to six year cut-off of secured funding in other projects, which can lead to frenzied pursuit of money-consuming infrastructure construction, with less emphasis on careful introduction of permanent institutional and social changes¹.” The report concluded that the “achievements are largely attributable to the effectiveness of the institution-building efforts at the village level” and highlighted the following principles behind successful institution building:

- First is the principle of the primacy of the VO [Village Organisation]. The VO is the focal point of all AKRSP activities but its sovereignty is sacrosanct, although AKRSP is firm in keeping to agreed conditions of partnership. The VO and AKRSP are seen as contractual partners where activities of the VO are supported but never undercut.
- Second is the principle of continued attention to innovations. Villagers and AKRSP staff alike are encouraged to innovate, using a trial and error approach that is carefully monitored. This creates a learning environment of active improvisation and innovation.

¹ Neither this evaluation nor any RSP has asserted that benefits are generated only because of social mobilisation: institution-building and technical interventions have a symbiotic relationship with each other, and this has been documented in RSP-type approaches since the Comilla Project in the 1960s. The operational implication of this is that RSPs and specialised departments (or NGOs) are complementary sets of institutions.

The World Bank's second evaluation of AKRSP (1990) concluded that "the programme meets most if not all of the generally agreed-on requirements for a successful rural development programme ... At a time when 'rural development' as a development strategy is out of favour, the AKRSP experience provides a hopeful prospect that rural development can be made to work, given half-way favourable circumstances." By the time of its third evaluation of AKRSP (1996), the World Bank was able to review quantitative data on the impact generated by AKRSP. The evaluation reported that per capita incomes between 1982 and 1991 had almost doubled in real terms, and that AKRSP had the data to support its assertion that its activities had made a substantial contribution to this increase¹.

Based on its observation of the performance of AKRSP during the 1980s, the Government of NWFP became the first government in the country to request that the RSP approach be replicated in its province. Facilitated by USAID and the Planning and Development Department of NWFP, the establishment of the Sarhad Rural Support Corporation (SRSC) was a result of this request. During 1991-1992, the Government of NWFP became the first government in the country to accept loan liabilities on behalf of a non-government organisation: it requested the Asian Development Bank (ADB) and the International Fund for Agricultural Development (IFAD) to engage SRSC for social mobilisation and village development components of two area development projects. The role of SRSC and community organisations in these projects—the Barani Area Development Project (ADB-assisted) and the Mansehra Village Support Project (IFAD-assisted)—was formulated and appraised by the donors concerned with the agreement of the Government of NWFP. The performance of SRSC and government agencies in these projects resulted, by 1999, in ADB and IFAD commitments for continuing and expanding them, and ADB funding for the new Malakand Rural Development Project².

The most recent external evaluation of SRSC was undertaken by Novib, the Netherlands Development Organisation, in 1998. The report includes the following assessment of the inclusion of the poor in SRSC activities:

- The "rigorous poverty focus" recommended by the Novib Mid-Term Review had been incorporated within a social guidance approach through which the most disadvantaged within a community (CO) or women's organisation (WO) are identified by the organisation itself and given priority in accessing credit for improved income and food security and, where appropriate, technical training.

¹ The first two World Bank evaluations of AKRSP evaluated it as a rural development and community development programme. The third evaluation in 1996 began to focus specifically on the inclusion of the poor. A search of the literature shows that the lack of focus on identifiable groups of poor in baseline, implementation and evaluation reports is common in government, NGO and donor projects as well as national and provincial plans. Specific methodologies for identifying and including the poor have been introduced by some NGOs and the RSPs recently. Different methodologies are employed for implementation and evaluation, keeping in mind that implementation should remain streamlined, while formal statistical methods can be employed on a sampling basis during baseline and evaluation work. The experience of the RSPs is that there is a high degree of correlation between formal (e.g., poverty line) definitions of poverty and the way villagers define the poor among them. This correlation is also evident in some of the area development projects in NWFP.

² An assessment by a team of the Government of NWFP in February 2000 concluded, "There is no doubt that the RSPs have contributed towards rural development, in social as well as physical terms. The organisation of the communities is real and the spirit and confidence of the community activists is reminiscent of the old fashioned political workers of the Pakistan Movement. These are people who believe that it is possible to get out of the poverty trap with the guidance provided by the RSPs." "Similarly, there is no doubt that the small-scale community-based infrastructure projects executed through these organisations are of a higher quality than those executed through the line departments, not only in terms of the construction quality but also in terms of the social back up required to maintain them." "The Model contributes to rural development in every sense of the word."

- It was the impression of the evaluation team that organisation membership included some of “the poorest”, but it was not possible to assess how many of the poor within a community were members of the organisations.
- Records at the community level suggested that a reasonable proportion of CO/WO [Community Organisation/Women’s Organisation] membership and recipients of credit belong to the target group (the “poorest”).
- The evaluation team was able to verify that the “poorest” were the first to benefit from internal lending from a group’s own savings fund.
- In its facilitator role, SRSC had succeeded in putting COs and WOs in contact with the principal rural service providers in the sectors of agriculture, livestock, forestry, fisheries, education, and health.

NRSP’s most recent external evaluation was sponsored by UNDP in 1998. It observed that the “model is unique...it is highly responsive to community motives and aspirations within the context of strong community participation ... NRSP’s experience suggests that it is feasible to unlock the productive and entrepreneurial potential of Pakistan’s rural people ... Overall ... NRSP’s social organisation activities are sound and are being conducted with sensitivity and imagination. The programme and its field staff enjoy an extraordinary level of creditability amongst the communities in areas where the programme operates.”

By now the RSPs in Pakistan have organised over 500,000 rural households in 18,000 communities, and trained over 130,000 people¹. The majority of these beneficiaries say that they were not able to benefit from line departments and banks before they got organised². With organisation, however, the beneficiaries have been able to increase their incomes through the diverse and need-based economic packages of the RSPs, ranging from investment in village-based physical infrastructure to the joint management of forests and high pastures to building skills for off-farm employment. And when organised villagers undertake these schemes, the cost is often a fraction of what development agencies incur (cost comparisons are given below), while operation and maintenance is ensured.

The RSP experience in other South Asian countries where the UNDP has sponsored RSP-type projects has also been significant. In India, the State Government of Andhra Pradesh has established a society for poverty elimination along the lines of the RSPs, with World Bank support and infusion of \$120 million. Nepal has taken RSP-type social mobilisation to 60 of the 75 districts in the country with UNDP assistance. In Bangladesh, the Prime Minister and senior Cabinet Members have personally visited the demonstration project and expressed their intention of up-scaling it³. In the Maldives, the government has decided to replicate work done in one atoll on RSP lines to other atolls. In Sri Lanka government officials have recognised that the RSP-type approach has instilled self-reliance in communities, while other programmes have perpetuated dependency.

In Pakistan, the confidence that people have developed in their own organisations is reflected in many tangible and intangible ways⁴, including personal savings to the tune of Rs 700 million that the beneficiaries have placed in joint bank accounts. The confidence that

¹ This is more than all the NGOs in Pakistan put together.

² Feasibility studies of rural development projects, including those mentioned above in NWFP, support what the people are saying.

³ An independent World Bank commissioned assessment in Bangladesh has estimated the rate of reduction of poverty in this project to be three percent per year, compared with only 0.3 percent annually at the national level.

⁴ For example, a senior officer of the Government of NWFP observed that the RSPs “try to reach the forgotten Pakistanis not only to reduce the poverty of the poorest of the poor, but also inject an immense sense of awareness and confidence in them. RSPs break the ... status quo and empower the powerless.”

others have in these people's organisations is reflected in support provided over the years by the country's leaders, public functionaries, commercial organisations and international donors. An increasing number of service providers, and national initiatives such as the Social Action Programme, can now reach the grassroots through community organisations led by committed local people. **Though the opportunity is there, the choice has to be made by the decision-makers concerned with poverty alleviation.**

Cost Comparisons

Programme and Type of Scheme	National Rural Support Programme	Public Sector Agency
Multi-donor Social Action Programme (SAP): Drinking water supply <u>1/</u>	Rs 1,972 Per household	Rs 5,288 Per household
Multi-donor Social Action Programme (SAP): Drainage <u>2/</u>	Rs 736 Per household	Rs 1,200 Per household
Multi-donor Social Action Programme (SAP): Primary education <u>2/</u>	Rs 440 Per student	Rs 1,350 Per student
Other infrastructure <u>3/</u>	NRSP capital cost is 50% of public sector schemes. O&M is ensured.	
Cost of credit delivered <u>4/</u>	6% Add 3%--recovery rate is 97%	16.4% Add 48%--recovery rate is 52%
Sources:		
<u>1/</u> In Sindh Province, NRSP cost is 1/15 th the cost of PHED. Study by independent NGO (Sustainable Development Policy Institute), 1997.		
<u>2/</u> Government of Punjab, Planning and Development Department, and NRSP data.		
<u>3/</u> Comparative cost study by NRSP.		
<u>4/</u> Annual reports of NRSP and the Agricultural Development Bank of Pakistan.		