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Letters to the Editor

Clarifications on Tasar

This is in response to M S Sriram's article, *Spinning off from Tasar* (NewsReach August 2002). There were 2 main issues raised in the article. First, the relationship between the tasar activity and self-help groups (SHGs). Secondly, forming a separate organisation for the yarn producing business. It appears that Sriram was not fully informed about the background of our work in Razda village and therefore believed that all SHG members were engaged in producing yarn. Let me clarify that there are 5 SHGs in Razda out of which only 36 women were involved in this activity till the past financial year. They account for 55% of the total members.

Like Sriram, my colleague Binod (who was coordinating this activity till June 2002) also felt that savings of SHG members engaged in spinning should increase. This was opposed in the groups since other members felt it would result in inequitable ownership of the groups. The SHGs handle a vast spectrum of credit needs and are working at their own pace. Their focus is not on promoting yarn production. SHG members felt that groups will be skewed towards the need of the spinners if they saved more than the others.

Binod then tried to reorganise the groups around the tasar activity. This too was opposed as the groups had developed a dynamics of their own. Such reorganisation would have meant starting from scratch.

All our efforts to link these groups with the local bank failed due to the uncooperative approach of the concerned bankers and the indifferent attitude of block officials. The track record of this branch is very poor and not a single group was linked to this branch.

At present we have formed an informal group of spinners. We are also working on forming a cooperative and are looking into aspects such as stabilising production, scale of activity, capacity building of the women, nurturing of the cooperative, who would bear the cost of the structure, locally available marketing options for yarn, etc. The situation was quite difficult 2 years ago. We tried selling yarn in the local market but realised our scale of production would not allow for it. For the same reason we also failed to convince exporters to invest in product development and then plough some of the profits that would accrue back to us. We therefore had little option but to venture into tasar fabric. We were then able to tap fabric markets in Delhi, Gujarat and abroad.

More women have taken up the yarn producing activity this financial year and we expect to produce around 1.25 tonnes of spun yarn in our Razda centre. This scale of production would enable us to sell yarn in the local Bhagalpur market at prices at par with what we pay the producers. It would also increase the stake of producers in marketing yarn. We might even initiate a federation of 4-5 producers' cooperatives and market the yarn in Bhagalpur and then gradually expand our area of operation.

Ankur Singhal, Godda, Jharkhand

Obnoxious Recommendation

This is with reference to Yoganand Misra's article, *Profits from Pigeon Pea* (NewsReach September 2002). The article recommends a package for cultivating *arhar* (pigeon pea) using highly obnoxious and toxic pesticides like Endosulfan. I would like the author to refer to the February 28, 2001, and July 15, 2002, issues of the Down to Earth magazine as well as the United Nations Environment Programme's (UNEP) assessment report, UNEP/POPS/INC.I/INF/10 of June 15, 1998, available in the UNEP website, that clearly report genotoxic and congenital abnormalities due to exposure of Endosulfan. Recently the media was full of news of the glaring effects of spraying Endosulfan on cashew in Kasaragod district of Kerala by the Plantation Corporation of Kerala.

Endosulfan belongs to a class of organochlorine pesticides that has been marked as Persistent Organic Pollutant (POP) by UNEP and categorised as highly hazardous by the United States Environment Protection Agency. POPs are known to have links to cancer, long-term subtle effects in hormones, the immune system and reproduction. Endosulfan is banned in several countries including Bangladesh, Indonesia, Sri Lanka, the Philippines and Colombia. Numerous studies on Endosulfan have shown that it is the cause of birth defects in children and causes chromosomal damage in exposed subjects. According to the National Institute of Occupational Health, there is no safe level of this pesticide in the blood.

It is surprising that despite all the evidence we continue to use and recommend Endosulfan and numerous other poisons indiscriminately to the communities we work with. It is clearly a case of pesticide overkill practiced globally in the name of development and justified in the name of science. There are alternatives to these poisons. For instance, neem seed kernel powder can be used to kill termites instead of Folidol dust. Using 5% neem seed kernel extract or 3% neem oil can effectively treat pod borers (*LEISA* August 1999). It is our responsibility as development workers to explore safer pesticides instead of adopting packages and practices that are recommended by people with vested interests. I feel it is us who should promote alternatives than simply rejecting them as ineffective! It is really sad and shameful that in the name of profits we have forgotten every other aspect and reason. I wonder if the author would take the responsibility of the consequences of the use of Endosulfan and other pesticides in times to come!

Soumik Banerji, Sundarpahari, Jharkhand

We urge all readers to freely share thoughts and responses to articles in NewsReach. Email your letters to pradhan@ndb.vsnl.net.in or post them to Pradan, 3 CSC, Niti Bagh, New Delhi 110 049.

Approaches to Livelihood Planning

Our beliefs and assumptions determine our choice of methodologies towards enhancing livelihoods

Dinabandhu Karmakar

There are several ways to promote livelihoods. Accordingly, there are many different methodologies that would be based on factors such as the existing capabilities of the targeted people, resources and linkages available in their environment, capabilities of the change agent and priorities set by the promoting organisations. Each of these factors is founded on some assumptions and decisions made by the implementing organisation such as ours.

We have to also keep in mind that in a given situation, where targets and desired impacts are clearly defined, the output and impact would vary with the methodology used to implement programmes and activities. Therefore, formulating a methodology is important if we are to arrive at consistent results. In order to do so we need to define factors that include

- Our target people in different locations;
- The desired impact we want to create;
- Resources and linkages in the environment;
- Professional capabilities of the intervening teams and
- The organisation's commitment to human resource development (whether we would accept variance in the teams' capabilities).

In Pradan we have agreed that self-help groups (SHGs) of women would be the starting point of our interventions. We have also decided to promote livelihoods by following an area saturation approach. We have already moved a long way to standardise SHGs in our project areas. We have tried to gear up our internal HRD to address the capability gaps of our professionals with respect to SHG pro-

motion across the organisation.

Our colleague D Narendranath is working on a SHG roadmap and Internal Learning System (ILS) developed by Helzi Noponen. When ILS becomes a compulsory tool for the capability building of SHGs, it would create demands for another round of capability building across the organisation. These tools are being tested in various teams and would have direct bearing on the processes we would follow in livelihood promotion. There is thus a strong need to integrate these tools with our livelihood planning methodology.

The SHG roadmap and ILS would in a way determine the methodology we follow in livelihood planning. For instance, the underlying assumptions in ILS would significantly influence how we go about livelihood planning exercises. Assumptions based on 'they know' principle would be qualitatively different from assumptions derived from the 'they do not know' principle.

In the first case our role would be to supply what our targeted people demand. In the second we have to follow processes that would help the people realise how their lives are affected because of inadequate knowledge and skills and then help them equip themselves with new knowledge and skills.

Those of us facilitating livelihoods-planning exercises with the 'they know' assump-

The SHG roadmap and ILS would in a way determine the methodology we follow in livelihood planning. The underlying assumptions in ILS would significantly influence how we go about livelihood planning exercises.

Many of us considered credit generation and repayment in time were the most important characteristics of a good SHG. Later, when wider experience revealed that credit alone does not enhance livelihoods in many situations, our belief changed with subsequent changes in our approach.

It would be therefore important for each team to delve into the assumptions and beliefs underlying its work to promote livelihoods and then to share them with other teams in different locations.

tion would come up with a list of ideas as articulated by the people. So far our credit planning exercises with SHGs are of this type. Others with the 'they do not know' assumption may look at each and every element of the environment and then come up with ideas that may or may not confirm what the people shared.

Let us consider the ILS in which there is a module on livelihoods. In this families are expected to take stock of their resources such as land, labour and live-stock. The role of a professional would be to introduce the tool so that SHG members can take stock of their resources based on their own perceptions about the potential of each resource. What happens when these perceptions differ significantly from that of an expert on those resources? How are we to plan our interventions?

Assumptions Determine Action

We must also keep in mind that our assumptions and beliefs play a big role in how we intervene. Let us refer to the experience of promoting SHGs as micro-finance institutions to strengthen people's livelihoods. The first generation proponents of the idea identified credit as the missing link that affects livelihoods. This assumption was strong enough to influence national policies. This idea was tried in areas where the missing inputs were more than just credit, the changes

brought about by savings and credit groups were not as significant.

Many of us considered credit generation and repayment in time were the most important characteristics of a good SHG. We developed our evaluation parameters accordingly. Later, when wider experience revealed that credit alone does not enhance livelihoods in many situations, our belief changed with subsequent changes in our approach.

Our experience with lift irrigation (LI), one of Pradhan's most successful livelihood interventions, is also a case in point. We initially promoted LI infrastructure on the assumption that irrigation was the only missing input that affected improved agriculture. Some families did benefit but others failed because of factors such as lack of market orientation, inadequate access to credit, etc. These examples clearly illustrate that we were guided more by our core competencies and by what we could deliver, rather than by an objective analysis of the situation.

We cannot say that one assumption would work and the other will not. Each would be effective within a given context and each has limitations. It would be therefore important for each team to delve into the assumptions and beliefs underlying its work to promote livelihoods and then to share them with other teams in different locations. We would then be in a better position to decide about methodologies that we require to adopt to promote livelihoods effectively.

In the meanwhile, it would be instructive to consider the methodological options that we could choose from. In order to do so, we need to define the nature of our interventions to promote changes and produce developmental

outcomes. To define our interventions we need to take a stand, articulate our beliefs and describe inputs towards these in order to produce some definite outputs.

Let us first look at the various basic beliefs and approaches to promote livelihoods. It may make sense to first look at these independently and understand their potential and limitations.

'Start Where They Are' Approach

The first approach that we could consider may be called the 'start where they are' approach. This is variously termed the 'minimalist' or 'trickle-up' approach. This approach and its associated beliefs presume that livelihood promotion is an incremental process. Being external facilitators, we as change agents have to learn to be with the identified families and communities and understand how they look at their problems and how they treat those problems.

For example, our interaction with a farmer carrying water from distant tanks to water a vegetable plot may reveal that she has been thinking of digging a well in her own plot for the past 5 years but has not been able to do so because she could not mobilise the required credit. The nature of this demand would be qualitatively different from a demand generated in a meeting.

In this approach we need to know the capabilities of the people intimately, the reasons they fail despite some knowledge and skills and the issues they are ignorant about. This process demands a professional to be with the people for an adequately long period to arrive at a fuller understanding of their way of living.

Livelihood generation behaviours are displayed in everyday work situations. Unless we

stay with them to observe these behaviours, one participatory rural appraisal (PRA) or one credit-planning meeting will be inadequate to understand where they are or where they could be. The developmental outputs would come in terms of comparatively 'smaller jumps' at this level. If it makes a significant impact, it would then enthuse the entire community meeting higher order challenges, which could then be designed for 'bigger jumps'.

Our extension of support in this case would mean 'helping them to do better what they are doing'. To the change agents this would also mean 'walking' one step behind the community'. Following the principles of counselling, we would not take the risk of moving faster than the client. It demands working with patience till the people discover their own potential to move forward faster.

The associated belief in this approach is that it is not our problem that we have to solve. We have to recognise that it is their life and their problem and we can only make our presence available to them only if they want to confide in us. The professionals need not move in with the baggage of a developmental programme. The process involves getting into the people's frame of reference, helping them to articulate their plans and then helping them to translate the plans into action.

How do we enter into their frame of reference? When can we be sure that we could get into their frame of reference? How can we be sure that the plan they have shared is actually their plan and not a reflection of external influences? For example a particular

The professionals need not move in with the baggage of a developmental programme. The process involves getting into the people's frame of reference, helping them to articulate their plans and then helping them to translate the plans into action.

Our focus has to be on making detailed observations, presenting the data to the people and confronting them if there are any inconsistencies.

The safest way would be to observe their daily decisions, how they allocate family resources for a year or so. There is continuous stocktaking and review by a family on their livelihood practices. They regularly identify their resources and gaps and make contingency plans. Such close observation would help us to understand their previous year's experience and their thoughts for the next year. This understanding would help us to realise our role in livelihoods generation and we can then intervene meaningfully.

For instance, if we are to intervene in agriculture, we need to explore cultivation practices and yield, take a look at the cattle sheds, know the size and health of the cattle, their capacity to plough lands per day and so on. This is what I mean by getting into their frame of reference. The focus is on making detailed observations, presenting the data to them and confronting them if there are any inconsistencies.

In the social responsibility approach, the development professional is more central as an actor than the people living in a particular area. The poverty of the area is more central than the people.

demand could be influenced by some government poverty alleviation programme or by some promises made by the political leaders before elections or simply could be a repetition of ideas or demands of another person (a neighbour or a friend).

rates. I have seen PRA experts make village plans that can never be implemented; young professionals make credit plans without knowing how long the gestation of a goat is and without looking at the capacity of families to rear goats. We may come up with infeasible plans without proper references.

In this approach, it would be difficult to quantify outputs. The process would yield 'increased confidence of the people' as the primary output and 'increase in family income' as secondary output in terms of sequence and not value.

Social Responsibility Approach

The second approach we could consider arises out of the belief that we have a social responsibility to pull people out of poverty. As a development professional, we need to take stock of our available resources (both human and material) in any selected area and identify the potential of those resources using the communities' best available knowledge and technology to realise those potentials.

In this approach, the development professional is more central as an actor than the people living in a particular area. The poverty of the area is more central than the people. People are to be evaluated first as factors of production while we assess all their growth and developmental needs as challenges to be addressed through planned interventions.

The irrigation schemes we promoted in Chhotonagpur plateau or flow irrigation schemes in Keonjhar are examples of this approach. In these cases our hypothesis was that there were poor farmers with cultivable land and the only missing input was access to irrigation water. Thus, providing irrigation would strengthen their livelihoods. The hypothesis held good to a fair degree.

We did not look at how people looked at their agriculture, how they used existing irrigation sources, who used those and what was the level of efficiency of those resource use. Such analysis could have helped formulate a more comprehensive hypothesis if we had included the skill, credit and motivation gaps to make our intervention more effective.

There are certain advantages of this approach over the 'start where they are' approach. This approach could be scientifically converted into projects with definite quantitative outputs with corresponding designed inputs. Most government sponsored poverty alleviation programmes are of this nature. But in most cases the quality of analysis before formulating the hypothesis is inadequate to account for wide variations in our country. Often oversimplification of issues to come up with mass scale standardised schemes reduces efficacy.

This approach would yield faster results than the 'start where they are' approach. Theoretically it demands that all the missing inputs be mapped out before planning interventions. It demands a high order ability of resource potential analysis as time would be limited here. This approach inherently believes that, if all the factors of production of livelihoods are scientifically identified, there is no reason why livelihood promotion will not be ensured with certain degree of predictability.

This approach would require the change agent to be capable of doing justice to all available resources and their linkages in developing the project. The approach draws its strength on standardisation of the intervention package for faster spread. In doing so, it accepts that it cannot reach everyone. Without standardisation it would not move

fast and would lose its strength and identity. There would be a segment of the poor, as factors of production (not as consumers), who may fail to prove themselves as potential resources within the projected time and would, to that extent, adversely affect project outcomes.

Sectoral Approach

A third approach could be called the sectoral or sub-sectoral approach. This involves developing a prototype and aggressively selling the idea. In this approach, prototype development is the critical task. Once a prototype is developed, it starts pulling people and adds to the growth of the chosen sector, benefiting a large number of people who would fit in the sector along various points of the sectoral chain.

The sectoral approach involves developing a prototype and aggressively selling the idea. In this approach, prototype development is the critical task. Once a prototype is developed, it starts pulling people and adds to the growth of the chosen sector.

Let us take the example of our tasar project in Godda. We started with host tree plantation for the first couple of years. It looked more of a wastelands development programme than a tasar project. The same project took very different shape when we started working more seriously with the traditional tasar rearer. With the identification of grainage as most critical missing factor, we could standardise our package for successful grainage. Our package became a successful prototype.

The sectoral approach is different from the social responsibility approach in the sense that the latter has the breadth to accommodate more than one sector and could thus address the need of a geographical area better. For instance, the social responsibility approach could intervene in agriculture and livestock

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rearing simultaneously.

In the sectoral approach, the professional's role is critical in identifying a sector and generating an idea that would be pro-poor in nature. The more pro-poor elements in the chain, the more the possibility of the poor benefiting from the intervention. Any innovation in the sector that fits with the better-off people would mean

that the better off would replace the poorer in the process chain.

We may refer to *The Forgotten Sector*, written by Thomas Fisher, Vijay Mahajan and Ashok Singhal, to understand this approach better. It makes sense to follow scientific processes to choose a sub-sector before we engage ourselves in actual intervention. The opportunity costs in this approach could be high as various livelihood interventions and different ways of implementing them have to be tried out before a prototype takes shape.

Eco-Development Approach

A fourth approach that we could consider can be called the eco-development or natural resource management approach. It consists of just developing the basic natural resources such as land, water and vegetation. A change agent could overlook the short-term ownership of the resources. This approach is based on the belief that, if all the available resources are developed and managed in sustainable way, it would benefit everybody including the poorest. Watershed development generally follows this kind of approach.

This is a comparatively simpler approach. Here the focus remains primarily on increasing the carrying capacity of the natural resource base

on a sustainable basis. Issues like soil loss (physical erosion, bio-chemical factors, etc.), water conservation, plantation, promotion of sustainable agriculture and animal husbandry are taken up anchored around peoples' ownership of those resources. As these are basic resources to produce the primary commodities for the society's consumption, any loss of these resources affects everybody's lives in the long run.

A large majority of people of our country directly manage their livelihoods based on these resources. These people are also generators of primary surpluses. But issues like who gets a greater share of the benefits of such natural resources may make this approach complex. As poorer people have lower access to land, they do not benefit in terms of asset created for further income generation whereas the landed families get such benefits using the labour of the poor. Options to reach poorer families with meaningful activities following the basic principle of watershed development are limited.

The biggest advantage of this approach is that various tested tools and techniques are available that could be further simplified to be transferred to the common people, thus significantly reducing the demand on professionals. As the benefits of resource conservation and development are measured with reference that are very basic to our life (like water, vegetation, etc.), it is easier to ensure the production of those outputs when resources required for investment are not limited. Complexities arise when the approach is used to address the needs of the resource poor and less skilled people. Their benefits are largely limited to wage labour.

Each of these approaches indirectly determines our role in development.

Motivating Women Entrepreneurs

Although entrepreneurship motivation training enables women to formulate viable credit plans, it cannot be an isolated intervention

Bishnu C Parida & Sibabrata Choudhury

Pradan has been working in the Karanjia block of Mayurbhanj district in Orissa for the past 2 years. Karanjia is a predominantly tribal area inhabited by Bhuiyans, Juangas, Mundas, Santhals, Gonds and Bathudi. These are forest communities practising primitive agriculture, often slash and burn. Goudas and Mahantas are more agriculturally advanced, cultivating vegetables and rearing milch cattle.

Pradan has promoted self-help groups (SHGs) in 49 villages of this block. Our team has identified potential livelihood opportunities and is working to develop these as robust investment opportunities for poor women. We have also focussed on strengthening these SHGs to raise financial resources from local banks.

Experience has shown that although the SHGs have generated a fair sum of funds by pooling their savings, they mostly avail of loans for consumption. Idle cash in groups is high, while mainstream financial institutions such as regional rural banks are willing to finance these women's SHGs. Members are also not confident that they can handle larger loans and take up activities that would ensure higher returns.

Our challenge is therefore to motivate the women to broaden their vision and help them to identify robust investment avenues. To achieve this we conducted an entrepreneurship motivation training (EMT) for 18 women members of the Maa Bauli SHG of Kalakada village in July this year.

The Maa Bauli SHG is a year and 8 months old and the members belong to the Bathudi

(scheduled tribe) community. Their main sources of livelihood include agriculture and making plates out of leaves. A few members also rear goats and poultry. Some are involved in the trade of leaf plates or are working in brick kilns.

The members of Maa Bauli SHG have already taken a collective loan of Rs 5,000 from a bank, which they have repaid. The group norms are robust and strong, so much so that they are held up as an example for other groups in nearby villages. Despite this we observed that groups members were taking fewer loans and total credit outflow was shrinking. The group had approximately Rs 12,000 in idle cash. We therefore felt the need to help the women to explore their risk-taking and goal-setting behaviour so that they can come up with viable credit plans.

Training Structure

We included an introductory session to make the participants feel at ease, conducted a ring toss exercise to generate the required data, processed and analysed the data and arrived at a viable credit plan (See Box on page 10).

During the introductory session the participants expressed their expectations from the exercise. They identified certain individuals they admired who were educated, helpful during their needs, had leadership qualities and were able to take risks. We deliberated upon these facts and concluded that knowledge, capital, confidence and conviction were essential for any activity to succeed. The participants were willing to think of income generating activities they could per-

Box: Entrepreneurship Motivation Training Programme

Introductory Session (30 minutes)	<ul style="list-style-type: none"> ● One thing that you like most. ● One thing that you dislike most. ● One person who inspires you and why. ● One big achievement.
Resource Mapping (45 minutes)	<ul style="list-style-type: none"> ● Mapping of land holding, livestock and poultry resources and other sources of income of group members.
Ring Toss Exercise (75 minutes)	<ul style="list-style-type: none"> ● Round I - in isolation. ● Round II - in front of group. ● Round III - with entry fee.
Lunch (60 minutes)	
Analysis and Processing of Data (60 minutes)	<ul style="list-style-type: none"> ● Discussion of some specific cases with the group. ● Finding out how the participants felt during the exercise. ● Exploring why they did not take risks for higher profits. ● Finding out why they did not succeed.
Credit Planning (60 minutes)	<ul style="list-style-type: none"> ● Discussion on the activities to take up. ● Discussing funds requirement, sources of credit and action plan.
Conclusion (15 minutes)	<ul style="list-style-type: none"> ● Action plan and feedback.

form within their known means.

We then started the ring-toss exercise by inviting the participants to participate in a very interesting game. In the first round participants tossed the ring in isolation. They were required to state the particular position from where they will toss the rings. We recorded the performance of each participant.

The second round was conducted in front of all the participants. During this round partici-

pants were free to change their positions from where they threw the rings. In the third round participants were required to invest a nominal sum in order to participate. There were some returns at each position if the participant successfully tossed the ring into the peg.

We conducted resource mapping with the participants during the first round of the ring toss exercise. We also asked them to come up with an activity plan that they would like to take up in the coming months. Most partici-

pants expressed a desire to rear goats while some wanted to cultivate vegetables.

We then analysed and discussed the data that we had gathered during the 3 rounds of the ring toss exercise. We picked up specific cases where there were significant improvements and discussed how these came about. We also analysed some cases that were not so successful. The participants realised that to succeed in any project they need to plan properly, take calculated risks and perform the activity with conviction and confidence.

Taking a cue from the experience from the ring toss exercise, we urged participants to review their activities and credit plans that they had prepared earlier. We discussed the credit plans of each participant in detail and were able to come up with activity plans that require a total credit of Rs 40,000. This was significant as the members were unable to utilise even the funds they had generated themselves. The women agreed to discuss the plan with their families and then apply for a collective bank loan.

Reactions of Participants

We found that the women participating in the exercise were unable to articulate their responses. When we asked them the reasons for their behaviour in specific instances, it was often difficult for them to provide reasons offhand. For instance, we could not find out why some of the women changed their positions during the ring toss exercise.

The women, however, seemed excited by the training programme. Although they did not clearly articulate the changes in their behaviour during the exercise, it was clearly reflected in their credit plans. They came up with credit plans during the EMT exercise and were able to decide upon an action plan.

Our feelings about the event were mixed. We sometimes felt nervous and helpless during the analysis session. Overall, we felt that a single motivational training exercise cannot bring about significant changes in the entrepreneurial behaviour of a participant. We also wondered whether the women internalised the learning from the training. This may be due to lack of proper analysis, improper articulation or perhaps due to insufficient practice on our part. During the whole process we were eager that the participants behave in a particular manner and tended to ignore their capacity to judge and take decisions.

While dealing with the women we were sometimes uncertain how to move ahead with the discussion. We also were at a loss while responding to some of the queries of the women. As trainers, we are expected to pick up some of the striking cases generated by the participants, analyse them and help the women internalise the learning. We felt we were not adept at picking up relevant data.

Finally, EMT conducted in isolation will not serve any purpose. While motivational training arouses the need to take up an activity, it alone is not sufficient. A woman also has to consider various other factors that would ensure success. All these factors need to be dealt with in a series of follow-up actions with the women.

It is our responsibility to ensure that the businesses they take on succeed in the first round. It is only then they would be in a positive spiral of growth. On the other hand, simply ensuring that the system and the backward and forward linkages are in place would not serve the purpose of helping these families take advantage of the available opportunities. Clearly, this one event is the beginning of a systematic strategy to help the SHG members enhance their livelihoods.

Development for All

The Rural Health and Environment Programme of Gram Vikas has brought about significant improvements in the quality of life of entire communities in Orissa

R V Jayapadma

The Global Development Network (GDN) has selected the Rural Health and Environment Programme (RHEP) of Gram Vikas for the Most Innovative Development Project Award 2001. The award was announced at the third annual conference of the GDN held in Rio de Janeiro, Brazil from December 9-12, 2001.

Gram Vikas is a non-partisan, secular, voluntary organisation working in partnership with the rural poor of Orissa for over 2 decades. Gram Vikas directly reaches out to nearly 20,000 families in 500 villages in 12

RHEP goes against the prevalent paradigm, which believes that such development interventions can work only through subsidies. The poor can and will pay for products and services that they believe will improve their quality of life.

districts in the hinterlands of Orissa. The core of Gram Vikas' target groups includes adivasis, dalits and other economically backward communities and sections in the poorer regions of Orissa.

The RHEP is an integrated rural development intervention being implemented by Gram Vikas in Orissa. The experience of Gram Vikas in RHEP is unique as it seeks to harness the strength of entire

communities. RHEP defines an implementation strategy where poor communities come together to improve their quality of life, where they believe they are in control of their destinies, where the people are proud and can handle on a sustainable level everything that matters to them.

The core thrust of RHEP is to harness the physical, natural, social and human capital in every village through convergent commu-

nity action, to create a spiralling process of development. RHEP also aims to transform the momentum created through such community action into sustainable community owned and managed development systems.

Today over 5,000 families in 67 poor villages of Orissa are witnessing significant changes in their quality of life. Sanitation infrastructure and supply of piped drinking water throughout the year to all houses is only the entry point and the core rallying element to bring people together, cutting through barriers of patriarchal systems, caste, politics and economic differences. Over 3,000 additional families in 27 villages are also working towards reaching the same goal by the end of 2002.

RHEP goes against the prevalent paradigm, which believes that such development interventions can work only through subsidies. The poor can and will pay for products and services that they believe will improve their quality of life.

At the outset RHEP involves creation of a corpus fund in each village with contribution from all families at an average of Rs 1,000 per family. The richer families subsidise poorer families to achieve this or else part support is extended from the community fund. This fund is placed in a fixed deposit and the interest earned on it may be used only for extension of facilities to new families. This ensures 100% coverage at all times in future. There are clear-cut contributions and responsibilities of the communities at every stage of the intervention and the people contribute over 50% of project cost for infrastructure.

Old RHEP villages often play a key role in motivation of new villages. One of the reasons noted was that families wanted their daughters to be married into villages where similar facilities such as piped water supply, toilets and bathrooms existed. Implementation of RHEP is also seen as a sign of stability and reduced conflicts within the village.

The turning point in the programme is where a consensus is reached and the entire village agrees to contribute and partake in the programme. Gram Vikas personnel accompany people through this process, sharing with them the anxieties, identifying resource options for raising contributions, mediating in conflicts, preparing them for collective action and sustaining the unity. The immediate effects of RHEP visible in the villages are described below.

Social Assets

There is enhanced village unity, as all families are shareholders of the village corpus fund and have an equal stake in decision-making. There is a new dynamic in social relations emerging in villages with equal representation of men and women, and all sections of the community in the village executive committee.

There is significant alleviation of the drudgery of women, who used to spend at least 4-5 hours each day in fetching water for household chores. This time is used variously and some have started new income generation activities. Women are able to play an active role in the community. Women play a key role in management of common assets, ensuring that all activities are conducted efficiently. Over time there is greater acceptance of their views in matters that affect the entire community.

Financial Assets

In many villages the corpus amount has already doubled. The original corpus deposit of Rs 5,245,000 in the 67 villages covered by RHEP is today worth Rs 7,386,200. The villagers need no longer depend on Gram Vikas for support for extension of toilets-bathrooms and water supply systems to 'new' families.

Most credit needs of the villagers for production and consumption are met within the village through the savings and credit groups. Significantly, the dependence on exploitative moneylenders is ended.

Physical Assets

There is uninterrupted supply of protected water to all houses throughout the year. Sanitation systems are fully utilised in all villages, with each village having its own norms for monitoring and effecting penalties. There is empirical data of reduction in waterborne diseases and a general improvement in the health status. Gram Vikas has no involvement in operation and maintenance of the infrastructure systems. Over fifty 'new' families have built their own toilets and bathrooms without assistance from Gram Vikas.

Economic Assets

Other development activities, primarily in the nature of 'software', have gained strength as a direct result of RHEP interventions. This includes development of common assets, irrigation infrastructure, diversification of livelihoods, revitalisation of schools, better functioning of health centres and involvement in Panchayati Raj systems.

There is increased access to development funds from the government. External contractors taking up development work in the villages are a rare occurrence, whether it is developing roads, ponds, building the com-

Villagers who migrated in distress, seasonally and for long periods to nearby towns and cities like Mumbai and Surat in search of employment, no longer do so, as the options for income generation in the village have improved.

munity hall, school, etc. The villagers now play a proactive role in accessing these monies to develop their village. These contracts are also used as a means of augmenting community funds, as all families contribute to the work as well, and the unspent money from the contract accumulates to the village fund.

Villagers who migrated in distress, seasonally and for long periods to nearby towns and cities like Mumbai and Surat in search of employment, no longer do so, as the options for income generation in the village have improved. Skill based migration still continues. Women have also entered and found acceptance in non-traditional areas of work, such as pisciculture, masonry, etc.

Redefining Local Governance

Above all, RHEP has played a crucial role in revitalising the social fabric of villages, creating an environment of inclusion in a predominantly patriarchal, caste and class-ridden society. Many villages had common funds prior to RHEP, but today there is greater transparency and accountability, with the leaders playing a proactive role in sharing information. Village committees are reconstituted every three years and an environment of democratic functioning is slowly being actualised.

An interesting development is the interest from members of Parliament and members of the Orissa Legislative Assembly in collaborating in implementation of RHEP. They have given money from local area development discretionary funds to villages under RHEP, as assistance towards construction of toilets, bathing rooms and water supply systems.

An agreement has also been reached in districts where government sanitation programmes are implemented that the related subsidies will accrue to all eligible families in villages covered by RHEP. The government finds the village unity and institutional arrangements in RHEP villages conducive to extend other development funds. RHEP villages have been able to attract a large amount of development funds.

The RHEP is poised to reach out directly, and through networking with other non-government organizations, community based organisations and Panchayati Raj institutions to 100,000 poor families (roughly 1% of Orissa's population) in the hinterlands of Orissa by 2010. These families bound in clusters, will be a critical mass, which can influence development processes through a people's movement. A movement with political overtones, which aims to create an enabling environment for a politically assertive community.

RHEP is a people's movement capable of assuming an identity where each individual in the community is represented and where they can assert for themselves in the true Panchayati Raj system and be in a position to influence and thus steer the larger policy framework in development.

Crossbred Advantage

A report on a visit to Bhilwara to learn about the successful dynamics of rearing crossbred cows

Sanjeev Kumar

The Dausa district in Rajasthan has been receiving scanty rainfall in the past few years. Since most of the agriculture in the district is dependent on the monsoons, the people, particularly the poor, are in considerable distress. Dairy has emerged as an alternative livelihood option for these people. The district authorities have selected dairy as a key activity under the Swarnajayanti Gram Swarajgar Yojana (SGSY). The World Bank sponsored District Poverty Initiative Programme (DPIP) has also formed the largest number of common interest groups adopting this activity.

The district authorities organised a 2-day exposure visit for some farmers to Bhilwara, where a large number of people have benefited by rearing crossbred cows. The NGO, Bharatiya Agro-Industries Foundation (BAIF) has promoted this activity in the area. The visiting team consisted of 50 farmers, including 7 women members of Saraswati Mahila Vikas Samiti, an SGSY group. I was also part of the team.

Objectives of the Visit

The visit was designed to provide the farmers firsthand exposure to the advantages of rearing crossbred cows over buffaloes for milk. They would also learn about rearing crossbred cows and managing common grazing lands for increased availability of fodder. We also expected that they would then buy crossbred cows.

The schedule included visits to 2 villages where BAIF has promoted crossbred cows in significant numbers and a visit to a com-

munity managed grazing land. We reached Bhilwara early in the morning after an overnight bus journey. On arrival, a BAIF staff member took us to a community managed grazing land, where the visiting team learnt the details about forming community organisations around the activity and the management processes followed.

The local community had developed the commons by investing an average of Rs 2,000 per hectare, the bulk of which went towards digging trenches and fences around the land. The cost of maintenance was met through the sell of produce (mainly grass) and agency was providing the marginal cost of paying a watchman. The regenerated vegetation benefited the community as they now have *dhaman* grass in plenty. Since wild animals were diverted to this land, crop damage was also significantly reduced.

We then visited a nearby village where almost every family owned 2-3 crossbred cows, majority of which were produced by artificial insemination (AI) of local breeds with exotic strains like Holstein Friesian and Jersey. The milk production went up dramatically to 10-12 litres a day from 2-3 litres produced by the local breeds. The visitors were divided in groups and were led by a local farmer to interact with individual farmers and see for themselves the farm conditions and feeding and housing management in the village. The team visited

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another village after having lunch at a local *dhaba*.

The visiting team learnt that crossbred cows have a high lactation period of 280-300 days, producing high yields consistently after conceiving. The cows matured early at 30 months. The exotic blood level of the crossbreeds was main-

tained at 50% through carefully regulating the AI process. There was visible impact of BAIF's work as the local farmers were quite knowledgeable about the role of the bull in deciding the milk yield of its progeny.

Lessons from the Visit

The agro-climatic conditions of Bhilwara are no better than Dausa but Bhilwara farmers have been able to mitigate the effects of 3 successive drought years by rearing and milking crossbred cows. We learnt that the contribution towards household income from dairy was almost double than in Dausa. The area is fast emerging as supplier of crossbred cows to Ajmer, Jodhpur and other cities. Rough estimates revealed that around Rs one crore was transacted in just one block of the Bhilwara district through the sale of crossbred cows.

Dausa too can be a potential area for large scale rearing of crossbred cows for milk. Since these cows require less roughage, it would also mitigate the annual shortage of fodder (straw) in the district. Dausa is uniquely placed in terms of marketing potential since it is near the state capital and the Jaipur Dairy already has a network in the area.

A sizeable part of the workforce, particularly women, is already rearing buffaloes. A slight change of orientation towards crossbred cows could then provide sustainable self-employment to large numbers of poor women. The farmers were enthused from the visit to Bhilwara. There were animated discussions on the benefits of rearing crossbreeds on our journey home. It now remains to translate this optimism into action on the ground.

Is Micro-Credit the Answer to Poverty Eradication?

Vijay Mahajan
1997

Over 2,000 people from nearly 100 countries around the world met in Washington DC for 3 days in February 1997, at what was called The Microcredit Summit. The Summit was organised to 'launch a global movement to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services, by the year 2005'.

The presence of many luminaries in the plenary sessions was an indication of the support garnered by the Summit. For example, it was obvious from the speech of Hillary Clinton that she was sincerely involved in the field and had visited many micro-credit institutions in developing countries. However, for many of the others, it was joining the bandwagon and few raised any issues about the limitations of micro-credit. This piece is aimed at that.

Limitations of Micro-credit: Five Fatal Assumptions

1. *All the poorest wish to be self-employed:* Most of the proponents of micro-credit as the strategy for poverty eradication make the explicit assumption that the poor would all like to be self-employed. It is true that a certain proportion of poor people do like to take up micro-scale farming, processing, manufacturing or trading activities, but usually they do so to supplement their income from wage employment. A majority of poor people, particularly the poorest (such as landless labourers in India) want steady wage employment, on- or off-farm.

2. *Credit is the main financial service needed by the poor:* The Microcredit Summit Declaration did make a token recognition of this assumption when, in a shift from the draft to the final, they added 'other financial and business services' to credit. The experience of SEWA Bank in India, for example, shows that women at least value a safe place to keep their savings as an important service. However, the field in general does not adequately emphasise other financial services such as savings and insurance.

Savings are particularly important, as they provide the 'equity' for borrowing; act as a cushion for sudden demands of cash such as due to illness in the family or natural disasters and finally, to some extent act as a guarantee for repayment of loans, where savings are deposited with lenders. Insurance is another important financial service for the poor, given their vulnerability to livelihood risks. Here one is not talking so much of life insurance but of crop insurance and insurance for income earning assets such as livestock and irrigation pumps. For certain occupational groups such as sea-going fishermen and miners, life insurance is important.

3. *Credit can automatically translate into successful micro-enterprises:* This is the familiar debate of 'minimalist credit' strate-

The experience of SEWA Bank in India, for example, shows that women at least value a safe place to keep their savings as an important service. However, the field in general does not adequately emphasise other financial services such as savings and insurance.

gies versus the 'integrated' approach to micro-enterprise promotion. Others (such as Mahajan and Dichter, *Small Enterprise Development*, Vol 1, No 1) argue that there is no one truth and the approach to micro-enterprise promotion should be contingent on the requirements of the situation, based on a systematic analysis. Micro-finance is a

Micro-finance is a necessary but not a sufficient condition for micro-enterprise promotion. Other inputs are required, such as identification of livelihood opportunities, business and production training, establishing of market linkages for inputs and outputs, sub-sectoral analysis and policy reform.

necessary but not a sufficient condition for micro-enterprise promotion. Other inputs are required, such as identification of livelihood opportunities, business and production training, establishing of market linkages for inputs and outputs, sub-sectoral analysis and policy reform.

4. *Those slightly above the poverty line do not need micro-credit, and giving it to them amounts to mis-targeting:* This assumption has

come from the Grameen Bank experience of successfully reaching micro-credit to the poorest, mainly landless women (there is no other example of comparable scale and targeting).

However, almost all other programmes mainly reach the upper layers among the poor and some, mainly those above the poverty line. Yet this experience is not as well regarded by the field, even though access to credit by those who are not among the poorest is not very much better than for the poorest. What is more, these people generate much needed wage employment opportunities for the poorest.

5. *All micro-credit institutions can become*

financially self-sustaining: While one supports the overall move for financial self-sustainability, the assumption that this can be possible for all micro-credit institutions, needs to be examined. Even the best cases are either still not there (example, Grameen Bank) or have got there by shedding their NGO avatar that needed early subsidies (Examples, Bancosol, PRODEM).

Risks of the Micro-Credit Strategy

What are the risks of pushing micro-credit as the strategy for poverty eradication? As David Hulme and Paul Mosley have shown in their important work, *Finance Against Poverty* (Routledge, London, 1996), the increase in income of micro-credit borrowers is directly proportional to their starting level of income: the poorer they were to start with, the less the impact of the loan.

One could live with this finding in an imperfect world, but what is really troubling is that a vast majority of those whose starting income was below the poverty line actually end up with less incremental income after getting a micro-loan as compared to a control group which did not get the loan. This should stop converts from offering micro-credit as the solution for poverty eradication, since it seems to do more harm than good to the poorest.

A second risk that the poor may suffer is the drying up of, or at least reduction in other efforts at poverty alleviation, such as the well tried but less dramatic strategies of investment in human capital through simple primary health and primary education programmes.

While there is no denying that such programmes can be run more cost-efficiently

and that they can be better targeted to the poor, the replacement of such programmes with micro-credit programmes will be a double disaster for the poor.

Making Micro-Credit Work

What needs to be done to make micro-credit work? First of all, its limitations should be as deeply understood as its successes are widely recognised. More studies such as the one by Hulme and Mosley need to be carried out to find out the income and other impacts of micro-credit.

Second, the implicit subsidies to micro-credit institutions should be made explicit, not because subsidies are bad per se, but so that everyone understands that micro-credit institutions are not, in most cases, fully financially sustainable. Thus, subsidising micro-credit programmes versus subsidising social sector programmes can become an informed policy choice rather than be carried out under the mistaken notion that the former will require only temporary and diminishing subsidies (till every NGO becomes a bank!).

Third, once the fever comes down, micro-credit programmes can be reengineered to target not the poorest (whom it can harm) but the poor and indeed some non-poor micro- or meso-entrepreneurs. This is because commercial farmers and meso-entrepreneurs run enterprises that generate much needed wage employment opportunities for the poor and the poorest. There is no harm in supporting the poorest first with wage employment before they become self-employed.

In other words, only when we unshackle micro-credit from 'minimalist' credit for

self-employment for the poorest' and convert it into 'financial services and technical assistance for agro- and non-farm enterprises for generating large amount of wage-employment for the poor' can it achieve its full promise.

This article was written in 1997 after the first Microcredit Summit held in Washington DC.

Write in NewsReach

Confused?
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Would you like to share your experiences with the writer?
Or ask her or him a question or two?
Send your responses to the articles in this issue to promote the exchange of views.

People, News and Events

- Dr Rohini Somanathan of the Indian Statistical Institute, New Delhi and University of Michigan is doing a poverty assessment study of Pradan's SHG programme in Jharkhand, which is expected to provide pointers to the extent and reasons of inclusion or exclusion of very poor families in the programme. The study is being done through a set of questionnaires administered on a selected sample of SHGs, including 432 non-SHG members in 24 villages in 6 project locations. The study, due to be submitted by end November, uses a framework designed by CGAP for poverty assessment.

- Ms Asha Swarup, Joint Secretary (Swarnajayanti Gram Swarajgar Yojana), Union Ministry of Rural Development, visited some Pradan projects in Jharkhand on October 9-10, 2002.

- Tasar by Pradan has booked sales counters in various branches of HSBC Bank in Delhi, Jaipur and Chandigarh. We will be selling readymade items like saris, dupattas, stoles and scarves.

- Pradan's consultative forum met from October 25-28, 2002 at Kesla. An executive committee meeting on October 29-31 followed.

- Eleven participants attended the first phase of the Process Awareness and Sensitivity Module of the Apprenticeship Programme (PAS) during October 7-12.

- We welcome 8 new executives to Pradan from the October 2001 batch of apprenticeship graduates. They are Manabendra Pathak, Samit Bhattacharya, Malabika Debnath, Anamika Bose, Pranjal Saikia, Rajiv Kumar Roul, Sameer Kumar and Santosh Kumar Tiwari.

- Twenty three new apprentices joined the

October 2002 batch, bringing the total number apprentices joining the programme in the current year to 102, which is the highest ever.

- Shamshad Alam, Executive (Projects), is attending a training programme on Leadership and Adaptive Management in Forest Environments from September 9 to November 22 at the Wageningen University in the Netherlands. He also received the Netherlands Fellowship Programme, which has provided him with a grant for travel, board and lodge, and tuition and books.

- Sa-Dhan and Sage Publications hosted the release of *Beyond Micro-Credit: Putting Development Back into Micro-Finance*, a book written Thomas Fisher and M S Sriram, on September 3 in New Delhi. Manmohan Singh, Member of Parliament, released the book while Ela Bhatt, Chairperson of Sa-Dhan, gave the welcome address. This was followed by a panel discussion entitled "Can micro-finance do more for development than provide financial services? What lessons and insights does India have to offer the international micro-finance industry?" D Narendranath from Pradan attended the function.

- D Narendranath and Helzi Noponen attended the regional ImpAct meeting at Sri Lanka from September 30 to October 4, held to review the progress of ImpAct partners in designing impact assessment systems and to further train participants on data collection and analysis. The other organisations attending the meeting included SHARE, Hyderabad, CYSD, Bhubaneswar, Centre for Microfinance, Kathmandu, Nirdhan, Nepal, Centre for Agriculture and Rural development (CARD), Philippines, BRAC, Bangladesh, PLAN (Bangladesh and Nepal), FPC, China and SEEDS, Sri Lanka.



PRADAN (Professional Assistance for Development Action) is a voluntary organisation registered under the Societies' Registration Act in Delhi. We work in selected villages in 7 states through small teams based in the field. The focus of our work is to promote and strengthen livelihoods for the rural poor. It involves organising them, enhancing their capabilities, introducing ways to improve their incomes and linking them to banks, markets and other economic services. PRADAN comprises professionally trained people motivated to use their knowledge and skills to remove poverty by working directly with the poor. Engrossed in action, we often feel the need to reach out to each other in PRADAN as well as those in the wider development fraternity. NewsReach is one of the ways we seek to address this need. It is our forum for sharing thoughts and a platform to build solidarity and unity of purpose.



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