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# NewsReach







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**Vinod Jain:** Whereas the three systems of membership, operations and governance are important for making robust community based organizations, NGOs need to embrace e-CBOs as they attempt to create new economic organizations of marginalized and poor communities. Vinod Jain is an independent consultant based In Lucknow

# Community Based Organizations: An Introduction to the Study

An important strategy of PRADAN to strengthen rural livelihoods in India has been to promote community based institutions. PRADAN set up a National Resource Centre on Rural Livelihoods (NRCRL), to understand the common issues faced by many CBO promoters and to identify and address knowledge gaps. It draws on the strategic support of a 'Learning Group' to initiate research on the subject. The Learning Group identified three gap areas namely: a) the absence of literature written from a practitioner's point of view b) the absence of a broad-based compilation of CBO successes and failures and c) the absence of a *How-to-Do* document that covers the essential steps for making a CBO successful.

## OBJECTIVE

The intention of the research was to strengthen the practitioners' understanding of how to promote and nurture a CBO for the rural poor and also to understand what conditions are required before it is set up. The research objective, therefore, was centred on the primary question: What are the necessary and sufficient conditions that need to be created to facilitate the emergence, sustenance and growth of member-owned and member-governed, poor people's collectives in various livelihood sectors.

The primary needs of the research were centred around:

1. Mapping the various forms of CBOs and understanding their suitability to different contexts
2. Understanding the 'organizing logic' behind the proposed model, the context-specific rationale for instating a specific type of business model
3. Understanding the design principles, processes and practices for promoting CBOs at different stages
4. Understanding the 'external task environment' and the 'selective insularity' that a CBO is able to build, where disabling influences are concerned
5. Understanding what goes into making CBOs just, viable, sustainable and replicable

## FRAMEWORK

The research was primarily based on case studies of various successful CBOs. The case studies were written in a participatory way that involved collaborating for research with promoting organizations. For this purpose, the CBO research team did not rely on a rigid definition of success. Instead, what was considered as success by members, across different CBOs, was held to be a measure of success. However, in the absence of a working definition, the CBO research team considered 'member centrality' as one of the crucial components that makes successful CBOs.

By 'member centrality', we understand the propensity of a CBO or business model to generate work or business that is of value to the members. By not being restricted by 'exemplars' and the 'ideal state', there was a better chance of understanding what the lessons of value were for the promoter. Each of the cases would be documented across:

- ♦ The various stages of evolution of the CBO, that is, the pre-formation, initiation/ beginning, maturation and growth. This will help to arrive at an understanding of the successes and failures through each of the stages and to make a brief list of recommendations.
- ♦ The various internal systems any CBO will have and its interface with the environment, viz., the membership, governance and operating systems and the external-linkages. It becomes important, therefore, to identify the various drivers/determinants of success and failure, as well as the interaction between the different dimensions and

*In order to develop comprehensive understanding, it was important to study various systems in the different stages of evolution of the CBO and the extent to which each system progressed and stabilized in each phase.*

how it may create 'upward and downward ratchets'.

In order to develop comprehensive understanding, it was important to study various systems in the different stages of evolution of the CBO and the extent to which each system progressed and stabilized in each phase. Each of the above systems has various parts or

components that need to be understood. These components (some being sub-systems) detail and define the systems. The various obvious sub-systems and components are:

- ♦ **Membership** is defined by the criteria governing admission, the rules for membership and the conditions of exit; responsibilities as members; and the norms for benefit entitlement and benefit/ loss sharing. In addition, membership comprises aspects such as patronage potential and centrality potential. Membership can also be bifurcated into the intense minority comprising a few and the apathetic majority, and the roles played by both.
- ♦ **Operating system** is defined by the business model; the staff and staff structure for the various functions; the functional responsibilities; the sub-system for procurement, production, finance, quality control and marketing. In addition, the operating system comprises aspects such as operating efficiency, patronage responsiveness and the integrity of the relationships between the members and the organization. The integrity of member-organization relationships means honesty as far as transactions are concerned and the returns the CBO is able to assure to its member investors.

- ♦ **Governance system** is defined by leadership criteria, the varied reasons for which leadership is sought (money, power, affluence, altruism, etc.), the method of determination, the rules applicable to leaders and the conditions governing their exit; the roles and responsibilities; the decision-making processes, etc. In addition, governance systems include aspects such as internal locus of control and patronage cohesiveness.

*In order to develop comprehensive understanding, it was important to study various systems in the different stages of evolution of the CBO and the extent to which each system progressed and stabilized in each phase.*

- ♦ **External Linkages** are of six types:
  1. Enabling (to assure communal or legal acceptance)
  2. Normative (to tune into and out of the current standards, for example, industry affinity)
  3. Functional (to deal with clients and suppliers)
  4. Diffuse (to build and maintain widespread good will, for example, media usage)
  5. Collegial (to stay in touch with the individual and industry expertise)
  6. Supportive of personnel (to access personal counselling, coaching and resource support)

As mentioned earlier, external linkages include the external task environment and the selective insularity a CBO can build.

## HYPOTHESES

The objective was to learn about the 'necessary and sufficient conditions' that need to be created for the emergence of member-owned and member-governed, poor people's collectives that are just, viable, sustainable and

replicable. This was documented by each research partner with the aid of a structured questionnaire and supported by the PRADAN research team. The research team identified patterns/generic principles that are essential for promoting and nurturing CBOs, based on the study and analysis of the case studies.

It was thought that having an expansive list of hypotheses at the onset would only pre-judge the outcome of the research. Care was taken to make sure that a hypothesis is testable and action-oriented. By action-oriented, it is meant that the hypothesis should be framed in such a way that it is neither in the positive nor in the negative, but rather demands an objective assessment. For example, instead of stating a hypothesis as 'The CBO must be created round a common identity', it should be framed as 'What role does a common identity play in the formation of a CBO?'

More than a list of hypotheses, the research was woven around open-ended questions. It was thought that specific questions would confine the responses. Similarly, the researcher qualitatively judged the assessment of aspects such as patronage cohesiveness and centrality potential, case by case. A quantitative benchmark was not established for the same.

## Boundaries

The research focussed on CBOs that are wealth-creating, involved in the economic sector, self-governing or on their way to becoming self-governed, involved in production rather than the use/distribution of resources, externally facilitated, and of some vintage (older than five years). It has covered different sectors such as handicrafts, agri-business, poultry, dairy, fishery, and CBOs



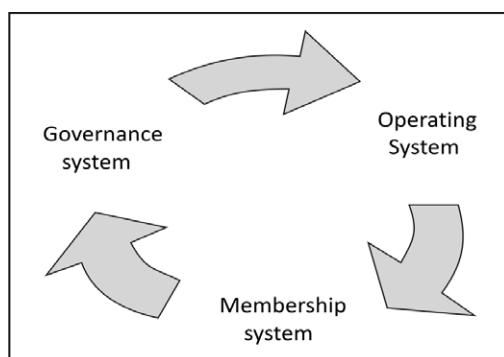
engaged in traditional activities as well as those engaged in newly learned activities. The following CBOs will be studied for this research: Qasab, Sadhna, BAIF, Kesla Poultry Co-operative, SIFFS (as an apex organization), Urmul Marusthali Bunkar Vikas Samiti and COAPCL.

*More than a list of hypotheses, the research was woven around open-ended questions. Free-flowing discussions yielded better results. These also gave the researcher an idea of what keeps the CBO ticking.*

## Methodology

As mentioned earlier, more than a list of hypotheses, the research was woven around open-ended questions. Free-flowing discussions yielded better results. These also gave the researcher an idea of what keeps the CBO ticking. The researcher, bearing the basic study design in mind, posed questions accordingly.

Seven CBO promoters were identified as research partners in this study. With the aid of several structured questionnaires on various stages of the CBO's evolution, and with facilitation from PRADAN, the research partners reflected and documented their experiences as CBO promoters—what they did, how it was done, what worked and what did not, in the respective cases.



**Fig. 1: Understanding the CBO system**

PRADAN's overarching role was to facilitate reflective-learning processes in individuals

and groups, both at the level of research partners as well as respondents in the CBO (head of CBOs, members) and their environment (clientele, market and other respondents in the community).

Once the key principles/necessary conditions (across the stages of evolution, systems and sub-systems) were identified

and documented at the level of individual research partners, the PRADAN research team tried to understand and identify the patterns/key principles across the seven case studies.

## DEFINING THE STAGES OF THE EVOLUTION OF A CBO

**Pre-formation:** All the things that were conceptualized/envisioned done before the first group of the community was formed—where they started taking risks and responsibilities and where they started to invest their time, energy, money.

**Beginning:** This stage starts from the time the CBO begins to take responsibility and risks associated with the business.

**Maturation:** This is the phase when the CBO is able to carry out all the functions, independent of the facilitating organization. The facilitating organization may still be around but its role is more in expansion and replication.

**Growth:** The CBO begins to expand its activities and begins working with new members, in new areas, on its own, without any support from the promoting organization. During this phase, it may also diversify into new lines of activities for the members. It also assists the promoting organization to replicate the success in other places.

## UNDERSTANDING THE CBO SYSTEM

As mentioned earlier, CBOs are broadly an interplay of three major systems. If any component of there is missing, we may be reluctant to call it a CBO. These are:

- ♦ Operating System (OS)
- ♦ Governance System (GS)
- ♦ Membership System (MS)

The principal task of the OS is to 'establish and endure profitability of the enterprise/business and provide benefits to the members'. It would include the management and the staff that work in a certain structure, with defined responsibilities, interacting with the external world and doing what is required to be done, to ensure profitability and benefits to the members. The OS is valued if it is able to give benefits to the members. The establishment of a 'business model', though a task of the promoting organization, is carried forward by the Operating System that is established.

The GS is a representational system of the members through which the members exercise their control over the OS. It tempers and guides the working of the OS. In the absence of this control, the Operating System may begin to exist for itself.

The MS exercises control over the GS. It decides, through certain processes, who will be their representative so that they can exercise control over the OS and it is able to deliver the maximum benefits to them.

In a healthy CBO, the three are in balance. There could be an overlap of these systems with people in the GS being a part of the OS, and some people of the MS may be part of the OS. These people, then, would first be a part of the OS rather than that of the GS or the MS.

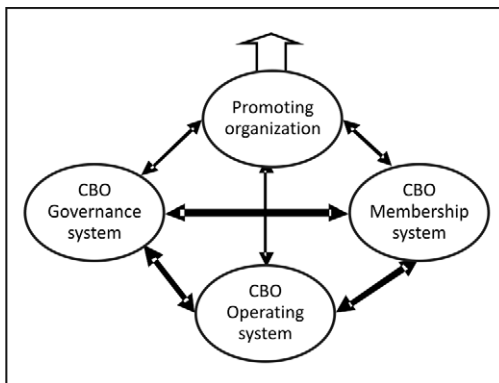
The implementing organization, as part of the intervention in the environment (in the

performance stage), establishes the OS, often itself being part of the same. It establishes the economic viability of the business idea, sets up an operating structure, (people with relevant skills) and many sub-systems of the OS (production system, training system, marketing system, financial system, quality standards and method of checking, monitoring, etc.), which ultimately leads to benefits to the community members. Once the OS is in place and the benefits begin to accrue, the promoting organization begins to put in place the MS or the rules that determine who can be a member, what the conditions/barriers of entry are, etc. Only when the MS is in place is the GS put in place, so that the members are able to exercise control over the OS through the GS.

Alternatively, the implementing organization might identify its membership base and then establish the OS. For a long time, the promoting organization may remain part of all these systems and control these. This happens in the pre-formation and the beginning stages of the CBO. As the CBO matures, the promoting organization gradually moves out from the three inter-dependent systems but often continues to influence/mediate between the systems, providing a fine balance. Each of these main systems has sub-systems.

The OS would have the following components:

- ♦ Business model
- ♦ Staff and staff structure for the various functions
- ♦ Functional responsibilities
- ♦ Sub-systems for procurement, production, finance, quality control and monitoring, marketing, etc.
- ♦ Internal capacity building arrangements to carry out functions more efficiently



**Fig. 2: The Inter-relationship between the CBO & Promoting Organization**

The MS will have the following components:

- ♦ Criteria that govern admission, the rules for membership, the rules or conditions that govern their exit, etc.
- ♦ Responsibilities as members and the norms for benefit entitlement and benefit sharing
- ♦ Membership education, skill building and leadership development (preparing for a governance role)

Similarly, the GS will have the following components:

- ♦ Leadership criteria, the method of determination, the rules and regulations applicable to leaders, the conditions governing their exit, etc.
- ♦ Roles and responsibilities, benefits as leaders, etc.
- ♦ Decision-making processes, process/methods/norms of governing the OS and the MS
- ♦ Leadership education and development

External linkages/Linkages with the outside world has been added as the fourth system, which exists in the backdrop of these three systems and contributes towards the emergence of member-owned and member-governed CBOs, which are viable and sustainable. The task of the facilitating organization is to move away by putting the three systems in place and initiating external linkages.

This issue contains the abstracts of each of the seven case studies as individual cases.



# The Urmul Trust: Leading the Villagers Towards Self-reliance

*Representing 11 different organizations working towards social and economic change in the lives of the people in more than 560 villages, Urmul Trust leads the poor towards self-reliance by making available to them a package of development services that they themselves decide on, design, implement and eventually finance*

## UMBVS AT A GLANCE

The Urmul Marusthali Bunker Vikas Samiti (UMBVS) is an organization registered under the Societies Registration Act. It was set up on 30 January 1991 with the following objectives: (a) ensuring the economic development of the *bunkar samaj* (weavers' community) through income generating programmes, based on their traditional skill of weaving and (b) ensuring the preservation of traditional art forms through regular skill enhancement, proper provisioning of incentives and technological up gradation. It is a hybrid—a co-operative in essence with the norm of one member, one vote, and a society in form. It has a membership base of about 170 weavers belonging to the Meghwal caste, spread over a dozen villages in Jodhpur and Jaisalmer districts in western Rajasthan.

The UMBVS carries out an entire range of activities for the benefit of its members—sourcing of raw materials, dyeing, organizing the production in the villages, design development, running a tailoring unit and retail showrooms as well as marketing. The product range comprises intricately woven woollen and cotton pattu (traditional blankets) and value-added products such as home furnishings, women's and men's wear, and accessories. It has an annual turnover of Rs 60 lakhs and has physical assets in the form of vehicles, dyeing and tailoring machinery, office equipment and two large campuses in Phalodi and Pokhran. Its sponsors and partners include various government agencies, national and international development support organizations, and academic institutions.

The UMBVS also implements social development programmes in health, education and natural resources management in the areas of its operations. Its work in the social sector has enabled it to earn respect from other sections of the society, who earlier treated them merely as *rangai-chapai waalas* its social reform work among the Meghwals has resulted in reducing alcoholism among the weaving community, and in reducing indebtedness by avoiding unnecessary expenditure during marriages and other celebrations.

## EVOLUTION OF UMBVS

The genesis of UMBVS is in the drought relief work carried out by the Uttari Rajasthan Milk Union Limited (Urmul) Trust in the villages of Bikaner district during 1987–88. The organization provided wage employment to the poor women who had spinning wheels lying idle in their homes. It accumulated large stocks of woollen yarn spun by the village women. Sanjay Ghose the creator of Urmul and his colleagues in the Trust met the master weavers in Bhojasar and Phalodi, in the neighbouring Jodhpur district and gave them the idea of hiring skilled weavers from this region and hosting them in the Urmul campus in Lunkaransar, not only to convert the yarn to *pattu* on a piece-rate basis (and use the revenue earned by selling them to fund the rural health programme of the Trust) but also to train some neighbouring villagers in weaving.

The first group of weavers who spent time in Lunkaransar had the benefit of learning the art of dyeing and design from NID-trained Girish and exposure to marketing in the metros from LSE-alumnus Tarun, and also the warmth and caring attitude of others in the Trust. Some of these weavers went on to take up leadership positions community based organizations (CBOs) in future by undertaking crucial responsibilities in dyeing, design, production, marketing and accounts.

However, when the concept of promoting a CBO owned and managed by the weavers was floated at a *sammelan* (a consultative gathering of about 100 weavers, the Urmul Trust leaders, representatives of development funding agencies and other like-minded NGOs) in Lunkaransar in early 1988, some of the weavers expressed apprehension at taking

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up the proposed responsibilities. But the Trust remained steadfast in its belief of creating a self-governed organization of weavers and it received support from a few of the younger weavers. A 15-member committee, comprising these five promoter weavers, two representatives of the Trust, and some *vyavasthapak*s (traditional intermediaries between the

weavers in the villages and the market) was formed in mid-1988, with a mandate to reach out to villagers in the vicinity of Phalodi and Pokhran and convince them of the idea of a weaver-owned CBO.

In spite of the weavers' doubts about reposing their faith in the old cliques of *vyavasthapak*s, the committee succeeded in convincing a critical mass of potential members about adopting democratic decision-making processes in the CBO and organized a *sammelan* of more than 70 willing weavers in June 1989, in which they collectively chose the name—the UMBVS—for their CBO and formulated the principles and modalities with which it would be governed.

Shortly thereafter, the team of promoter weavers relocated from Lunkaransar to Phalodi. The Urmul Trust provided them with the start-up support (financial and material) and deputed personnel to help the weavers in some important functional areas. Later, in 1990, it helped them in the long process of legal registration. In due course of time, the under-study weavers mastered all the functions of the organization and took over the work from the Trust personnel. Apart from the Urmul Trust's help in accessing foreign aid, the UMBVS also made use of a part of its first year's profit and financial assistance from the government and international NGOs, to build its campus in Phalodi in 1994. Subsequently,

another large campus was constructed in Pokhran in 1999, using their internal savings and bilateral donor assistance. All weaving related operations were shifted there whereas Phalodi became the centre of its steadily growing social development and NRM activities.

The five promoter weavers, who played an active role in the formation of the UMBVS, took over as *prabhandaks* (managers). Although it was very high, the weavers collectively decided on a membership fee of Rs 1,000 each (to be paid in installments) so as to generate a sense of ownership among them as well as their investment as owners in their business. Stringent norms (with penalties of 10 to 50 per cent of the wages) for members and *vyavasthapak*s were agreed upon and strictly enforced, to ensure quality and punctuality. The members, through the Weavers Committee, determine the wage rates for different products (based on the skill and time required) and the quantum of bonus, in their annual consultation with the CEO and relevant staff of the UMBVS. The various services provided to the members include provision of raw materials and collection of finished goods in their village, mandatory member savings of five per cent of their earnings (returned with interest every three years), insurance (50 per cent of the premium is paid by the UMBVS), provision of credit to meet important needs of the members and awards for the best performing weavers.

Over the years, the UMBVS has perfected the complete process—ranging from demand estimation, production, value addition and

*Over the years, the UMBVS has perfected the complete process—ranging from demand estimation, production, value addition and marketing. It now relies more on the Internet for marketing, has introduced modern and more efficient looms, and uses solar energy in the dyeing process, to reduce costs.*

marketing. It now relies more on the Internet for marketing, has introduced modern and more efficient looms, and uses solar energy in the dyeing process, to reduce costs.

The General Body, comprising all the member weavers, plays a crucial role in electing representatives to the Governing Board (in the elections held during the annual *sammelan*), selection of *vyavasthapak*, and deciding the terms of trade and wages. Of the 11 members in the Board,

only one is the ex-officio representative of the Urmul Trust. Initially, in 1991, when UMBVS was registered, the 12-member Governing Board included all the five *prabhandaks* but this was subsequently amended to separate the managerial and governing roles. Now these *prabhandaks* comprise the Management Committee they and nominate one among themselves to the Board.

The leaders of UMBVS acknowledge the role of the Urmul Trust in systematically inculcating in them the values of collective decision-making, autonomy of the General Body, and the principles of democracy and equity. These values are reflected in the organizational design of UMBVS. The leadership of the CBO has not only demonstrated its responsibility towards the weavers but also to the marginalized communities, inhabiting their area of operations in Jodhpur and Jaisalmer districts, by expanding the work of UMBVS into the social arena. They have been trying to enhance the quality of life of the poor by taking up projects in education, health, local governance, and into non-weaving, income-generation activities such as NRM.



### URMUL TRUST AT A GLANCE

The Urmul Dairy, set up in *Bikaner* district in 1972, as part of the Operation Flood programme, promoted the Urmul Rural Health Research and Development Trust in 1984, to reach out to the underprivileged in the rural areas, especially women and children and to provide them access to good health care. Its Board of Trustees includes farmers' representatives, the Chief Medical and Health Officer, Principal of the Bikaner Medical College and the District Collector. Initially, the Trust was funded by the Dairy when its health programmes were mostly intended for members of the village-level milk societies in Lunkaransar block of *Bikaner* subsequently, this was discontinued and the Trust obtained funding from various government agencies, and national and international development funding agencies.

Urmul Trust, during the course of its work, promoted many smaller NGOs, mostly in the districts of Bikaner, Jodhpur, Jaisalmer, Nagaur and Churu in western Rajasthan, and now represents a family of 11 different organizations working towards social and economic change in the lives of the people in more than 560 villages. Its mission is to lead the poor towards self-reliance by making available to them a package of development services that they themselves decide on, design, implement and eventually finance.

The development interventions of the Trust family are in the sectors of collective mobilization, access to health and education, empowering people on food, fodder and water security, supporting farm- and crafts-based livelihoods, promotion of human rights and public advocacy.

# COFA-COAPCL: Overcoming Agrarian Distress

*The immediate context for this project was the large-scale agrarian distress in the cotton growing areas of central India that resulted in many farmers committing suicide because of their indebtedness. At the same time there were increasing opportunities and market for organic cotton products in Europe and the USA.*

## COAPCL AT A GLANCE

Chetna Organic Agricultural Producers Company Limited (COAPCL) is a national-level, farmer-owned Producer Company registered under the Indian Companies Act 1956 (section 512 A) in Hyderabad on 11 February 2009, representing the small farmers based in Andhra Pradesh, Maharashtra and Orissa, who grow a variety of crops. However, as of now, it mainly deals with organic cotton and a few food crops. It aims at helping its members get the best possible price for their produce, benefit from fair and transparent transactions and provide them a whole range of services, from training to marketing. COAPCL has a membership of about 9,000 farmers spread over the three states and the total acreage under them is about 40,250 acres. The annual marketing targets of COAPCL have been 500 tonnes of lint (that is, 1,500 tonnes of raw cotton) in 2009 and 800 tonnes of lint in 2010. The company is being supported by the Interchurch Organisation for Development Cooperation (ICCO) and the Rabo Bank Foundation.

## The Evolution of COAPCL

Chetna Organic and Fair Trade Cotton Intervention Programme (OCIP) India began operations in May 2004, initially in two districts of Maharashtra and later expanded to Andhra Pradesh and Orissa, supported by the Dutch NGO Solidaridad and implemented in the field by ETC India, a not-for-profit, socio-technical consultancy company. The immediate context for this project was the large-scale agrarian distress in the cotton growing areas of central India that resulted in many farmers committing suicide because of their indebtedness. At the same time, there were increasing opportunities and markets for organic cotton products in Europe and the USA. The OCIP aims at supporting 17,000 smallholder cotton farmer families to improve their livelihoods by making their farming systems more sustainable and profitable. Its objectives include promoting sustainable farming by upscaling organic and fair-trade (FT) agriculture, mobilizing and organizing farmers and shareholders at various levels in the value chain, improving the socio-economic status of farm labour and advocacy for favourable government policies.

After identifying the needs of farmers in the area, it was decided to identify the villages in which the project would be implemented and select eligible farmers based on a list of criteria that had been framed. There was already basic awareness of organic concepts among farmers in Maharashtra because of the work done earlier by the Vidarbha Organic Farmers' Association; the tribal farmers in contiguous areas in Andhra Pradesh were, by default, practising low-input, less-intensive farming methods akin to those of organic farming.

The focus of OCIP was more on technology than on the farmers' organizations. It included training the farmers through farmer trainers by using the field-school approach, the use of organic farm diaries, developing and implementing a stringent internal control system (ICS), with the help of trained staff and farmer monitors, adoption of a rigorous third-party organic certification process, incorporating FT rules in the ICS, sanctions/penalties for non-conformity of the organic processes by members, a systematic post-harvest process comprising careful aggregation, transportation, organic and FT-certified ginning and documentation to trace the cotton to its farmer.

Although farmer members in the villages were organized into Self Help Groups (SHGs), they functioned more like common interest groups (CIGs), with very little ownership, however. The OCIP also entered into collaboration with some NGOs working in the area, to mobilize farmers and bring them into the organic fold. Members at the village level were federated at the district level by registering them under different Acts in three different states, as per the efficacy of the Act in that state. At present,

*The OCIP also entered into collaboration with some NGOs working in the area, to mobilize farmers and bring them into the organic fold.*

these district federations are being subsidized by the project, and measures are being taken to strengthen them internally by building farmers' stakes and increasing the representation of their SHGs in the reconstituted federations.

The objectives of the OCIP envisaged that participating farmers would own the process instead of being mere recipients of a development endeavour. However, ETC was not seen as taking adequate measures to empower farmers towards this objective. There were differences of opinion within ETC about the strategy to be adopted. With the intervention of the donors of OCIP, it was decided to transfer the project to a new organization promoted for this purpose. Accordingly, Chetna Organic Farmers Association (COFA) was registered as an independent farmers' support organization on 13 June 2007, as a multi-state society under the Andhra Pradesh Societies Registration Act of 2001, with farmers representing various district federations from three states and two corporate members on the Board. For technical reasons, COFA is treated as a project of Forum for Integrated Development, an NGO based in Hyderabad, with experience in agriculture, irrigation and NRM issues. COFA is supported through grants from various international donors.

COAPCL has been promoted as the trading arm of the COFA and is involved in activities related to sensitizing and training farmers' groups in value addition and collective marketing, managing the marketing process of organic and FT cotton and some other crops of the members. It also oversees the necessary organic and FT certification processes. Prior to its formation, on the advice of an external



consultant hired by COFA, discussions were held with Chetna farmers in different clusters. After filing for registration in September 2008 as a Producer Company (PC), it had to educate the Registrar of Companies about the PC because it was a new concept, before finally incorporating it in February 2009. Its Board of Directors comprises nine farmers' representatives selected from different district federations and two special directors. These special directors and the Chetna Advisory Council (CAC) help in monitoring the staff of the COAPCL and also advise the Board. The CAC comprises experts from various relevant sectors, donors, and supply chain partners. The Board has a three-year tenure and meets every quarter in Hyderabad. The directors have been provided training in understanding their roles, the functioning of their company, various financial documents and have also been involved in developing a three-year Business Plan for the company.

COAPCL is headed by a CEO, who presents a report every quarter to the Board. The company has a six-member staff that is responsible for marketing, operations, certification and accounts. The company has a total shareholding of Rs five lakhs, with each farmer having equity of Rs 100. Unlike the first year of its operations in 2009 when it was dependent upon pre-finance provided by the buyers of organic cotton, COAPCL has started

exploring the possibility of raising working capital from financial institutions so that the farmers can be paid on time.

Their organic cotton marketing calendar comprises meeting buyers and having discussions with international brand partners in September, signing agreements with spinners in October, fixing prices, the procurement process with different district federations and receiving half the price from the buyers in November, ginning raw cotton in December, and dispatching lint to spinning mills and receiving the balance amount from buyers in January. COAPCL has also started marketing other organic produce such as *tur dal*, green *dal* and vegetables produced by its members in different locations. The operations team works in tandem with the Marketing Manager and organizes the logistics and documentation for procuring cotton and other produce from the villages.

COAPCL has identified various challenges that need to be overcome for the sustainability and growth of COAPCL such as problems in obtaining untreated cotton seed by the members, attraction of BT cotton for the farmers, inadequate institution building effort, unscrupulous practices of some organic cotton-promoting organizations and rigid rules such as non-acceptance of 'part and parallel' organic practices of farmers.

# Seva Mandir–Sadhna: From a Welfare Organization to a Business Activity

*A non-profit organization established in 1968 in Udaipur, Seva Mandir's mission is to make real the idea of a society of free and equal citizens, who are able to come together and solve the problems that affect them in their particular contexts*

## SADHNA AT A GLANCE

Sadhna, 'a women's handicraft enterprise', was registered as a Mutual Benefit Trust on 10 December 2004, with each member contributing Rs 32,500 as their initial non-refundable capital. It has a membership of 639 women artisans belonging to Udaipur district in south Rajasthan. Sadhna's objective is to create a sustainable and independent world for its artisan members by providing them with continuous work and a regular source of income. Its product range comprises appliqué and *tanka* (thread work) products such as furnishings, apparel and accessories, which are sold through multiple channels, including its own retail outlet in Udaipur. Its annual turnover has increased three-fold since its registration to Rs 1.96 crores in 2010. Sadhna is headed by a CEO, supported by a 20-member staff and a 46-member Management Committee, comprising leaders of artisans groups.

## THE EVOLUTION OF SADHNA

Seva Mandir began its work in the field of adult education before expanding into other sectors. In response to continuous demands from its target community, Seva Mandir initiated income-generation activities (IGAs) under its women and child development (WCD) programme, to supplement household incomes during the drought in the early 1980s. These IGAs were in the areas of weaving, poultry, backyard farming and hosiery, with a charity orientation rather than achieving financial viability. Because of a variety of internal problems in the operations and external problems in promoting co-operatives, in 1987, Seva Mandir decided to visit some successful organizations in Gujarat and learn from their experience of IGAs. After considering various options including tailoring, block printing and food processing, it finally chose to take up patchwork activity because it didn't require much investment and it would be easy for women to work from home.

This was started in the *Harijan bastis* in Udaipur in February 1988, with just 15 women, with the training inputs provided by the Tribhuvandas Foundation of Gujarat, from where they had got the idea. But within

a couple of years these women lost interest in the work because they earned more from their previous sanitation-related occupation. However, patchwork and appliqué was steadily expanded to other rural operational areas of Seva Mandir and its success was measured by the organization, not only in terms of financial profit and loss but also in terms of increase in the women's skill development, self-esteem and confidence. The products were sold through government emporia, exhibitions and export orders from international NGOs. Although sales had increased over the years through 1998–99, it was observed that the production levels were very low with high fixed costs (such as employee salaries) and Seva Mandir was paying more to others (such as for raw material and designers) than to the intended target group of poor women artisans. Seva Mandir, thus, concluded that the patchwork programme had failed and recommended its closure to the Board.

In 1998, when the Head of the WCD had retired, Neelima Khetan took over briefly before going on to become the Chief Executive of Seva Mandir in April 1999. She managed to persuade the Board to give some time to turn around the patchwork programme. Immediately thereafter, the patchwork activity was separated from the WCD and set up as a business unit called 'Sadhna', through an experienced staff member Leela as the in-charge. She enforced significant changes in the working of Sadhna (tough performance incentives, longer working hours, etc.) with support from the top management of Seva Mandir, which marked its shift from a welfare

*Sustainable and independent world for its artisan members by providing them with continuous work and a regular source of income*

organization to a business activity. Expert advice was obtained to develop a business plan for the unit and its products were marketed under the brand name of Sadhna. In the very first year, Sadhna reported a net

profit and higher payments to the artisans, and grew steadily up to 2004.

During this period, women artisans were involved in design development workshops as well as in exhibitions, held in India and abroad, thereby enhancing their participation in the important business activities of Sadhna. Because of their increasing earnings and greater involvement in the village development activities, these women became more confident decision-makers both at the household as well as at the community levels.

When it was felt that Seva Mandir had become an impediment in the growth of Sadhna as a business because of their widely different ways of working, the Board of Seva Mandir recommended the separation of Sadhna from Seva Mandir. Accordingly, after being a part of Seva Mandir for 17 years, Sadhna was registered as an independent Mutual Benefit Trust in 2004. Seva Mandir distributed the accumulated surplus (from the patchwork business) among the women members of Sadhna equally and they, in turn, deposited it as their non-refundable initial capital. Elaborate discussions were held by senior Seva Mandir and Sadhna staff with the artisans, to transfer the funds from the parent NGO to the newly formed CBO.

Leela took over as the CEO of Sadhna in March 2005, after she and other senior staff resigned from Seva Mandir. Over the years, the membership of Sadhna has grown to 639, with each member paying lifetime and annual fees of Rs 251 and 101, respectively. Each lot



of 15 to 20 artisans, living close to each other, formed a group and is headed by a Group Leader. The Management Committee (MC) comprises 46 Group Leaders, and forms a vital link between the General Body of artisans in the village and the operations of Sadhna. The Group Leaders are responsible for co-ordinating between the women artisans in the villages and the production centre in Udaipur, to ensure timely delivery of work. They also take responsibility for the quality of work. The MC meets every quarter with the CEO and the Group Leaders. The MC has two representatives on the Board of Sadhna, which is headed by the Chief Executive of Seva Mandir and includes five eminent outsiders as Trustees; the CEO of Sadhna is the Member Secretary.

Sadhna works on providing regular livelihood to its members as well as takes care of issues related to health, child education, and family security by enrolling them in provident fund schemes, helping them access the government pension schemes, assisting them to get medical and life insurance, providing emergency loans, organizing regular health and eye checkups and offering scholarships for children's education.

Sadhna has a qualified Social Work professional on its staff, to address the social needs of its

members. It has senior staff for its key areas of production, sampling, marketing, sales and accounts. The external linkages of Sadhna include various international donor and trade organizations, government departments and agencies and corporate buyers of its products.

### **SEVA MANDIR AT A GLANCE**

Seva Mandir is a non-profit organization established in 1968 in Udaipur, with a Mission to make real the idea of a society comprising free and equal citizens, who are able to come together and solve the problems that affect them in their particular contexts. The commitment is to work for a paradigm of development and governance that is democratic and polyarchic. It works through an integrated approach to community development through three inter-connected domains of empowering village institutions, strengthening sustainable livelihoods and building people's capabilities. Its key programmes include natural resources management, women's empowerment, health, education, village institutions and a People's Management School. The operational area of Seva Mandir encompasses 626 villages and 56 urban settlements spread over Udaipur and Rajsamand districts of southern Rajasthan, influencing about 3.6 lakhs people of whom more than two-thirds are tribal.

# **Kutch Mahila Vikas Sangathan–Qasab: Empowering the Rural Women through their Handicrafts**

*Responding to widespread concerns about the economic crisis in Kutch and its impact on the rural craftswomen, the Kutch Mahila Vikas Sangathan (KMVS) aims at empowering the rural women of the region*

## **QASAB AT A GLANCE**

Qasab, a Producer Company, was registered in August 2010. It has a membership of about 1,200 women, who are traditional embroidery artisans, belonging to Nakhatrana, Pachcham and Khadir areas of Kutch district in Gujarat. The company provides its members a complete set of services from sourcing raw material, organizing production in the villages, design support and marketing. The USP of Qasab is its high quality products (furnishings, accessories, women's wear, etc.), embellished with traditional authentic embroidery of the various communities inhabiting the region. Qasab sells its products to buyers, both within and outside India, and runs two retail outlets in Bhuj.

## **THE EVOLUTION OF QASAB**

The Kutch district of Gujarat, bound by the sea and the desert, is an arid region with low annual precipitation and frequent droughts. It has a population of about 15 lakhs that is predominantly rural, with dry-land farming and animal husbandry being the main sources of livelihood. The different communities based in this region have a rich heritage of exquisite handicrafts, especially embroidery. During consecutive droughts in the mid-1980s, a large number of households in the villages began to depend upon craft production for their survival. The status of women in the rural areas was poor, as was evident from the hardships they faced, the restrictive social norms, and their low health and education levels.

In response to widespread concerns about the economic crisis in Kutch and its impact on the rural craftswomen, the Kutch Mahila Vikas Sangathan (KMVS) was founded in 1989, with a broader goal of empowering rural women in this region. It interacted with women in the villages of different *talukas* and mobilized them to form *mahila mandals*, to take up issues of concern to them. The handicrafts

sector was identified as an appropriate area to begin work in these villages. Although the women depended on their craft skills for sustenance during droughts, neither did they earn much income from their work nor did they derive any sense of pride because of the rampant commercialization of handicrafts, over-production of low quality goods, distress selling and the dominance of middlemen.

KMVS lacked expertise in the craft sector; therefore, it entered an MoU in 1990 with Gujarat State Handicrafts Development Corporation, a dominant player in the handicrafts sector, so that the embroidery work produced by the members of *mahila mandals* could be purchased directly from KMVS, thereby eliminating middlemen. This vital marketing link enabled KMVS to learn about the handicrafts trade and its market as well as to gain the trust of the women, especially because they began to get better return for their work. Later, with its participation in the Special Training and Employment Programme (STEP) of the Department of Women and Child Welfare, KMVS conducted a survey and identified women with varying levels of skill and income-generating needs and formed a *Karigar Sangathan*, comprising 1,150 skilled craftswomen in 35 villages, spread over three *talukas*. Training programmes were organized to enhance the capacities of women with

*By strengthening the production and marketing processes, through the provision of management, marketing, design support and training, not only did KMVS succeed in making women independent and self confident but also made them inter-dependent*

low skills. By strengthening the production and marketing processes, through the provision of management, marketing, design support and training, not only did KMVS succeed in making women independent and self confident (because they had to move out of their villages for various activities related to their work), but also made them inter-dependent. They pooled their grant from Development of

Women And Children In Rural Areas (DWCRA), to create a revolving fund and used it as their working capital. When STEP was discontinued in 1996, the *Sangathan* took a loan from Small Industries Development Bank of India (SIDBI) through KMVS for its working capital needs, and with support from the handicrafts unit of KMVS, actively explored independent marketing avenues.

Around this time, KMVS thought that its handicrafts activities had become strong enough to be organized as a full-fledged market activity, which in turn required the production of high quality products to compete in the market. Those among the founders and senior employees of the organization, who were more interested in handicrafts, began to focus exclusively on this by setting up a separate office. From 1996–97 onwards, the *Karigar Sangathan* started marketing under its own brand—Qasab (meaning 'craft skills' in Kutchi). The focus of Qasab was only on traditional embroidery of the different communities in Kutch, ensuring thereby that their cultural identity was reflected in their work.

The next four years were spent setting up various systems—quality norms (multi-tier quality controls), design (professionals were hired to design the products, but the design

in embroidery was done only by the craftswomen), adding more staff, pricing (based on 'what the community values'), marketing (building markets with trust, working with about 25–30 buyers; 60–70 per cent of the earnings are from exports). Post the earthquake in 2001, Qasab experienced a few significant changes—some of its key staff shifted to the newly promoted Crafts Resource Centre; and two *taluka sangathans* in Nakhatrana and Pachcham were registered in 2003, to handle the tasks (in a decentralized manner), that were previously managed by the executive team of Qasab. However, owing to the difficulties faced because of the new multi-layer structure, it was decided in a *chintan* sabha (brainstorming session with the members), to revert to the earlier structure three years hence.

At this juncture, KMVS decided to give a formal legal identity to Qasab, partly in response to the auditors' suggestion of the need for reflection of complete transactions and sources of funds accurately and partly to create a greater sense of ownership among the members of Qasab. After detailed deliberations, both internally (with the craftswomen and staff) and with outside experts, it was decided to register Qasab as a Producers' Company by simultaneously undertaking a systematic change management process to change the mindsets of both the crafts producing women and the employees of Qasab.

### KMVS AT A GLANCE

KMVS was formed in June 1989, when it was registered as a Trust and Society under the leadership of Sushma Iyengar. Its founder sponsors comprised Jan Vikas—a

*KMVS sought to empower women to an extent, where they would be able and confident decision-making partners in development initiatives at the village, community and regional level.*

Gujarat-based NGO, Goa State Horticulture Development Corporation (GSHDC) and the Commissioner for Women and Child Development who constituted the first Board of Trustees and the General Body. Later, the community based organizations (CBOs) of women

in Kutch also found a place on the Board. KMVS was conceived as an independent organization of poor rural women, which would work towards developing women's self image, self-esteem, ability and confidence, to address issues of concern to them; and their human, educational and financial resources through its collective strength. Its goal/aim was to "improve the socio-economic and political status of rural women in Kutch, at home and in society, and also to enhance their dignity of work and livelihood." It, therefore, sought to empower women to an extent, where they would be able and confident decision-making partners in development initiatives at the village, community and regional levels.

The area of operations of KMVS extends to all the *talukas* of Kutch district. It works in various sectors for the socio-economic welfare of women in this region, such as handicrafts, farm-based livelihoods, environment and ecology, human resources development and capacity building, strengthening village *panchayats*, community radio and rural tourism.

KMVS believes in working with national financial resources as a matter of principle and has made use of funds from various government agencies and financial institutions and from private Indian trusts and other NGOs for its development work. Only after the earthquake in 2001, has it started accessing foreign development funding.



# **PRADAN–Kesla Poultry Samiti: Enhancing the Income of Tribals**

*In a region characterized by extreme poverty, rainfed agriculture, distress migration and alcoholism, non-farm livelihood interventions such as poultry rearing came as a ray of hope to the tribals, enhancing their income and self esteem*

## **KESLA POULTRY SAMITI (KPS) AT A GLANCE**

Although KPS was formed in May 1993, as a collective of small poultry producers in Kesla in Madhya Pradesh, it was formally registered on 11 June 2001 under the Mutually Aided Co-operatives Act (MACS) as Kesla Poultry Sahkarita Maryadit. It has 605 members spread over 16 clusters and 32 villages of Kesla and Shahpur blocks of Hoshangabad and Betul districts. In 2009–10, KPS recorded sales of Rs 14.01 crores and achieved a net profit of more than Rs 10.37 lakhs. More than Rs 3.13 crores was distributed among the members. The services provided by the Samiti to its members include day old chick placement, veterinary assistance, production and distribution of feed and other inputs, training of new members, and the lifting and marketing of birds. KPS has a staff of 36, headed by a CEO, who reports to the Governing Board, comprising elected representatives from each cluster of villages. KPS is also a member of a Producers' Company of six PRADAN-promoted poultry co-operatives in Madhya Pradesh.

## **THE EVOLUTION OF KPS**

The predominantly tribal Kesla block in Hoshangabad district of MP was characterized by extreme poverty, rainfed agriculture with low productivity, distress migration and alcoholism. PRADAN selected Kesla for its non-farm livelihood interventions aimed at enhancing the incomes of tribals, based on their survey of the poorest districts in 1985. Of the list of potential activities suggested by interns from IRMA, three activities, including poultry, were favoured because the tribals in Kesla were familiar with rearing small numbers of indigenous chicken and PRADAN had a veterinary doctor in the team based in nearby Sukhtawa, who could support the programme.

In 1986, PRADAN introduced the cockerel breed of poultry in 20 families in a nearby village and all inputs were provided free of cost; the rearers were paid Rs 1.50 per bird for rearing a batch of 50 chickens (later raised to 100 birds in 1988) in cages for 80–90 days. Most of the work, including marketing, was done by the project staff. Later, they also experimented with Croiler and Giriraj breeds which they discontinued after just

two or three batches. Because the earnings of the rearer were low, rearing chicken was deemed to be only a supplementary activity. Measures such as linking payment to live birds, differential rates based on the weight of the bird resulted in inculcating a sense of accountability and responsibility among rearers.

The community resource persons (CRPs) hired during this period were later recruited as employees. They played a significant role in promoting poultry in the region and evolved as para-vets and cluster supervisors, handling important roles in the co-operative.

However, because of poor returns, many producers dropped out. Meanwhile, PRADAN not only converged with a government poverty alleviation scheme (IRDPA) but also extended loans to the tribals to construct sheds to rear the birds. Ultimately it had to write off the loans; producers could not repay the loans because of problems such as inadequate working capital, mis-management by the producers, bureaucratic delays by banks and delays in payment by buyers. After persisting with cockerels till April 1991, PRADAN realized, during an exposure visit to the successful poultry industry in Tamil Nadu, that such breeds were unsuitable for smallholders. Significant achievements of this period, however, included learning to control diseases and building rapport with the local communities and traders.

PRADAN, was convinced that poultry was a viable activity for the tribals. Based on the advice of the industry experts, PRADAN switched to the more popular broiler variety because the chickens gain more weight in less time. Broilers require a technology intensive production process and Joseph, an experienced

*After persisting with cockerels till April 1991, PRADAN realized, during an exposure visit to the successful poultry industry in Tamil Nadu, that such breeds were unsuitable for smallholders.*

and highly motivated person from South India, was hired in 1992, to provide technical support to the tribals. During his four years of work in Kesla, he introduced vaccination, medicines and the appropriate technology for rearing broilers, which led to changes in shed-design, management practices

and rigorous quality parameters. By working closely with the producers in the field, he succeeded in arousing interest in poultry.

Inadequate working capital and producers operating only as individual units were the hurdles that needed to be overcome for better procurement and for improving productivity at the farmer level. The idea of forming a collective of poultry producers was discussed in a meeting of producers in Kesla in May 1993; out of this was born the decision to form Kesla Poultry Samiti (KPS).

KPS started with the bulk purchase of chicks and inputs on credit, gradually stabilized the production system, and established useful procurement linkages. New members were selected jointly by the existing members and supervisors, and were given hands-on training during which they had to stay on campus for 35 days and raise a complete batch of birds. The supervisors were paid by KPS whereas PRADAN took care of the compensation for Joseph and the poultry in-charge. Just as KPS was showing progress, Joseph left in 1996 and the monitoring of production declined, which led to losing control over the market.

The new PRADAN team leaders, who had a strong background in management and experience in promoting SHGs, took over in Kesla in 1997, and they realized that the poor state of accounts, lack of integrity in members'

transactions with their collective, and producers' suffering losses when market prices fell were some of the major problems afflicting KPS. They began to address each issue by working on the business model (focussing on the batch size that had been increased to 250 birds, loan repayment and margins) and the introduction of Producer Cards, to ensure transparency in transactions. The process of delinking production from marketing, in which the individual producers are insulated from price fluctuations in the market, strengthening of governance through the *Sanchalak Mandal* (Board comprising elected women, cluster-level representatives of poultry producers) and the promotion of women's SHGs contributed greatly to the success of KPS. By 2001, with more than 200 SHGs in place, the women organized themselves at the hamlet level and improved their confidence and entrepreneurial skills. In addition, the democratic processes followed in the federation of SHGs helped them realize their identity and role as owners of their collective, resulting in the enhanced levels of participation in the monthly meetings of the *Sanchalak Mandal*.

KPS was registered as a co-operative in June 2001. Its Board has 16 members—representatives of various production clusters. Its Board members, the President and the Vice President are elected for three years. The Board meets monthly.

From 2000 onwards, there were significant improvements in production (the capacity increased from 3,000 to 15,000 chicks. Efficiency increased from 30 to 70 per cent, and there was an increase of one additional cycle per producer). There were improvements in marketing as well, (sales were changed from credit to cash, strong and reliable relations were established with retailers, yielding results

in the long term) and by 2003, they were fully streamlined by implementing the zero credit policy in sales. The Summer Assurance Programme and Efficiency Index System were also started for the producers (to prevent producers from incurring losses in summer due to higher mortality and lower weight gain of the chickens and reward producers for performance, in terms of Feed Conversion Ratio).

All these measures resulted in an increased membership of the Samiti to 400 and the annual turnover to about Rs five crores by 2007. Quality monitoring systems were introduced for purchases, stores, production and sales in 2008–09. By the time they hired the third Manager for KPS as CEO, the *Sanchalak Mandal* started exercising its rightful role over the operations. Since 2007, KPS is characterized by an expansion in membership. Members have doubled their rearing capacity by creating additional sheds through their own savings and loans from banks and other financing organizations. The programme has been replicated in other areas in the state as well as in other states. One of the significant innovations has been in the vertical integration in the supply chain as well as a backward integration. Supporting associate three-tier structures have been established that control governance, investments have been made in designing processes and systems, to enhance the ownership and active participation of members to run the programme, and efforts are being made to attract and induct more competent professionals.

KPS is a member of the state-level federation of poultry co-operatives, promoted by PRADAN. KPS benefits from the supervision and inputs provided by PRADAN to the management and the governance structure whenever needed.

# **BAIF-Vasundhara: Initiating Social Change to Create Economic Change**

*Laying emphasis on change in social behaviour to effect an economic change in the intended community, BAIF's mission is to create opportunities of gainful self-employment for rural families, especially disadvantaged sections, ensuring sustainable livelihoods, enriched environment, improved quality of life and good human values.*

## **VASUNDHARA AT A GLANCE**

Vasundhara Vriksh Vanvadi Jalsinchan Vikas Sahakari Mandali is a co-operative that was registered under the Gujarat Co-operative Act 1961 on 16 December 1985. It has 2,663 members spread over 39 villages located in Vandsa block of Navsari district in southern Gujarat. The objectives of the organization are related to various activities of its members, their land and orchards (*wadis*), ranging from land development, storage, value addition and marketing of their produce, to acting as an intermediary on behalf of the members when dealing with external agencies.

The members produce about 2,500 MT of mangoes every year, and their co-operative handles about two-thirds of the produce, by marketing it as fresh fruit, mango pulp and other processed products. Among the major activities carried out by Vasundhara are managing the Central Processing Unit at Lachakadi, mango and cashew processing, mango grafts trading, running a Gram Seva Kendra and retail outlets. The co-operative has assets worth more than Rs 2.57 crores, of which fixed assets are about Rs 1.48 crores, comprising plant and machinery, buildings, vehicles, etc.

The highest turnover of Vasundhara of Rs 4.39 crores and the highest profit of Rs 13.70 lakhs were achieved in 2007–08 and 2008–09, respectively. The highest amount paid to members for their mangoes was more than Rs 1.09 crores in 2008–09. Significant non-monetary benefits that accrued to the members include the disappearance of alcoholism, enrolment of their children (including girls) in schools, prevention of distress migration, and reduction of livelihoods risk because of diversification of income sources.



## THE EVOLUTION OF VASUNDHARA

During the 1960s, Vansda was one of the poorest blocks of the erstwhile Valsad district. Although it received good monsoon rains, poverty was deeply entrenched among the local tribal people, who practised subsistence agriculture, indulged in brewing and consuming illicit liquor and resorted to distress migration to work as farm labour in the orchards of big farmers for half the year. The people were illiterate and suffered from severe malnutrition.

The Sadguru Foundation initiated its drought relief and rehabilitation work in the area in 1968 and, after working for a decade, understood that though the charitable work was liked by the tribals, it did not bring about any lasting change in their condition. Manibhai Desai, the founder of the Bhartiya Agro Industries Foundation (BAIF), during his interaction with the community, realized that migration and alcoholism were the major hurdles in implementing any development programme. Hence, he wanted to build on 'something that the tribals already knew', and offered to help them (through BAIF) to develop their own *wadi* on their small patch of land if they promised to give up alcohol. He laid emphasis on change in social behaviour to effect an economic change in the intended community. Because of such rigid conditions, only 18 farmers joined the *wadi* programme when it began in 1981.

BAIF combined the local people's knowledge (about *wadis*) with the Foundation's own expertise (promoting plantations of fodder and forestry species), to develop for each tribal farmer a one-acre *wadi* (with 50 mango

*Progressive farmers, selected from among the members and hired as Field Guides/Supervisors, played an important role in the success of the wadi programme and in the process of transforming the poor, alcoholic tribal into a disciplined farmer. The reformed farmers went on to play significant leadership roles in their CBOs subsequently.*

and about 1,500 fodder/forestry saplings), and converged a government poverty scheme to provide wage employment for taking up land development activities. BAIF also provided the required inputs for agriculture and irrigation, and technical experts for extension work. Progressive farmers, selected from among the members and hired as Field Guides/Supervisors, played an important role in the success of the *wadi* programme and in the process of transforming the poor, alcoholic tribal into a disciplined

farmer. The reformed farmers went on to play significant leadership roles in their CBOs subsequently.

Apart from the physical and human resources provided by BAIF, the contribution of Manibhai, both in working with the farmers on the field, as well as in advising them (to accept ownership of the *wadi* as their own programme) and laying out a dream for them ("Twenty years hence, truckloads of mangoes will go for sale from your village") is immense.

Within four years, in 1985, when the first crop was harvested, the farmers were faced with the challenge of marketing the huge quantity of mangoes, because neither they nor BAIF had any experience. Based on Manibhai's suggestion to form their own co-operative of *wadi* farmers, a small group of 42 farmers from 15 villages came together and registered Vasundhara, with widespread objectives, a General Body of all shareholding members, and an 11-member elected Management Committee (MC). The co-operative dabbled in various activities of interest to its members in the initial years, such as the collective sale of paddy and minor forest produce, development

of irrigation, provision of seeds and brick kilns, with mixed results.

By 1989, when most of the nearly 6,000 *wadis* started producing mangoes, the farmers wanted to sell them profitably without inundating the local markets and depressing the prices. To stabilize market prices, Vasundhara decided to process the mangoes by hiring a manually operated pulp-making machine and then set up its own processing unit in two years. It faced various problems both in processing as well as marketing the products (pulp and pickles) locally for about four to five years. Meanwhile, it strengthened the procurement system of mangoes by opening a few sub-centres during the season in different villages and devolving the responsibility of co-ordination upon the MC.

Till the mid-1990s, the co-operative's work was seasonal, with a low turnover. During this period, BAIF supported the CBO by providing highly skilled human resources, subsidizing the cost of operations, and bailing it out in emergencies—such as by underwriting the wastage of Rs five lakhs worth of damaged mango pulp, so as to provide a level playing field for Vasundhara in its formative years. In 1995, DHRUVA was promoted as an associate organization of BAIF, responsible for working in the predominantly tribal Navsari, Valsad, and the Dangs districts of south Gujarat.

Vasundhara gradually strengthened its marketing after 1996, initially through the ad-hoc experiments of the new Programme Officer deputed by BAIF and, later, by outsourcing and setting up a network of distributors in the state for its Vrindavan brand products. The pulp processing unit was modernized with the

*Except for a few critical human resources on deputation from BAIF, all important activities such as accounts, stores, retail and plant operations are handled by the employees belonging to Vasundhara's operational area and who have been systematically trained on and off the job.*

help of external grants facilitated by BAIF. Over the years, Vasundhara started availing of credit from different agencies to meet its financial needs, thereby establishing long-term relationships with mainstream financial institutions. Except for a few critical human resources on deputation from BAIF, all important activities such as accounts, stores, retail and plant operations are handled by the employees belonging to

Vasundhara's operational area and who have been systematically trained on and off the job.

Vasundhara has initiated several activities such as Abhyuthan Yojana (for yield improvement of the *wadis*), Gram Seva Kendra (to provide agri-inputs in the villages), and mango grafts trading (to provide additional income to members), to address various needs of its members. The elected members of the MC play a major role in the governance of the co-operative, in decisions related to hiring and promoting its employees, purchase, dealings with FIs, budgets, quantum of *bhav-pher* (surplus distributed in proportion to a member's contribution to the co-operative), and in influencing the local elected government representatives. The Honorary Manager (a BAIF representative), has a critical role in advising the MC, planning the operations and guiding the employees, and in liaison with various external agencies (government and buyers).

Although Vasundhara is an autonomous body for all practical purposes, there is an intricate web of relations with BAIF-DHRUVA. The processing machinery in Lachakadi is owned by the co-operative but is installed in BAIF's buildings located on the Foundation's land. Vasundhara's key staff is on deputation from

BAIF, but it pays an annual fee to BAIF, based on its turnover to meet their expenditure. Vasundhara's products are sold under BAIF's brand name Vrindavan, and Vasundhara is a member of VAPCOL—a producer company of BAIF-promoted co-operatives.

However, over the years, BAIF has been consciously changing its relationship with Vasundhara as per its policy of 'exiting from a role'. Based on its experience of developing *wadis* in Vandsa and in promoting Vasundhara as a farmers' co-operative, BAIF has expanded the *wadi* programme to various other states in the country and also promoted 11 successful farmers' co-operatives in the neighbouring Dharampur-Kaprada area by incorporating the learnings from this project.

### BAIF AT A GLANCE

Manibhai Desai founded BAIF, a non-profit, public charitable Trust in 1967, to replicate his experiences in rural development gained since pre-independence days. It has now been renamed as the BAIF Development Research Foundation.

The vision of BAIF is to build a self-reliant, rural society assured of food security, safe drinking water, good health, gender equity, low child mortality, literacy, high moral values and a clean environment its mission is to create opportunities of gainful self-employment for the rural families, especially disadvantaged sections, ensuring sustainable livelihood,

*BAIF and its associate organizations have their operational area spread across more than 47,000 villages covering three million poor families over 13 states and union territories in India.*

enriched environment, improved quality of life and good human values. This is being achieved through development research, effective use of local resources, extension of appropriate technologies and upgradation of skills and capabilities with community participation.

BAIF and its associate organizations have their operational area spread across more than 47,000 villages covering three million poor families over 13 states and union territories in India. Rural development programmes implemented by BAIF include livestock development, watershed and land resources development, agri-horti-forestry for tribal rehabilitation, empowerment of women, community health, renewable energy and environment, and training in sustainable development.

Arvind N. Mafatlal is the Chairman of BAIF, and Girish G. Sohani is the President and the Managing Trustee. BAIF's donors and collaborators include the Government of India and various state governments, NABARD, Bill and Melinda Gates Foundation, bilateral and multi-lateral foreign aid organizations, international private foundations, NGOs and corporate houses, academic and research institutes, and individuals. BAIF has 3,000 employees.

Manibhai Desai was awarded the Padma Shree in 1968, the Ramon Magsaysay Public Service Award in 1982 and the Jamnalal Bajaj Award in 1983.

# South Indian Federation of Fishermen Societies: Creating Sustainable Fisheries

*Reaching out to about 60,000 fishermen and women, SIFFS aims at creating a sustainable fishery and a developed fishing community, through the protection and enhancement of livelihoods in marine fishing*

## SIFFS AT A GLANCE

SIFFS was registered as an NGO in 1980 in Thiruvananthapuram, Kerala, under the Travancore Literary, Scientific, and Charitable Societies Act of 1955. Its aim was to create “a sustainable fishery and a developed fishing community, through the protection and enhancement of livelihoods in marine fishing.” Today its area of operation extends over 12 districts in Kerala, Tamil Nadu and Andhra Pradesh, comprising 156 primary societies federated into five district federations. SIFFS is the apex body of a three-tier structure, with primary societies at the village level, and district and regional federations at the middle level. The services provided by SIFFS to its members include marketing of fish, boat making, out board motors (OBMs) sales and service, ice plants, providing credit, policy research and advocacy. It has a membership of 9,100 and reaches out to about 60,000 fishermen and women. Its financial partners include international donor organizations for grants and Indian Banks for credit. It has a credit portfolio of Rs 15 crores.

## THE EVOLUTION OF SIFFS

By virtue of possessing a 590-km-long coastline and bountiful resources of marine fish, Kerala is a major fish producing, consuming and exporting state in the country. The number of fishing households in the state has recorded an increase of 20 per cent between 1980 and 2005. Mechanization of fisheries in India during the 1950s and 60s has resulted in the growth of trawlers (that adversely affect the environment as well as the livelihoods of traditional or the artisanal fishermen) and other mechanized boats. Motorization, which began in the 1980s, has helped small fishermen improve their catch and competitiveness, without competing with the non-mechanized traditional fishing. The share of artisanal fishermen in the number of boats, fish catch and income has declined drastically whereas that of the mechanized sector has increased tremendously, over the years.



However, the socio-economic condition of these small fisher-folk was pathetic, characterized by low levels of literacy, alcoholism among men, high population density and poor sanitation in their villages, indebtedness and an exploitative fish marketing system by the middlemen.

*The share of artisanal fishermen in the number of boats, fish catch and income has declined drastically whereas that of the mechanized sector has increased tremendously, over the years*

After the successful culmination of a *Vimochana Samaram* in 1959, the Church leaders in Thiruvananthapuram district turned their attention to alleviate the poverty of fishermen in a couple of coastal villages by providing them with loans and fishing equipment. Because there was no discernable change in their condition, they set up a new fishing village, Marianadu, by resettling 56 poor Christian fisher families from nearby villages, with the intention of developing it as a model village through Marianadu Community Development Project (MCDP) in 1962–63. A team of social workers, deputed in this village, initiated a host of activities such as a health programme and a savings scheme. After a few years of work, they realized that unless these fishermen were freed from the exploitation that they faced in the fish trade, their economic condition would not improve. Hence, they promoted a co-operative of the fishermen, Matsya Utpadaka Co-operative Society Ltd., in 1968 to take control of the sale of landed fish through its own representative. Apart from selling fish at the highest price through an auction, it also provided for deductions at source (out of the amount earned) for compulsory savings and loan repayment, for each member of the co-operative. In a few years, the Marianadu model, based on the integration of fish marketing with savings and credit, became established.

The activists of MCDP then formed an NGO, Programme for Community Organization (PCO) in 1977, to spread the Marianadu model to other fishing villages. By the end of the 1970s, there were primary fish marketing co-operatives in 20 villages in Thiruvananthapuram and the neighbouring Kanyakumari district in Tamil Nadu, promoted,

trained and supervised by PCO and other NGOs. Within a short time, the fishermen started getting a good catch and resolved their credit problems but faced new problems such as marketing and obtaining good quality nets. On a suggestion by PCO to form a federation of primary co-operatives in Thiruvananthapuram district, to address these issues, the fishermen came together and formed SIFFS as their apex body in 1980, to undertake business activities such as fish export and bulk purchase of fishing equipment, which would be difficult for each individual society to take up on its own.

SIFFS began by linking fish workers with Integrated Rural Development Programme (IRDP) and commercial banks, borrowed a fish van and marketing staff from Marianadu, and started marketing interventions. In 1982, Vivekanandan from Institute of Rural Management Anand (IRMA) joined as a professional to manage the marketing, and directed its growth for more than two decades. Apart from successful interventions in marketing and bulk supply of nets, SIFFS set up a strong boat building project in 1982, with assistance from Intermediate Technology Development Group of UK, which helped the artisanal fishermen (the main target group of SIFFS), to adopt the modern technology of OBMs and motorize their craft.

When PCO and other church-based NGOs in neighbouring Kollam and Kanyakumari districts felt the need to integrate their fishermen under SIFFS, they decided to create a three-tier organization with district-level federations taking care of day-to-day requirements of primary cooperatives and SIFFS focusing on long-term issues. The new Board of SIFFS had a Chairman and the CEOs from all the district federations were its members, Vivekanandan became its CEO.

The further expansion of SIFFS to other areas in Kerala was put on hold for a while because the state government launched a major initiative for forming fishermen welfare societies across Kerala and formed an apex co-operative, Matsyafed, in 1984. Unlike the self-managed SIFFS co-operatives, these government-promoted societies were dependent on government subsidies and other welfare measures and, hence, failed. For a few years, SIFFS focussed on technology by successfully developing and commercializing a variety of boat models, training of users and mechanics in OBMs, which enabled it to gain a reputation for its technical competence and understanding of the fisheries sector.

In the 1990s, SIFFS undertook a variety of activities such as becoming a leading supplier of OBMs in southern India, supporting and strengthening the district federations when they parted from their promoting NGOs, launching a micro-credit programme with bulk loans from the Small Industries Development Bank of India (SIDBI) for providing loans to members of primary societies when banks were reluctant to provide unsecured loans; setting up an ice plant network; exporting chilled fish under social labelling; and growing timber for

*Apart from making use of outside professionals for technical and commercial tasks, SIFFS hires youth from the fishing community wherever possible and trains them to take up different jobs. Some of these young men have grown to senior positions.*

traditional *kattamarams*. Its area of operation was expanded by forming a regional federation of three districts in northern Kerala, forming village societies in central coastal districts of Tamil Nadu, and entry into Andhra Pradesh. Post the tsunami in 2004, SIFFS expanded to six more districts in Tamil Nadu to promote the long-term development of devastated fisher families.

Unfortunately, SIFFS also faced many structural issues such as an increased dependence on SIFFS of some unviable district federations, failure of business activities in some districts, and a poor relationship between the fishermen and staff that resulted in some professionals leaving the organization.

SIFFS is governed by a Board of Directors elected for a two-year period and its 29-member General Body comprises five representatives from every Full Member federation and two from an Associate Member federation. Apart from making use of outside professionals for technical and commercial tasks, SIFFS hires youth from the fishing community wherever possible and trains them to take up different jobs. Some of these young men have grown to senior positions.

SIFFS relies on a mix of grants and loans for its activities. The business activities such as boat building are set up as separate profit centres, where they benefit from an initial capital grant but subsequently they meet the operating expenditure and run the business by themselves by raising the required loans from Banks. SIFFS obtains grants from various donors with which it has long-term relationships for its non-commercial activities such as research and policy advocacy.

# Findings, Challenges and Conclusions: An Abstract from the CBO Study Report

VINOD JAIN

*Whereas the three systems of membership, operations and governance are important for making robust community based organizations, NGOs need to embrace e-CBOs as they attempt to create new economic organizations of marginalized and poor communities*

In this article, some of the findings from the study are mentioned, especially regarding the three systems of membership, operations and governance that we know are important for making robust community based organizations (CBOs). We also look at the challenges in creating economic CBOs and in managing transition. Finally, we see a new hybrid structure of the e-CBO emerging. This is different from what one had fathomed at the beginning of the study or is available in the literature on CBOs. It is important to take cognizance of this new institutional form that works. It should be embraced by NGOs as they attempt to create new economic organizations of marginalized and poor communities to enhance incomes of the poor in a more equitable and just manner.

## **MEMBERSHIP, OPERATING AND GOVERNANCE SYSTEMS**

In a stable CBO, the three systems, viz., Membership System, Operating System and Governance System, are in a dynamic balance. If any of these were weak or non-existent, the CBO would not be able to fulfil its objective of providing sustainable income to members for any length of time.

### **Membership System**

The overall focus during the pre-formation phase is to strengthen membership. This happens through social mobilization of poor people and forming groups so that they have experience of working as a collective. Members have to be encouraged to question the decisions of the leaders and seek accountability, lest these institutions are hijacked by a few people serenading as leaders. Good leaders emerge from an aware membership base. The experience of working as collectives is important because these collectives are governed by norms and rules that are applied equally rather than by socio-economic hierarchies.

If social mobilization is not done properly there will only be phantom progress; promoting organizations would then be required to backtrack and start all over again with the social mobilization, leading to the emergence of a people's organization.

Creating women SHGs and their higher aggregates of clusters and federations as the base for initiating economic activity with those SHG members, who qualify the criteria of e-CBO membership, is emerging as a fairly standard way to mobilize people and form the organization.

In the pre-formation stage, besides social mobilization, the promoting organizations identify the economic sector and start viable activities, despite all the attendant risks associated with a new enterprise. This is to demonstrate to people the greater benefits of an activity compared to the other opportunities they have. In case of intervention in a traditional activity of the people, it should demonstrate additional benefit of working as a collective, which they would not have experienced otherwise.

### Operating System

The focus in the initial stage is on setting up the Operating System in the e-CBO. A key component of the Operating System is setting up a system of distribution of inputs and the aggregation of outputs from individual production units in remote and distant areas. This is a major additional cost, making products from the CBO uncompetitive in the market. The logic of the e-CBO emerges from the need of paring the cost of aggregation.

The individual units of production are aggregated into groups with one among

*The leader is the link with the central unit, providing initial training and support to disaggregated producers, taking the responsibility of distribution of inputs and collection of outputs, the first quality check, overall group quality, etc.*

them being the group leader. The leader is the link with the central unit, providing initial training and support to disaggregated producers, taking the responsibility of distribution of inputs and collection of outputs, the first quality check, overall group quality, etc. This the leaders do at a fraction of the cost and mostly on small

incentives. There is clamour among the producers to become leaders because there is lot of social value and prestige involved in leading. It also offers them the opportunity to represent themselves in a higher order of aggregation in the central unit.

There are two models of aggregation that we see in the cases. Model 1 is one in which the inputs are provided centrally and the production is done in decentralised individual production units. The products are again aggregated centrally for finishing and dispatch to buyers. All the inputs are procured centrally for better economics and for assuring uniform quality. Similarly, marketing is done centrally to realize better payment terms and price. In Model 2, production is by individuals using their own inputs and thereafter aggregation, processing and marketing are done by the central unit. All cases, except SIFFS, follow Model 1. The models are represented in the following schematic diagrams.

### Model 1

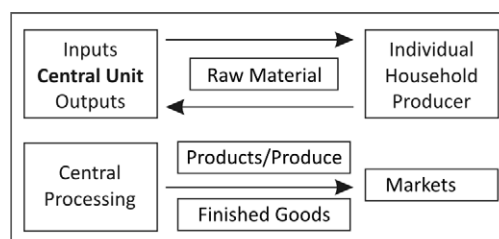
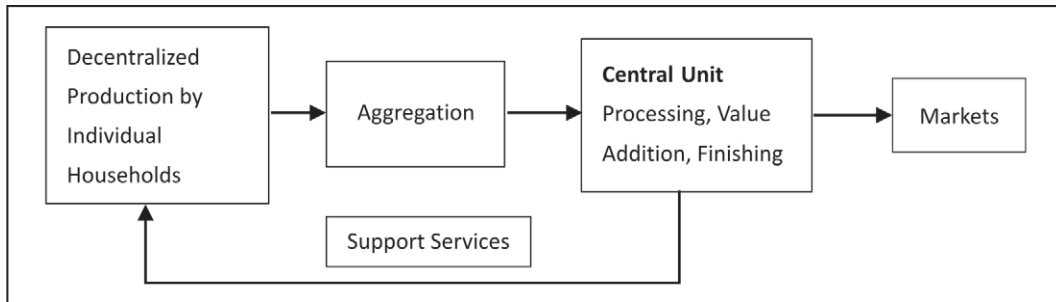


Fig. 1: Model 1 of Aggregation



### Model 2



**Fig. 2: Model 2 of Aggregation**

Model 1 is most likely one that promoting organizations will be required to build when forming e-CBOs.

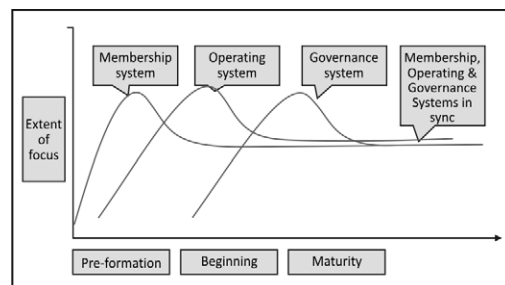
Another key function in setting up the Operating System is marketing. This is often the Achilles' heel of NGOs. Developing a clutch of just a few major buyers to take care of the majority of the production is an important strategy. One should pursue this even if the margins are not high. Price, quality and perception value are key determinants in the market. Creating perception value through branding requires working at the retail of the final product. This is not simple because the producer groups usually work in the early stages of the value chain. Moreover, the cost in creating brands is prohibitive and requires huge aggregation across geographies, something that Amul has been able to do in the milk sector.

### Governance System

The major focus during the Maturity Stage of the e-CBO is on strengthening the Governance System. Achieving balance between the executive and governance is quite challenging. If the executive continues to be people from the promoting organization, who were involved in the initial mobilization,

it is difficult for the leaders to question them. This is often addressed by replacing the earlier executives after the governance structure has being put in place. The executives engaged in the beginning stage then move on to create and guide second- and third-tier community organizations in the expansion phase. The primary units become more autonomous though they continue to benefit from the association with the promoting organizations either as part of the higher-tier organization of which they are part or through formal representation in the governance structure of the e-CBO.

The three systems—Membership, Operations and Governance—are strengthened in different phases of the evolution of the e-CBO. They reach equilibrium in the maturity phase. This is given graphically below.



**Fig. 3: The Equilibrium between Members & Operations and Governance**

## CHALLENGE OF MANAGING TRANSITION

In the run up to establishing e-CBOs, the promoting organization has to manage two major transitions, each of which is quite challenging. The first is the transition from social to commercial orientation of the CBO and within the promoting organization itself. The second is the transition from NGO-centric activities to CBO-centric activities.

*Forming social organizations are an important precursor to developing members and leaders for economic organization. Poor and disadvantaged people are very diffident when dealing with outsiders and their confidence needs to be built assiduously in the social organization.*

that they are able to relate to the facilitator and share their issues and concerns is important. Only when these issues and concerns are brought to the table and discussed is space for everyone and the ownership required to work as a collective created. In social organizations, decisions are soft and accommodative, and reprimands are gentle in the form of warnings and peer pressure.

### Transition from social to commercial

From the cases discussed, it is seen that forming economic organizations of the poor straightaway are fraught with problems. Such organizations fail to take off beyond a certain point and become a permanent liability to the promoting organization if not allowed to be hijacked by some unscrupulous locals feigning as community leaders.

Forming social organizations are an important precursor to developing members and leaders for economic organization. Poor and disadvantaged people are very diffident when dealing with outsiders and their confidence needs to be built assiduously in the social organization. More important, they need to work in an environment governed by rules and regulations rather than social hierarchies, which is their experience otherwise.

Yet, social organizations are very soft organizations because the focus is on building the confidence and the capacities of the community, so as to deal with outsiders with a positive self image. The NGO facilitator has to be a socially inclined person whereby s/he is inclusive and accommodating. Establishing personal relationship with as many people so

At the same time, economic organizations have to be hard in dealing with deviations and deviants. This is because a mistake knowingly or unknowingly affects the good of all other persons; markets and third-party evaluators are very hard and exacting and have no room for those not up to the stringent standards of the customers. It is not enough to reprimand as a social organization would normally do but to impose financial penalties even if the person is very poor.

For the facilitators, who have been engaged in social mobilization in promoting organizations, it is nearly impossible to make the shift to the commercial way of working. This is also because community people are not able to relate differently with the same person. This is dealt best by having two different persons—one for social mobilization and the other to work on establishing the economic activity in the promoting organizations. Social mobilization should lead the process.

Not all the members of social community organizations automatically become members of the economic one. There should be qualifying criteria for membership of the economic organization, in which the rules of the game are very different. Similarly, in the promoting organization too, not all the

people will fit into economic mobilization space. The staff of the promoting organizations have to demonstrate the discipline and exacting standards of outputs and efficiency, so as to become part of the commercial operations.

### **Transition of Management from NGO to CBO**

In the pre-formation stage, NGOs start economic activities within the organization. These are initial efforts by the NGO to test water, so to say. The entire risk associated with the enterprise is borne by the NGO. Community members are engaged in the activity on wages. During this period, they begin to understand the nuances of the business and become more confident in the potential of the activity/enterprise to give sustained income. Even in the pre-formation stage, different roles are sometime carved out for the community members, depending on their capabilities. The leaders among the community are provided exposure to different aspects of the enterprise from input procurement to production and marketing.

Once the community members become confident of carrying out the activity and of managing the same, the promoting organizations initiate discussions about creating a community owned and managed organization, which will undertake enterprise activities that were hitherto being done by the NGO. It is important that people buy the idea. Often, promoting organizations form CBOs to remove commercial transactions from their books of accounts. Forming a CBO for such a technical reason rather than for the value of forming one stops the promoting organization from handing over the institution to the people,

*Champions have faith and conviction that overcome setbacks and provide support to the team that is engaged on the ground. Leadership and teamwork rather than the blueprint are the key elements in the beginning stage of the formation of a CBO.*

who then use the names of NGO and CBO interchangeably.

It requires a 'champion' in the promoting organization to develop an alternative world view and vision of the future and then to coalesce people's aspirations into institutions. There are a number of setbacks in the journey to realize the vision in spite of all the preparations because the blueprint approach

is unlikely to work. Champions have faith and conviction that overcome setbacks and provide support to the team that is engaged on the ground. Leadership and teamwork rather than the blueprint are the key elements in the beginning stage of the formation of a CBO. In achieving the vision, it is important to have a good fit between the community needs and solution being offered.

Usually, this phase is resource intensive, particularly rich in intellectual input, and requires substantial freedom from normal administrative constraints. It is a time to invest in knowledge and capacity building.

Preparing the potential leaders in the CBO to become masters of the organization requires sagacity and magnanimity. Community leadership has to be nurtured by making leaders responsible for operations and outputs. It helps in the transfer of responsibilities if the executives in the pre-formation and beginning stages distance themselves and get into an advisory role rather than in routine management, for which new staff are hired. Only when leaders are able to handle the operations and deliver, will they feel confident in seeking accountability of outputs that may be hired by the CBO for specific functions from the executives.

As the CBO enters the maturity stage, the community leaders and staff, who are now fully paid for by the CBO, take full responsibility for managing the organization, to give sustained income to members. With an increase in the scale of operations, the managerial aspects tend to dominate and this dilutes the social aspect of intervention. Striking a balance between economic and social

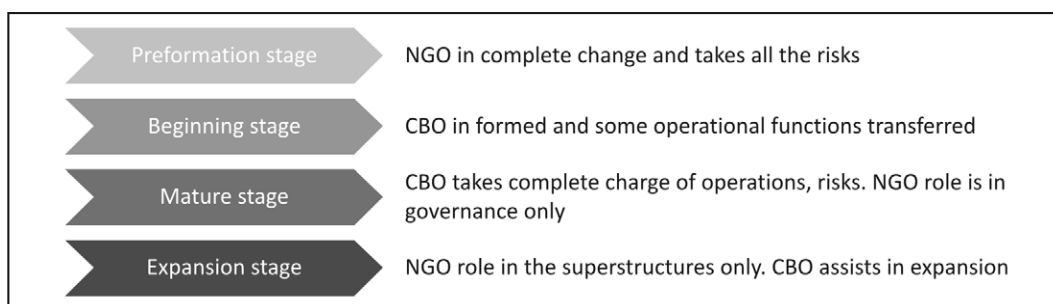
aspects is difficult because business principles have to be balanced with social considerations. Promoting organizations, which are limited to governance, consciously try and play a role in reminding the CBO not to compromise on the social aspect. NGOs also bring professional inputs through governance without which the CBOs would meander and stagnate, as we have seen in cases where the promoting organization withdrew completely.

*The engagement thus comes full circle, starting from the NGO forming the CBO to the CBO assisting the NGO in increasing the outreach and further aggregation. They become partners in taking the agenda of social fairness and equity in the economic domain forward.*

In the expansion stage, the CBO assists the promoting organization in replicating the model in other places by showcasing their success and in even getting involved in the mobilization process in new locations. The CBO leadership also becomes part of the higher community structures that are created to provide services to the primary level CBOs. The engagement thus comes full

circle, starting from the NGO forming the CBO to the CBO assisting the NGO in increasing the outreach and further aggregation. They become partners in taking the agenda of social fairness and equity in the economic domain forward.

A spectrum management transition is given in following figure below.



**Fig. 4: Management Transition Level**

### CO-OWNERSHIP OF E-CBO

NGOs promoting e-CBOs are like venture capitalists except that they create social capital in the form of community institutions that engage in economic activities for the benefit of its members. CBOs receive lot of investment and support from the society at large and ought to remain for social good.

It would be a travesty to see e-CBOs being used for personal gains of few leaders or even the staff at the expense of the largely poor, illiterate and less exposed members. It is the responsibility of the promoting organizations, as 'trustees' in governance, to ensure that this does not happen.

As promoting organizations begin to conjure scale and outreach, they need to innovate, develop and coalesce primary community organizations, to form higher aggregated structures that have a clear agenda of expanding the benefits to other similarly vulnerable communities by replicating the model. NGOs need to move further up and become part of the governance in the higher-tier organizations even as they devolve the role of governance to the community leaders by developing their capacities at the primary

level. e-CBOs are thus developing as 'hybrids' that have characteristics of the community and the promoting organization. There is increasing recognition of these organizations when the community and the promoter have joint stakes. Promoting organizations are social venture investors and retain their equity participation in governance much like capital investors in commercial organizations. e-CBOs reflect the principles of co-ownership and should co-create the future for other similar deprived communities across time and space.





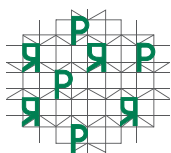
The objective of the study was to learn about the 'necessary and sufficient conditions' that need to be created for the emergence of member-owned and member-governed, poor people's collectives that are just, viable, sustainable and replicable.



**Pradan** is a voluntary organization registered in Delhi under the Societies Registration Act. Pradan works through small teams of professionals in selected villages across eight states. The focus of Pradan's work is to promote and strengthen livelihoods for the rural poor. It involves organizing the poor, enhancing their capabilities, introducing ways to improve their income and linking them to banks, markets and other economic services. The professionals work directly with the poor, using their knowledge and skills to help remove poverty. NewsReach, Pradan's monthly journal is a forum for sharing the thoughts and experiences of these professionals working in remote and far-flung areas in the field. NewsReach helps them to reach out and connect with each other, the development fraternity and the outside world.

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