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The Design and Management of Sustainable Projects to Alleviate Poverty in South Asia
The Design and Management of Sustainable Projects to Alleviate Poverty in South Asia

Collected Papers from an EDI Seminar
Held in Bangalore, India,
July 31 to August 9, 1991

Edited by
Michael Bamberger
Abdul Aziz

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FOREWORD

This document is one of a series being produced under EDI's training program on poverty alleviation. These reports present the findings and conclusions of seminars and workshops at which policymakers, planners, and managers from governmental and nongovernmental organizations have reviewed their experiences with policies and programs designed to benefit poor and vulnerable groups and help them integrate into the mainstream of economic and social development. The present document reports on a seminar held in Bangalore in August 1991 to review the experience of South Asia in designing and managing sustainable poverty alleviation projects. The seminar was attended by country teams from India, Bangladesh, Pakistan, Nepal, and Sri Lanka.

Amnon Golan, Director
Economic Development Institute
This report is the product of a South Asia regional seminar, "The Design and Management of Sustainable Poverty Alleviation Projects," which was organized as part of EDI's training program on poverty alleviation. The seminar took place in the Institute for Social and Economic Change (ISEC) in Bangalore, India, from July 31 to August 9, 1991, and was jointly sponsored by the Economic Development Institute (EDI) of the World Bank and the Asian Development Bank (ADB). Additional support was provided by the Australian International Development Assistance Bureau (AIDAB).

Seminar discussions reflected the growing concern of donor agencies and governments about the need for more cost-effective and equitable methods of increasing the participation of the poor in the benefits of social and economic development. As is widely acknowledged, the path to this goal lies in improving the design and implementation of poverty programs and projects. Any such endeavors must obviously include training for policymakers and for those who implement such projects.

The seminar consisted of three parts: different countries in Asia first shared their experiences with poverty alleviation programs and projects; next, participants visited project sites; and third, they held a workshop on how to improve the design and management of poverty alleviation projects and programs. Participants presented country papers, while experts in different fields offered review papers on the experience to date with the design and management of sectoral poverty projects and programs. Before participants visited the project sites, ISEC faculty presented six project profiles, based on extensive field surveys. A separate ISEC publication contains the project profiles and the conclusions of the project visits.

The country experiences and sector review papers were presented during the first week of the seminar. ISEC faculty chaired the sessions and participated as discussants. The burden of recording the discussion and summarizing the proceedings of the previous day was again shouldered by ISEC faculty.

Professor M. N. Srinivas opened the discussions, and brief introductory remarks were made by Erling Dessau, UNDP representative in India, Dieter Bucher on behalf of ADB, and Michael Bamberger on behalf of EDI. The seminar was attended by twenty-seven participants from governmental and nongovernmental organizations in India, Pakistan, Nepal, Bangladesh, and Sri Lanka (see Annex 1).

The Director of the Institute for Social and Economic Change, T. R. Satish Chandran, along with Registrar M. Nageswara Rao, Accounts Officer V. Ramamurthy, and administrative and library staff, provided excellent logistical support. C. Charles Nelson, M. Devendra Babu, V. N. Venkatesha, and M. S. Nagavalli of the Economics Unit, ISEC, prepared the seminar material. K. Narasimha Murthy reviewed the seminar material and provided valuable editorial assistance. Nelida Rasson of EDI was responsible for participant and consultant administration; while Hanna Sarkees, Faythe Calandra, Marie Cristine Theodore, and Patricia Rodriguez greatly assisted with the preparation and revision of the various drafts of the report.

The document was copyedited by Venka V. McIntyre.
EXECUTIVE SUMMARY

Despite high and sustained rates of economic growth, approximately 420 million people in Asia live in conditions of absolute poverty, suffer from nutritional deficiencies, and do not earn enough income to obtain even the basic necessities of life. Not surprisingly, massive poverty remains among the leading political and development concerns for most countries of the region.

Although the alleviation of poverty is a primary policy objective of all South Asian governments, there is still considerable debate as to the most effective way to achieve this objective. With the realization in the 1970s that high economic growth does not automatically ensure the equitable distribution of benefits, attention turned to the distributive consequences of different patterns of growth. Investments in human capital (education, health, and related social services) also came to be recognized as a key component of sustained economic growth. Yet, substantial portions of public subsidies went to middle- and even upper-income groups, while large sections of the poor and vulnerable continued to be excluded. As a result, new programs were developed specifically for vulnerable groups such as undernourished children, landless laborers, and female-headed households.

The oil crises of 1973–74 and 1979–80 and the increasing debt burdens and the slowing of growth that followed indicated a need for broad structural reforms to reduce financial imbalances and to stimulate growth. Many of the ensuing reforms reduced public expenditures, however, and caused concern about the impacts of the so-called social costs of adjustment on poor and vulnerable groups. Thus, in recent years "social safety nets" have been designed to protect these groups and to guarantee them access to a minimum level of essential services.

The evolution of these approaches to poverty alleviation was reflected in the 1990 World Development Report (WDR) on poverty (World Bank 1990) and in a number of subsequent publications by the World Bank (World Bank 1992) and other international organizations (UNDP 1990, 1991). The WDR argued that poverty can only be effectively attacked through an integrated approach that

- Promotes sustained economic growth by providing opportunities for the poor and permitting them to participate in growth.
- Delivers social services to the poor.
- Creates social safety nets and targeted programs for the poor and vulnerable.

In August 1991 the Economic Development Institute of the World Bank and the Asian Development Bank jointly sponsored a South Asian seminar on the design and management of sustainable poverty alleviation projects. The seminar was organized in cooperation with the Institute for Social and Economic Change in Bangalore. Its purpose was to review experiences with different approaches to poverty alleviation and to draw from them general lessons that could be used to improve the design and management of future poverty alleviation projects and programs. This report presents the findings and recommendations arising from this seminar.
Part I. Poverty and Strategies for Poverty Alleviation

In Chapter 1, Michael Bamberger draws on the 1990 World Development Report on poverty and the various publications that have followed it (particularly the UNDP reports on human development) to describe the evolution of strategies for alleviating poverty. These strategies sprang from the need for an integrated approach to poverty alleviation, in which poverty-supportive macroeconomic growth policies are combined with systematic efforts to universalize education, health, and other basic services and with social safety nets and targeted programs for groups unable to benefit from the increased economic opportunities. Bamberger compares the methods used to alleviate poverty in South Asia, Latin America, and Africa and considers the lessons to be learned from each region. He also presents a typology of approaches to poverty alleviation and shows how the chapters of this book relate to it.

In Chapter 2, Bamberger examines the characteristics of Asian poverty. In 1985 South Asia contained an estimated 29.7 percent of the total population of the developing world, but slightly more than half (50.6 percent) of the developing world’s poor. In 1988 an estimated 817.5 million people in South Asia (74.5 percent of the total population) were living in rural areas. Approximately 441.5 million of these (54 percent) were living below the poverty line. In contrast, only 23 percent of the population in urban areas fall into this category. That is to say, in 1988 approximately 85 percent of South Asia’s poor were living in rural areas. Because of the preponderance of rural poverty, it has overshadowed the plight of the 135 million people living in abject poverty in Asia’s cities. Bamberger looks at the reasons for the lack of attention to urban poverty and some of the links between urban and rural poverty. He also discusses future trends in poverty.

Part II. Sector Experience with Poverty Alleviation in Asia

Chapter 3, by J. K. Satia, turns to the accessibility of population, health, and nutrition services to the poor. As Satia points out, the health status of the poor has improved in South Asia, but to a lesser degree than that of the population as a whole. Despite the massive expansion of peripheral population, health, and nutrition services (PS), they are not being delivered to the poor at the expected levels owing to the lack of continuing political commitment, the neglect of the processes of implementation, underfunding, and inadequate management capacity. Nongovernment organizations (NGOs) have generally been more successful in reaching the poor, although their total involvement is small in comparison with the governments’ PS delivery systems. Much more learning is necessary to forge successful partnerships between the government and NGOs.

To be sustainable, a PS delivery system must first have a strong base of information about the poor. Second, policies need to focus on the poor and on improved targeting procedures. Third, programs should strengthen management’s capacity for designing and implementing PS delivery systems. Fourth, systematic research should be carried out at the local and regional level to refine methods of providing PS to the poor.

Chapter 4, by Dieter Bucher and Keith Johnson, looks at the experience of the Asian Development Bank (ADB) in helping to promote rural development and alleviate poverty. Rural poverty, the authors point out, is caused by the combined effects of excluding the poor from normal levels of production and consumption, by the inhibiting effect of their inherent disadvantages (poor health and education, higher birth rates, and so on), and by the excessive risks to well-being that they face. The prevalence of poverty in South Asia can also be related to a number of overlapping structural causes, and thus the authors argue for an integrated...
multisectoral approach in the fight against poverty. Rural development projects typically consist of an integrated bundle of investment and technical assistance measures presumed to be mutually reinforcing. As such, they are considered to be especially well suited to combating poverty and providing the basis for sustainable development. Although in theory the integrated approach has a number of advantages, ex post assessments indicate wide divergences in practices and achievements. Too often integrated rural development projects have proven to be complex and difficult to implement and sustain. Also, many of them have failed to improve the lot of the poor or to provide the expected level of benefits.

The chapter also reviews the ADB’s approach to the preparation, design, and implementation of rural development programs and discusses the results of an evaluation of fifty such programs. The authors conclude that the conceptual framework for rural development is still evolving as practitioners devise and implement new approaches to project formulation and implementation. An innovation of recent years has been to link rural development directly to poverty alleviation goals. Although difficulties abound, there is renewed optimism that rural development projects can be cost-effective for development agencies, affordable to beneficiary groups, and sustainable over a long period of time. The key to good project design and smooth implementation lies in understanding and harnessing the energies and aspirations of the poor. A targeted approach that allows beneficiaries to participate in project preparation and implementation is therefore vital for project sustainability. Rural projects cannot be too complex, yet must address the various facets of poverty. Bucher and Johnson favor a phased approach with some flexibility in project implementation, but they note that it can only be carried out if rural development and poverty alleviation are treated as long-term processes. Practitioners therefore need the time and scope to devise and apply area-specific planning and implementation procedures, backed by a firm high-level commitment to the achievement of human development objectives.

In Chapter 5, Yue-Man Yeung describes the poverty and basic infrastructure services in the urban areas of Asia. Since the end of World War II, rapid urbanization has shaped development policies in Asia’s cities. The lack of basic infrastructure services continues to be a serious problem, especially in the low-income communities of these urban areas, and is expected to grow even worse in the future. The urban poor—however imprecisely defined—tend to be concentrated in certain parts of Asia, the highest concentration being in South Asia. Improving their access to basic urban services is a major challenge for planners and policymakers. Although various methods have been devised to deliver urban services to the poor, they have met with varying degrees of success. The trend now is toward multifaceted and integrated projects, with active beneficiary participation.

Of the many lessons to be learned from project experience in Asia, some of the more salient ones that the author points out are the failure of top-down planning and the need for community participation, stronger local governments, investment in leadership and training, and increased women’s contributions. The Asian experience raises a host of policy questions, the foremost being who is to pay for the services? Urban governments are ill prepared to tackle this issue in view of their low revenue base. A number of other important trade-offs exist, including: cost recovery versus subsidization, centralization versus decentralization, equity versus efficiency goals, public versus private sector provision, formal versus informal sector roles, and high versus appropriate technologies.
Chapter 6 turns to the Role of Credit in Poverty Alleviation. Ismael Getubig, Jr., opens the discussion with a brief review of credit programs for the poor in Asia and shows that most conventional credit approaches (for example, IRDP, cooperatives, and subsidized agricultural credit) have had failed in terms of both repayment and outreach, in large part because the design, management, and implementation of the program neglected to account for the unique condition and circumstances in which the poor live.

At the same time, innovative credit programs have emerged in various countries of Asia and elsewhere that have adapted their design, management, and implementation systems to the special needs of the poor. These programs have shown remarkable success in reaching the real poor while maintaining high repayment rates (ranging from 90 to 99 percent). Getubig provides the details of four such programs that have succeeded in significantly scaling up their credit activities: an intermediary-type program of the Working Women's Forum of India, specialized programs of formal-sector banks illustrated by the KUPEDES program in Indonesia, specialized banks for the poor (illustrated by Grameen Bank of Bangladesh), and a package-type program in Pakistan (the Aga Khan Rural Support Program).

The successful credit programs illustrated in the paper share some of the following characteristics:

- **effective targeting**
- borrowers organized into solidarity groups that provide mutual support and replace the collateral or guarantor requirements of conventional banks so as to fit the credit delivery system to the needs of the poor
- credit services that observe proper pricing practices (that is, charge market interest rates)
- self-selected income-generating activities
- assurance of bigger subsequent loan upon repayment of old loan
- effective savings mobilization
- adequate and appropriate training and preparation of borrowers
- accountability and effective management information system, and
- appropriate implementing institution.

The author concludes that credit is one of the most potent instruments for alleviating poverty and can be made viable, sustainable, and effective if appropriately delivered by programs that are well designed, managed and implemented. However, credit programs have their limits. For one thing, projects undertaken by poor borrowers are usually small, the technology is limited, and the market is also small. Any hope for alleviating and eventually eliminating poverty throughout society rests on the economic policy environment.

In Chapter 7, Noeleen Heyze takes up gender issues in Asia's antipoverty programs. She finds poverty is more acute among women than men because of gender-based discrimination, which can be seen in the unequal sharing of food, inadequate medical care or lack of it and thus higher incidence of illness and health hazards among women, underpayment, long hours, tedious and hazardous work, and loss of employment or lower productivity due to illness. Many women are thus forced to sell or pawn their meager belongings and have difficulty finding shelter, fuel, and security. Furthermore, a large percentage of female-headed families have little or no land or other property, live below the poverty line, and suffer persistent verbal and physical abuse, which leads some to commit suicide.
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According to Heyzer, these problems can be remedied by drawing women into nonagricultural pursuits outside the women-oriented areas, shifting emphasis from cash to food crops, providing improved technologies and training women in their use, building credit facilities and extension services, establishing cooperatives and marketing outlets, and developing cottage industries. New technologies can have adverse effects, however. They can increase the work load and thus affect the welfare of women and children, cause girls to withdraw from school, and deprive women of their traditional means of livelihood.

To be of real benefit to women, poverty-alleviating measures must be introduced in a package rather than piecemeal and must cover the entire process of production and marketing. Special institutions like cooperatives for women would avoid subordinating women's interests and allow women to retain a leadership role. Cash income by itself may not raise women's standing at home. The size of income, mode of control of family budget, and cultural constraints are also important. If more women become employed, however, this may affect the employment position of men and may give rise to conflicts at home. The success of these measures depends on the influence of women's organizations and the willingness of women to strive for a better quality of life.

The growing trend toward urbanization in Asia is due mainly to the influx of rural migrants, who are now dominated by women in many countries, particularly in the fifteen to twenty-four age group. The international migration of young girls seeking jobs as domestic helpers is developing into a big business.

Heyzer also points out hierarchical differences in the employment of women: (a) there is a labor aristocracy of small groups of educated women; (b) a large group of skilled young women is present in export industries; but (c) the informal sector is the main avenue of employment, created by the growth of a large middle class. The informal sector offers three types of employment: self-employment, which absorbs two-thirds of migrants; outwork, which is mainly done by women and children; and domestic work, which is an extension of work at home. Assistance to women may take the form of skill upgrading, higher prices for products, easier credit, and the like. Informal banking institutions, family and kinship systems, newly created aid networks, and patron-client relationships can also be of help, particularly in times of hardship.

Although basic services like water supply, sanitation, health care, and rural energy benefit primarily women, their views and needs are still not being considered and thus they do not obtain the intended benefits in full. To do so, women must make known their views and needs, and they must be given a greater say in development programs.

Part III. Decentralization, Targeted Poverty Projects, and Survival Strategies of the Poor: Lessons from Karnataka

Seminar discussions drew heavily on local experience in Karnataka (the state in which the seminar took place) and Tamil Nadu (the location of the project visits).

In Chapter 8, Abdul Aziz goes over the lessons from the visits to targeted poverty projects. Aziz describes six poverty alleviation projects visited in and around Bangalore and Madras: rag-picking for destitute children, lacquerware production, sericulture development, the Working Women's Forum, sites and services and slum upgrading, and the Tamil Nadu Integrated Nutrition program.
The following lessons emerged from the project visits:

- Although household income can continue to be an important criterion for identifying poverty groups, the activities they engage in (for example, rag-picking) and their caste (for example, handicraft artisans) could also be used for this purpose. Levels of nutrition, health condition, and oppressive social conditions could also form a basis for identifying target groups.

- The appropriate beneficiaries are most likely to be overlooked where the subsidy is high, as in the case of the sites and services project and the lacquerware development project. Rigorously planned and executed household surveys by independent or voluntary agencies (as in the rag-picker project) will certainly reduce misidentification problems, but the cost of such procedures is unduly high. Perhaps a better alternative is to have community and neighborhood members identify beneficiaries.

- Projects and benefits must be decided on with local resources in mind. At the same time, certain social imperatives should not be overlooked. High-rise housing projects, for example, may not be acceptable for the poor because the residents cannot keep animals, have a workshop, or set up a petty shop. Similarly, if benefits like nutritional supplements are prepared by low-caste nutrition workers, this may not be acceptable to high-caste beneficiaries.

- Some basic economic imperatives also need to be considered. Projects that interfere with the current family earning potential (such as rag-picking) are likely to meet with resistance from the heads of families. This difficulty can be overcome by compensating the family for opportunity cost. Even here, a purely business approach to evaluating the opportunity cost does not work unless the community or parents are informed of the benefits to their children's future earning potential.

- The income- and employment-generating intervention alone—say, credit for self-employment or work under a wage employment scheme—is not likely to ensure poverty alleviation. More effective results would be obtained from a package of benefits such as training, schooling, and placement, as in the case of rag pickers; training, input supply, and marketing of the product, as in lacquerware and sericulture projects; and infrastructure and amenities, as in sites and services projects. A simultaneous attack on the symptomatic condition like malnutrition and disease appears to be a more appropriate strategy of targeting the benefits than tackling them individually and sequentially.

- NGOs appear to be more willing and effective in transforming a given form of government assistance (such as a grant) into an integrated, multiservice poverty alleviation program (for example, a rag-pickers' project) than a government organization. The cost-effectiveness of such projects appear to be high.

- Integrated multiservice projects seem more likely to have cost-effective delivery systems. A single service such as credit could be provided in a more cost-effective way by inviting
community members to help identify beneficiaries and administer the delivery system. For bureaucracy-managed programs like lacquerware production, performance can be improved through better coordination between the agencies involved (such as KSHDC, commercial banks, and an artisan training institute).

- Project implementation can be monitored more effectively by the peer group or the people’s representatives than by the bureaucracy.

- When the assets created under the project bring a high rent income and generate capital gains, it is difficult to expect the beneficiaries to retain the asset (sites and services). If controls are not introduced, after a lapse of time assets such as housing are likely to fall into the hands of individuals who are better off.

- Providing benefits free of cost inevitably reduces the life span of a project because project authorities are unable to sustain and replicate it. Conversely, wherever cost recovery is high, sustainability and replication are likely to be high.

- One way to improve cost recovery and project sustainability is to link the sale of the product to loan recovery through a government channel (as in the lacquerware project). Another way is to use peer group pressures to encourage beneficiaries to repay loans (as in the Working Women’s Forum in Madras). Perhaps a more enduring way is to create a policy environment that enforces loan recovery and promotes the collection of user charges. Such actions require political will and clout on the part of the government.

In Chapter 9, Aziz considers the lessons from Karnataka regarding decentralized planning as a strategy of poverty alleviation. He begins by defining the concept and the methodology of decentralized planning, and the preconditions for such a process. Next, he describes and evaluates various antipoverty programs designed and implemented in Karnataka by the decentralized governments at the district and village cluster levels.

The author concludes that despite political pressures, continued problems with coordination, and inconsistencies between the projects and the policy environment, decentralization has made programs more accessible to the poorest sectors of society. This is mainly due to the fact that the local community is actively involved in decisionmaking, in controlling who receives benefits, and in ensuring that assets are retained.

Chapter 10, by Abdul Aziz and Michael Bamberger, focuses on survival strategies of the poor. The authors compare the role of interhousehold transfers, community support systems, and other strategies in Karnataka, other parts of Asia, Africa, and Latin America. The poor may use a variety of survival strategies to reduce the drastic effects of unstable economic, political, and social conditions. A knowledge of these strategies can help authorities to formulate appropriate policies to further improve the survival efforts of the poor; frame a comprehensive strategy for poverty alleviation acceptable to the poor; and become familiar with the contexts in which specific strategies are adopted by the poor.

Aziz and Bamberger note that other researchers have suggested that a "culture of poverty" exists among poor households whereby they provide informal credit services and even share food,
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clothes, and furniture. In Cuidad Guyana, Venezuela, such mutual assistance extends to house-
building and maintenance and the supply of water. Such economic reciprocities operate among
both kin and nonkin households, although they tend to be stronger among the former. Some have
called this phenomenon a "continuum of exchange" or reciprocity and have identified several
patterns of reciprocity. In some cases, goods are given free, with no expectation of having them
returned.

Reciprocity in the slums of Mexico City is said to be related to social, economic,
psychological, and physical distance, while in El Salvador it is the poor households with no
steady income or not enough for their basic needs that cooperate with each other. It appears that
"givers" and "receivers" constantly change places as their fortunes change. A special form of
reciprocity prevailing in the Philippines is called Utang ng loob, meaning debt of gratitude, which
remains an obligation of the receiving family until it is repaid—sometimes one or two generations
later. Malasakit (or charity) is another form of aid given to persons in indigent circumstances
and, therefore, need not be returned.

Female-headed households—because of their lack of steady income, limited numbers of
wage earners, and lack of access to formal credit markets—tend to rely heavily on informal
support networks. Assistance and reciprocity consists of the exchange of money, food, and
clothing and frequently the transfer of children to households with a higher income or with better
access to schools or places of employment.

In Karnataka and Tamil Nadu, various survival strategies operate in the market context,
at the individual level: casual workers, for example, prefer piecework in order to maximize
earnings; poor household workers desire payment in kind to counter the effects of inflation; and
poor workers such as maids prefer regular, though low-paid, work. At the household level,
during drought or distress, many women and children offer to work for wages to supplement the
low income of the male-earner and migrate to big cities in search of jobs.

These findings have important policy implications for publicly financed intergenerational
transfers such as pensions and child welfare benefits. They also affect how household income is
estimated and the basis on which the capacity to pay for services is calculated. In addition, they
suggest that attractive projects can mobilize greater-than-expected resources from within poor
communities.

Part IV. Guidelines for the Selection, Design, Implementation, and Sustainability of Poverty
Alleviation Programs

Part IV proposes operational guidelines to ensure that the selection, design,
implementation, and operation of poverty alleviation programs respond to the characteristics of
the target population and to the economic, social, and political environment in which the poor
live and work. It is argued that if poverty alleviation projects are designed according to
conventional project cycle procedures, the projects are less likely to benefit large sections of the
target population, will be poorly implemented, and will not be sustained.

The design and management of poverty alleviation projects carry substantial costs in terms
of staff time, the information required, and preparation. Such projects are usually smaller than
the typical investment project and thus have higher supervision costs per dollar loaned. In many
cases, some of these costs can be absorbed by NGOs or community organizations themselves.
Additional investment is required to reorient government bureaucrats (and private officials for credit projects, for example) to the needs of the poor. This will frequently involve training, structural reorganization, and intensive cooperation on small pilot projects. It may also be necessary to create new coordinating mechanisms to ensure effective liaison between participating public and private sector agencies, and between the government and the beneficiaries.

With appropriate design and implementation strategies, however, the costs are likely to be offset by significant benefits. First, projects are more likely to reach the intended groups. Even a 5 to 10 percent increase in this regard may more than offset the additional start-up and supervision costs. Second, the quality of project design and implementation will improve when beneficiaries participate in project organization. Third, additional savings (to the government or donor) may occur if communities contribute their labor to the project (which they are more likely to do if they have been involved in the project design). Fourth, the likelihood that a project will be sustained is greatly increased if beneficiaries help operate and maintain it. Community involvement is particularly important to the life of irrigation projects and social infrastructure. Many benefits are also likely to accrue from investments in training and institutional restructuring introduced to adapt government, and where necessary private, agencies to the culture of poverty-responsive administration.

The five chapters in this section emphasize a number of general principles. First, they indicate the need for a conducive policy environment and for close integration between public policies and poverty programs and projects. That is to say, decisionmaking will have to move closer to local implementing agencies and beneficiaries in order to build the necessary public sector culture and institutional structure. At present few South Asian countries are politically committed to sustainable and financially viable poverty programs. Even those that do offer services to the poor provide little support for effective cost-recovery, and thus they have been unable to sustain many of their poverty projects.

Second, an effort must be made to modify the process of collection and interpretation of data for planning, monitoring, and evaluation. The analysis must be broadened from the conventional focus on economic data to include social, cultural, political, and institutional factors. Rapid assessment techniques should be developed to reduce the costs and the time of data collection and to make the analysis more responsive to community characteristics and needs. The interpretation of the data should be carried out with the help of beneficiaries rather than in a government office.

Third, beneficiaries should participate in all stages of project identification, design, implementation, and operation. This requires a considerable investment of staff time as frequent meetings must be held with beneficiaries and the project must be modified in response to these discussions.

Fourth, the project design and implementation strategy must be adapted to the characteristics and needs of the beneficiary population. Projects are likely to be smaller and simpler and to make greater use of local technology and implementation practices. Greater flexibility will also be required in the design, financial control, and implementation schedules. It is vital for the project to be considered a "learning process" rather than one in which a predetermined "blueprint" is being followed. Consequently significant modifications can be expected as the project proceeds and as beneficiaries come to understand exactly what the project involves. Although these changes and delays would be considered costs in the conventional
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In Chapter 11, Abdul Aziz explains how targeted poverty projects might be integrated into national development policies. He shows how approaches to poverty alleviation evolved from simply a component of strategies for accelerating growth to the recognition of the persistence of poverty even during periods of high growth. Policies now seek to make simultaneous and sustained interventions at various points of the poverty cycle. He emphasizes the need for a conducive policy environment, using the evolution of poverty alleviation policies in India to illustrate his points.

Chapter 12, by Neil O’Sullivan, identifies three important lessons that can be drawn from past experience in designing poverty reduction projects. First, projects are most likely to succeed if their objectives match the demands of the poor and if the poor are directly involved in the projects. Second, such projects cannot succeed without concentrated attention over a long period of time. However, the resources available to implementing agencies are invariably limited and are likely to shrink rather than to expand over time, with the result that little attention is likely to be given to conditions after the project has been completed. Third, even where both political will and government resources have been adequate, the results—particularly sustainability—have still been disappointing. O’Sullivan therefore points to the need for economic and administrative realism in identifying and designing projects. He describes procedures for rapid social assessment and their links to participatory project design.

In Chapter 13, O’Sullivan provides guidelines for implementing poverty projects. He argues that beneficiary organization is a key factor in the design of poverty projects. He also calls for greater attention to institutional factors such as the reorientation of bureaucracies, the selection and training of staff, the building of flexibility, and effective coordination. As the author notes, appropriately designed and evaluated pilot projects can play an important role in the development of major programs. He also emphasizes targeting and the involvement of NGOs.

In Chapter 14, O’Sullivan considers the gender-sensitive issues that can arise in designing poverty reduction projects. Like Noeleen Heyzer (in Chapter 7), he argues that both economic and equity issues need to be addressed to ensure the full participation of women. Women, he notes, are in effect the managers of many poverty projects, most of which would fail to achieve their objectives if they were not gender-sensitive. O’Sullivan proposes methods for encouraging the full participation of women and relates gender issues to the rapid social analysis and participatory project design described in the two previous chapters.

In Chapter 15, O’Sullivan discusses sustainability, which has been a continuing problem for development planners in many parts of Asia. Although projects fail for various reasons, usually it is because planners have paid inadequate attention to institutional arrangements, both on the supply and the demand side, or did not muster sufficient “political will” to overcome the inevitable social, economic, and technical barriers that separate the marginalized poor from the mainstream of society. Sustainability is also affected by other design flaws, the lack of attention to monitoring and evaluation procedures, and institutional weaknesses.
Part V. Summary and Conclusions

Chapter 16, by Michael Bamberger, summarizes the findings and conclusions of the earlier chapters on population, health, and nutrition; rural development; the urban poor and urban basic services; the role of credit in poverty alleviation; gender issues in poverty alleviation; and decentralization and poverty alleviation.

Chapter 17, by Bamberger and Aziz, brings together all the lessons discussed at the seminar. The authors first explain why many poverty projects fail and then propose guidelines for improving performance.

Why Many Poverty Projects Fail

With a few notable exceptions, the performance of poverty alleviation programs and projects has been disappointing. They have not reached the poor in an equitable and cost-effective manner or produced a significant and sustainable impact on the lives of a significant proportion of the target groups. These disappointing results can be traced to many factors, notably a weak policy environment, poor project design and management, insufficient attention to administrative and organizational details, the opposition of powerful stakeholders, and the lack of attention to gender issues.

The Policy Environment

Although most of the poverty alleviation programs discussed during the seminar were initiated by the central or state governments, in many cases the political will was not strong enough to ensure that programs would be implemented as intended or that they could be sustained. Political will was lacking in the following areas in particular:

- Few governments have been willing to take the necessary measures to enforce loan recovery or the payment of user fees and service charges. This has been responsible in part for the poor maintenance of most projects and for the lack of resources for new equipment and supplies. Because loan recovery rates have been low, credit agencies have not been able to recycle these funds through new loans.

- Governments have been reluctant to relinquish the financial control necessary to implement effective decentralization policies. In many cases, central planning agencies have not been willing to promote a genuine decentralization of the planning function.

- While recognizing the potential contributions that NGOs can make in the fields of project planning and management, governments have been reluctant to provide them with enough financial and operational autonomy to operate effectively.

- Little attention has been given to project sustainability. Financial provision is rarely adequate to cover operational and maintenance costs. Although an effort has been made to carefully choose the agencies responsible for project implementation and to provide
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them with the necessary institutional and administrative support, little thought has been
given to the selection of the agencies responsible for managing the project once it
becomes operational.

Project Design and Management

Although there is ample documentation to show that poverty projects should be designed
and implemented with their unique characteristics in mind, this is rarely done.

- The success of a poverty project depends not only on the adequacy of its financial,
  economic, and technical design, but also on the way it addresses cultural, social,
  institutional, political, and environmental issues. However, the appropriate forms of
  social analysis are rarely incorporated into project analysis and design in a systematic
  way.

- It is now widely acknowledged that the intended beneficiaries must participate in project
  identification, design, and operation if successful implementation, operation, and
  maintenance are to be achieved. Yet few projects make systematic use of beneficiary
  assessment techniques or beneficiary participation, or extend the length of the project
  preparation phase to allow for more thorough consultations.

- Most projects continue to be designed and managed from the top down with a "blueprint"
  approach. That is to say, important decisions on the choice and design of projects are
  made at the central level. Project design is seldom flexible enough in its financial and
  implementation aspects to allow for significant modifications as the project evolves.

- The procedures used in identifying and targeting the poor are often weak or poorly
  administered, and a considerable proportion of project resources frequently benefit
  wealthier groups. Monitoring procedures are usually weak, so it is difficult for
  management to obtain rapid feedback when problems of this kind arise.

- The potential contribution of NGOs in project planning and implementation is frequently
  overlooked. The mutual suspicion and distrust that often exists among government and
  nongovernment agencies must be overcome and an effort made to develop more flexible
  administrative procedures that could allow the government to exercise the necessary
  degree of financial control over public resources without reducing flexibility, which is
  one of the main strengths of NGOs.

Administrative and Organizational Issues

The size and complexity of governments and the wide range of responsibilities they must
assume often make it difficult for them to ensure the administrative flexibility needed to deliver
services to the poor in a cost-effective and equitable manner. The following are some of the
typical problems and issues that arise in the management of poverty programs:
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- Government agencies prefer standard procedures that simplify operations and make it easier to define staff responsibilities and monitor their performance. Consequently, many of these agencies find it difficult to build the flexibility required to adapt to local social and economic conditions.

- For similar reasons, governments like to define targets (number of loans authorized, number of children vaccinated, and so on) and like to give their staff specific achievement targets to aim for. These targets have become a problem, particularly in credit programs where extension workers are often accused of trying to force people to accept a loan for the acquisition of an animal, agricultural input, or machine that they do not wish to have.

- Governments seek to ensure strict control of how funds are used and consequently require that expenditures be precisely defined and controlled. Because it is extremely difficult to change the way in which approved funds are used, there has been little flexibility in the way funds in poverty projects can be spent.

Overcoming Opposition from Powerful Stakeholders

Powerful economic and political groups create two kinds of problems for poverty projects. First, these groups often try to divert resources to themselves or their followers. Significant proportions of low-interest loans, subsidized agricultural inputs, low-cost housing, and subsidized food are frequently diverted to powerful local interests. Given the influence of these groups, it may be difficult to control even well-documented cases of misappropriation of funds.

Second, many political or economic interest groups see poverty programs as a threat, especially if they involve the reallocation of land, permit the entry of poor producers into markets previously controlled by the local elites, or empower members of the electorate whose votes had previously been controlled by a political party. Also, projects that offer economic or legal empowerment to women or low-caste groups may pose a threat to male workers, spouses, or religious groups. In many cases, the threatened groups will try to sabotage the project through political pressure, and in some cases may even resort to physical violence. Many projects and programs have failed because of this kind of opposition.

Lack of Adequate Gender Analysis

Despite the fact that women are disproportionately represented among the poor and that the economic contribution of women is seriously undervalued, gender issues are often largely ignored in project planning and implementation.
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Improving the Performance of Poverty Alleviation Projects

The Importance of an Integrated, Multilevel Approach

The findings of the seminar strongly support the three-pronged approach to poverty alleviation proposed in the 1990 World Development Report. This is an integrated approach with simultaneous and coordinated actions at the policy, sectoral/program, and project levels. It requires effective intersectoral coordination. Poverty cannot be alleviated in an effective and sustained manner unless actions at each of these levels are given equal emphasis.

Creating a Conducive Policy Environment

A strong and sustained political commitment to poverty alleviation is also essential. However, good intentions are not enough. The policy environment must also be conducive to poverty alleviation. Seminar participants pointed out a number of examples in which well-intentioned policies actually prevented projects from achieving sustainable results. Such has been the case where services are free or subsidized, because they make beneficiaries feel that they are not responsible for the maintenance of the facilities and services provided. This also eliminates the possibility of generating revenue to cover operations and maintenance costs. Another example is the assumption by many policymakers that most women do not have primary economic responsibility for their household. This attitude helps reinforce wage and employment discrimination.

To create and sustain a conducive policy environment, authorities must meet some of the following requirements:

- See that subsidies are reappraised, along with their impact on the long-term sustainability of the programs they support and their overall impact on the poor. Many subsidies should be eliminated or significantly reduced.

- Put greater emphasis on bottom-up planning and give the poor an active role in the planning and implementation processes (see Chapter 12).

- Support policies that combine financial and administrative decentralization. A strong political commitment is required so that a real effort is made to decentralize decisionmaking. Valuable lessons can be learned from the decentralization experience in Karnataka.

- Ensure that programs and projects are sustained. Most governments and donor agencies have a relatively short time horizon and are more concerned with investing in new programs than providing financial and other resources to ensure that services are sustained at an acceptable level and quality. Political will is particularly important in a federal system such as that in India, where both the central and state governments tend to pass the responsibility for operations and maintenance on to lower-level authorities who do not have the resources to adequately cover these costs.
Developing an Effective Data Base

To be effective, poverty policies and programs must have access to reliable and timely information on the magnitude, characteristics, and distribution of poverty over time, and on the impacts and effectiveness of different poverty alleviation policies and programs. Therefore, accurate and frequent estimates must be made of the characteristics of poverty. Such estimates are already being made in India and to a lesser extent in other countries. The South Asian countries also need to put more emphasis on monitoring and evaluating poverty programs.

Creating a Poverty-Responsive Institutional and Administrative Structure

As already mentioned, policies and programs must be organized and administered in ways that are more flexible and responsive to the interests of the poor. Some of the institutional requirements are

- Bottom-up planning and management procedures that include systematic mechanisms for consulting with, and obtaining feedback from, the poor and other local groups and organizations.
- Decentralization of decisionmaking and program management.
- Decentralization of financial management and responsibility, which can be achieved by delegating the control of financial resources, allowing greater flexibility in how funds are managed (with more emphasis on ex post evaluation of how funds were used rather than on complicated ex ante approval procedures), and by increasing the revenue sources available to local authorities (through service charges, higher taxes, and the like).
- A greater role for NGOs at the policy and implementation levels.
- A greater role for the private sector in the delivery of services
- The use of training and other management techniques to provide public officials with the skills and attitudes required to implement participatory approaches.
- Stronger interagency coordination to permit the integrated delivery of a wide range of services.

Strengthening Management Capacity

At present, most poverty programs are badly managed. One of the problems is that poverty programs are frequently considered to be social welfare services rather than ways to promote economic growth through investments in human development. Consequently,
management accountability is often weak. The management of poverty programs can be strengthened in a number of ways:

- Provide a clearer definition of program objectives and the criteria for evaluating success.

- Recognize the importance of rigorous project analysis and design. Chapters 12-15 provide guidelines on how to identify and design projects more effectively through greater administrative and economic realism. They also stress the need to adapt conventional project design to the special characteristics of poverty projects. Most projects will be smaller, simpler, and of a shorter duration than conventional economic and infrastructure investment projects.

- Much greater use should be made of market studies to ensure that there is a market for the goods or services to be produced through income and employment generation projects.

- More emphasis should be placed on demand-driven as opposed to supply-driven projects. Projects should respond to the needs and priorities of beneficiaries rather than the wishes of central planners.

- Systems of performance evaluation should be introduced so that future budget allocations are based on results (volume and quality of outputs and impacts) and not simply on past expenditures.

- More effective and management-responsive monitoring and evaluation systems must be introduced to obtain rapid feedback on project progress and problems. These should not simply be an administrative reporting system for funding agencies.

- Private sector agencies should play a greater role in the provision of services. With their involvement, a greater effort should be made to recover the costs of services and to generate the necessary resources to cover operations and maintenance.

- NGOS should be encouraged to participate in poverty alleviation. Public sector agencies should use analytical procedures such as cost-effectiveness analysis to identify areas in which NGOs appear to have a comparative advantage in the provision of different services.

- Higher priority should be given to ensuring sustainability, for example, by incorporating sustainability assessment into project analysis, involving beneficiaries in all stages of project design and implementation, and incorporating mechanisms to generate the resources required for operations and maintenance.
Use of Appropriate Targeting Mechanisms

Considerable controversy surrounds the merits of "narrow" targeting. Some analysts argue that most targeted programs are expensive, difficult to administer, and do not reach the most needy groups. They also contend that categorizing certain groups as poor or weak may deter them from seeking work or becoming self-reliant. Others, however, say that at least in the South Asian context, narrowly targeted programs are the only effective way to overcome the effects of illiteracy, the unequal distribution of economic and political power, cultural and religious barriers, and the unequal regional resource endowments and to ensure that resources and services reach the poorest and most vulnerable groups.

The issues involved are extremely complex. However, the following guidelines can be used to assess the potential benefits and costs of targeting in a given circumstance and to select the most effective targeting mechanism for a particular program:

- Incidence analysis can be used to assess who is benefiting from programs. If a particular program or service appears to be accessible to all major low-income and vulnerable groups, then the design of a narrowly targeted program is probably not justified. However, if it can be demonstrated that certain groups are excluded on the basis of sex, region, race or similar factors, then more narrowly targeted projects may be required.

- An analysis should be made to determine why certain groups are excluded. In some cases, the problems are administrative and can be corrected without the need for a special program. In other cases, the problems may be more complex and a particular program may be unable to reach major sectors of the target group.

- Where targeting is to be used, a careful comparison should be made of the alternative approaches and their probable cost-effectiveness for a particular program. There are three main approaches to targeting: individual entitlement on the basis of economic or social characteristics of an individual or household; geographical targeting to sectors (low-income urban or rural populations), regions (resource poor geographical regions) or states; and self-targeting, whereby an individual, household, or community decides whether to participate in a program or to solicit a service. Each of these approaches and their many subvariants have advantages and disadvantages in terms of cost, complexity of operation, and effectiveness in reaching different groups. The recent work of Margaret Grosh (1992) assessing targeting mechanisms in Latin America provides some useful guidelines on the methods of targeting.

Integrating Women into Poverty Programs

One of the principal themes of this report is that a strong gender-bias exists in the formulation and implementation of many development policies and programs, including poverty
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alleviation programs. Consequently, it is essential to adopt, select, design, and manage all poverty alleviation programs with a view to detecting and eliminating any gender biases. The following steps should be taken by policymakers and planners in this regard:

- Recognize that the economic contribution of women is underestimated and promote the use of gender analysis in policy formulation and project planning and implementation.

- Develop political and economic organizations to aid women in the labor market, help them protect their land rights, and help them fight for political, economic, and social equality.

- Promote flexible and targeted credit programs. Such programs play a particularly important role in providing women with access to the capital and the technical assistance they need to break out of their economic and social dependence on their family and male relatives. Many of the more successful credit programs have provided an entry point for a broader range of legal, economic, and political support.

- Encourage programs that reduce the time women spend on collecting water and fuel so as to give them more time to work as agricultural producers.

- Understand and protect women's existing sources of livelihood.

- Eliminate discriminatory laws on ownership and on the control of productive assets.

- Promote equitable access to agricultural inputs.

- Help strengthen urban networks and support groups that women can use as a survival strategy.
Part 1

POVERTY AND STRATEGIES FOR POVERTY ALLEVIATION
POVERTY ALLEVIATION STRATEGIES AND THE ROLE OF TARGETED PROGRAMS FOR THE POOR

Michael Bamberger and Abdul Aziz

The Evolution of Approaches to Poverty Alleviation

While the alleviation (reduction) of poverty has become a major objective of development policy throughout the world, the debate continues as to the most effective way to achieve this objective. During the 1960s and early 1970s the predominant (but by no means unchallenged) development philosophy was that poverty should be attacked through sustained economic growth. The Brazilian "economic miracle," with its heavy capital investments and promotion of industrial development, was often cited as an example of this approach. When it became clear that high economic growth did not automatically ensure the wide distribution of benefits, attention turned to distributive consequences of different patterns of growth (Chenery, Hollis, and others 1974).

During the 1970s and early 1980s increasing emphasis was also placed on the development of human capital as a key component of sustained economic growth, and consequently there was a greater call for investments in health, education, and other social sectors. The oil crises of the late 1970s and early 1980s, increasing debt burdens, and the subsequent slowing of growth led policymakers to believe that broad structural reforms were needed to reduce financial imbalances and to stimulate growth. Because many of the structural adjustment programs that were introduced required governments to drastically reduce public expenditures, the new concern was that poor and vulnerable groups would be subjected to excessive strain (as a result of the so-called social costs of adjustment), namely, the loss of employment, cuts in social services, and increases in the prices of basic commodities during the period of economic and structural reform (Cornia, Jolly, and Stewart 1987). This concern intensified when planners saw that it would take far longer than expected for the benefits of adjustment policies to be widely enjoyed. They also recognized that, even during normal times, a high proportion of public subsidies go to nonpoor while large numbers of the poor and vulnerable continue to be excluded. Thus they became more interested in targeting programs for specific vulnerable groups, such as undernourished children, landless laborers, or female-headed households (Grosh 1992).

The evolution of these different approaches to poverty alleviation were reflected in the 1990 World Development Report (WDR) on poverty (World Bank 1990b) and a number of subsequent publications by the World Bank (World Bank 1992a) and by other international organizations (UNDP 1990, 1991). The WDR argued that poverty can only be effectively attacked through an integrated approach focusing on three main endeavors:

References cited in the chapters by the editors are given in the bibliography at the end of the report.

1. Studies in Jamaica, Algeria, and Sri Lanka have found that only 14 percent of the benefits of general food subsidies accrued to the bottom income quintile. In the case of public health care in Argentina, Chile, and Peru, only 51, 22, and 11 percent of benefits, respectively, accrued to the lowest quintile (Grosh 1992).
a. Promoting sustained economic growth through strategies that provide opportunities for the poor and permit them to participate in growth. This activity consists of three broad tasks: encouraging rural and urban employment; increasing the participation of the poor in growth by increasing their access to land, credit, public infrastructure; and services; and giving special attention to resource-poor areas, both to promote outmigration and to provide subsidized public investments to meet basic needs, maintain or increase yields, and preserve natural resources.

b. Delivering social services to the poor. Investments in health, education, nutrition, and other basic social services directly improve the welfare of the poor and are also an essential condition for increased productivity and sustained economic growth. Consequently, an investment in people is an essential component of a poverty alleviation strategy. A key issue in the ensuing discussions has been whether the poor will be reached by providing universal access to health, education, and related services, or whether this goal is unrealistic in many poor countries where educational participation rates and access to health services are low. Narrowly targeted programs may be a better option in countries where universal access is not feasible (in the medium term).

c. Providing social safety nets and targeted programs for the poor and vulnerable. Not all the poor will benefit from the two previous policies. It may take a long time for the working poor and those in remote or resource-poor areas to benefit from these policies, and some groups—such as the old, infirm, children, or culturally underprivileged groups—may never benefit. Other groups may continue to be vulnerable even when the new policies are fully operational. The only answer in the first case may be some form of income transfers or the direct provision of free or subsidized goods and services; while others may need some kind of income assurance or direct provision of goods and services to help them through short-term stress and calamities.

These three approaches have been referred to as the "three legs (or components) of the WDR poverty alleviation strategy." Figure 1.1 shows the links between these components. The policy environment affects the ability of human resource development programs to achieve their objectives. For example, the interventions in credit, labor, and product markets will affect the outcome of programs intended to create new economic opportunities. They will also affect health and education programs by changing the prices of basic consumption goods and will affect the supply of teachers and medical staff through changing wage levels. Similarly, the efficiency with which education, health, and other human resource development programs are managed will affect the operation of social safety nets (for example, those used to determine which groups are excluded from regular health and nutrition programs) and targeted programs. One of the main reasons that many targeted health and nutrition programs operate relatively well in countries such as Chile and Costa Rica is that the health sector is well managed and these countries have the capacity to conduct the necessary health, nutrition, and economic surveys and administer the new programs. Figure 1.1 shows that the links also operate in the other direction. If many targeted programs fail, for example, this will put pressure on the national health and education systems and may even cause major changes in national policy. Many economic reform programs in Asia,
Africa, and Latin America have had to be drastically modified because targeted food and income programs have been unable to relieve the pressure on some of the groups most affected. The failure of food distribution programs can cause riots and even the overthrow of governments. Likewise, the failure of social sector ministries to recover part of the cost of social services can significantly affect national financial policies and attitudes to questions such as administrative and financial decentralization.

Although it is generally accepted that poverty cannot be reduced unless economic opportunities for the poor are promoted as part of a strategy for sustained economic growth, opinions differ as to the short and long-term impacts of economic growth on different low-income groups. In particular, the likely outcomes of promoting economic liberalization in Africa have been widely debated.

In addition, questions have been raised about the feasibility of ensuring the general availability of basic social services in many of the poor countries. As Satia argues in Chapter 3, the goal of "health for all by the year 2000" may, in fact, divert attention and resources away from ensuring that primary health services are made available to the poor.

Opinions also differ with respect to the third component of the WDR poverty alleviation strategy. Some argue that the poorest and most vulnerable groups will not be able to compete with economically and politically more powerful groups and hence must be protected through the provision of targeted services such as credit programs restricted to the poor (Getubig 1992), employment and training exclusively for women (Heyzer 1992; Arunachalam 1989), or nutrition programs exclusively for the malnourished (Cornia, Jolly, and Stewart 1987; UNDP 1990). Others argue that targeted programs tend to be expensive, to provide poor quality services, and to be ineffective in reaching the poor as resources are siphoned off by influential groups (Sen 1992). Some also claim that targeted programs provide disincentives to work because beneficiaries must publicly acknowledge that they are poor.

A significant contribution to the debate was a recent review of targeting experiences in the health, nutrition, and education fields in Latin America and the Caribbean (Grosh 1992). The review showed that a wide range of targeting mechanisms have now been developed to improve the equity and cost-effectiveness of delivery of health, nutrition, education, and other services to the poor and vulnerable groups.

Although many questions concerning the most effective poverty alleviation strategies remain unresolved, the consensus is that poverty will continue to be a major development concern. Despite the impressive declines in the proportion of the population below the poverty line in most developing regions, the 1992 WDR estimated that more than 1.100 million people are likely to be below the poverty line by the year 2000. Even though this represents a proportional decline from 30.5 percent in 1985 to 24.1 percent in the year 2000, poverty will clearly continue to be a primary development objective for at least the early decades of the next century.

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3. A recent example is the Janasaviya program in Sri Lanka. This was designed in 1989 as a crash program for poverty alleviation. It aimed to cover all households enrolled in the food stamp program. Poor households were to receive a monthly grant of Rs 2,500 over a twenty-four-month period. When the program began, participants were receiving a monthly consumption grant of Rs 1,458, but the monthly rural wage was around Rs 1,000. Consequently, the program provided a strong disincentive to work. Other public employment guarantee programs in India and elsewhere have sought to ensure that wages or food are equal to, or lower than, market wages to avoid such a disincentive effect.
FIGURE 1-1 THE ELEMENTS OF AN INTEGRATED POVERTY ALLEVIATION STRATEGY AND THE INTERFACES BETWEEN THE DIFFERENT LEVELS

- **Creating a Conducive Policy Environment**
  - Devaluation
  - Trade
  - Fiscal and monetary policy
  - Public expenditure management
  - Market and institutional reform
  - Impacts on Labor, Credit and Product Markets

- **Promoting Human Resource Development through**
  - Increasing access to primary health and education
  - Promoting economic opportunities
  - Improving living conditions
  - Investing in primary health and education
  - Increasing ownership of productive assets
  - Upgrading not destruction of housing
  - Sustainability

- **Social Safety Nets and Targeting Programs for the Poor and Vulnerable**
  - Mitigating social costs of adjustment
  - Protecting those unable to protect themselves
  - Local capacity building and empowerment
  - Strengthening social infrastructure
  - Promoting small businesses
  - Impacts on welfare of poor households
Poverty and Approaches to Poverty Alleviation in Asia, Africa, and Latin America

Although the Bangalore seminar focused exclusively on Asia (and mainly South Asia), the discussions should be seen in the broader framework of poverty alleviation experience in Africa and Latin America. A brief review of the approaches to poverty alleviation there will serve to indicate what they have in common with the Asian experience and therefore to identify problems of a general nature. Such details will also draw to the attention of Asian readers some of the material and experiences from Africa and Latin America that might be relevant to Asian poverty programs.

Probably the most important characteristic of South Asia is that it contains half of all the poor in the developing world. In 1985 South Asia was home to 29.7 percent of the population of the developing world but to 50.7 percent of the population below the poverty line. In contrast, 17.5 percent of the developing world's poor are in Africa (11.1 percent of the population) and 8.3 percent (11.2 percent of the population) in Latin America. By the year 2000 it is estimated that South Asia will still contain 46.1 percent of the poor. Consequently, South Asia is facing poverty on a more massive scale than the other two regions and must develop larger and more complex programs to alleviate it.

Until recently, most South Asian countries practiced central planning, which meant that the central government played a major role in the formulation and implementation of poverty programs. During much of the post-independence period, the predominant philosophy in these countries had been one of entitlements, which gave the poor the right to receive an extensive package of free or subsidized services. It was argued that a combination of economic, political, and cultural constraints made it necessary to protect the poor and help them to cross the poverty line. Many of these countries also face serious ethnic, religious, and cultural conflicts that limit the opportunities for economic and social development of significant sectors of the population. Women have continued to be one of the most disadvantaged groups, and many special programs have been developed for them.

A notable difference between India and the other countries of South Asia is that poverty programs in Bangladesh, Nepal, and Sri Lanka have been largely financed by international donor agencies and have a strong project focus, whereas in India donor support for the social sectors has been proportionately less important until recently. These considerations, combined with a huge population living in poverty has led Indian authorities to focus on broadly based, largely government-funded programs rather than on discrete, donor-assisted, projects.

In contrast to India, Pakistan, and Bangladesh, most African countries have relatively small, widely dispersed populations. After promising performances in the post-independence period, most African countries experienced negative rates of growth in the 1980s combined with rapidly increasing debt problems (Obidegwu 1990, 1992). Many of these countries have therefore been forced to carry out broad structural reforms, which have had serious implications for poverty alleviation strategies. To reduce deficits, they have had to reduce public sector employment and expenditures on basic social services such as health, nutrition, and education (Grosh 1990b; Sahn 1992; Pinstrup-Anderson, Jaramillo, and Stewart 1987). In response to these budgetary constraints, donors have been providing substantial support for programs specifically targeted for poor and vulnerable groups. These have taken the form of Social Action Programs that frequently include a large number of components targeted for specific groups such as undernourished children, women farmers, dislocated government workers as well as projects to protect social infrastructure such as schools and water sources (Skillings, Marc, and Makonnen...
Considerable interest has also been expressed in trying to adapt the experience of the Latin American Social Emergency Funds to the African context. One of the questions being debated throughout Sub-Saharan Africa concerns the appropriateness of structural adjustment programs and their impacts on the poor. Some African governments and development experts believe that the liberalization and privatization strategies advocated by many international donors would expose the weak export and productive sectors of many economies to excessive competition, with negative consequences for many of the weaker countries, particularly for the poor.

Many African countries in the throes of structural adjustment have large numbers of displaced public, and to some extent private, sector workers in need of assistance. In some countries, tens of thousands of government and military employees have lost their jobs, and this trend has caused political as well as social and economic problems. These displaced government workers are usually vocal and politically well organized so that although they may not be the poorest sectors affected by adjustment, they have received a considerable proportion of the resources provided under the social costs of adjustment programs (Callaghy 1990; Graham 1992a). Consequently, in Africa an important distinction must be made between the poor and the vulnerable (Graham 1992b) and long-term strategies for the alleviation of structural poverty must be distinguished from short-term programs to combat frictional or conjectural poverty caused by structural adjustment programs. In practice, the distinction between these two has become clouded as many of the structural adjustment programs have not produced the hoped-for rapid economic turnaround, with the result that the social costs of adjustment are usually felt over a much longer period of time and may affect a larger number of people than anticipated.

Because most African nations also have a weak administrative and project implementation capacity, it is difficult for them to apply many of the approaches to poverty alleviation used in Asia and Latin America (Bamberger, Yahie and Matovu 1993). These other regions have made extensive use of social surveys, for example, to identify the poor, to determine eligibility for programs and to monitor program impact (Grosh 1992). Most Sub-Saharan African countries do not have the administrative capacity to conduct or to analyze the kinds of socioeconomic surveys recommended as part of the social dimensions of adjustment programs.

Another point to note is that the African experience cannot be fully understood without some idea of the political economy of adjustment (Nelson 1990). The economic and administrative reforms proposed under many adjustment programs have run into strong opposition from political and economic elites, who see these reforms as a threat to their control over government policies. At the same time, powerful local groups have been able to siphon off significant portions of the resources intended for the poor (Graham 1992a, 1992b). It has thus become clear that poverty alleviation has political as well as economic dimensions that must be taken into account in policy and program design and implementation. Governance, local capacity building, the role of NGOs,
Poverty Alleviation Strategies and the Role Of Targeted Programs for the Poor

and decentralization are some of the issues now receiving greater consideration in response to these concerns.

In much of Latin America the 1980s are considered "the lost decade" because many of the social and economic gains of the 1970s subsequently vanished. The debt crisis obliged many countries to cut back drastically on spending on social services even, though efforts were made to protect the social sectors from disproportionate cuts (Grosh, 1990b). Beginning with the Bolivian Social Emergency Fund (Jorgensen, Grosh, and Shacter 1992), many countries have sought to develop fast disbursing grant or credit programs to permit projects to be rapidly implemented to protect the poor and vulnerable groups from the impacts of social expenditure cuts and increasing unemployment resulting from structural adjustment programs. Innovative delivery systems have been developed for targeting essential services and increasing the cost-effectiveness with which health, nutrition, basic urban services, and education, among other services, are provided to the poor. Studies (Pfefferman and Griffin 1989) have shown that a well targeted program can in some cases provide a given level of services to the poor at as little as 10 percent of the cost of providing the same service through a general food subsidy or untargeted program.

Latin America has a number of advantages over the other regions with regard to poverty alleviation. First, the overall proportion of the population below the poverty line is much lower than that in South Asia or Africa, so it is easier to develop narrowly targeted programs for the poor. Many Latin American countries also have the administrative capacity to plan and implement targeted programs. Furthermore, poverty in Latin America is more of an urban problem than in either of the other two regions. In some ways, this makes it easier to identify the poor and lowers the administrative costs of delivering services. At the same time the greater visibility and more threatening nature of the urban poor increases the pressure on governments to take action.

Areas in Which Latin America and Africa Could Benefit from South Asia's Experience

Despite the differences just described, the experience of South Asia holds some important lessons for other regions and has already influenced credit programs for the poor. The experience of the Grameen Bank and organizations such as BRAC, the Working Women's Forum, and the Small Farmers Development Programs have influenced the design of credit programs in Africa, Latin America, East Asia, and even the United States (Getubig 1992).

These credit programs also provide an effective delivery system for a wide range of development programs for women (Aruchalam 1989). Women's weak political status and lack of authority within the family is largely caused by their lack of control over economic resources or access to employment. Consequently, many of these credit programs have had a strong impact.

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7. In 1985 approximately 19 percent of the Latin American population were below the poverty line compared with 47 percent for Sub-Saharan Africa, 51 percent for South Asia in general, and 55 percent for India (World Development Report 1990: 29, Table 2.1, p. 29).

8. Chile (Raczynski 1993), Brazil (Pfefferman and Griffin 1989), Venezuela (Garcia and Levy 1992), and Mexico (Pfefferman and Griffin 1989) are examples of countries that have tried different methods of targeting health, nutrition, and education programs for the poor, with some success. A number of other countries—notably, Bolivia, Ecuador, Uruguay, Colombia, and El Salvador—have developed or are developing poverty maps to improve the use of geographical targeting.
on the social, legal, and political position of women, as well as on their more immediate economic condition. This has been particularly true of programs such as the Self-Employed Women's Association (SEWA) and the Working Women's Forum (WWF) in India, and the Grameen Bank and BRAC in Bangladesh.

South Asia is also one of the areas in which NGOs have come to play a leading role in providing services to the poor and in strengthening the planning and management capacity of local organizations. The experience of organizations such as BRAC offers valuable lessons for Africa and perhaps Latin America. NGOs in Uganda, Ghana, and Burkina Faso, for example, are rapidly expanding their services to the poor and would find it useful to know something about the way the NGO sector has evolved in countries such as Bangladesh and India (Clarke 1990; Williams 1990). The experience of women's organizations could be of particular value to Africa, where women's movements are gaining in strength but have less experience in many of the legal, economic, and political areas in which their counterparts in South Asia have been working for many years. Of particular interest is the evolution of government-NGO relations and the kinds of issues that arise within the NGO sector as it expands and tries to establish its own internal organizational and regulatory mechanisms (Bamberger and Shams 1989).

Asian NGOs also have an important role to play in the delivery of services such as health (Chaterjee 1990; see also Chapter 3), housing (see Chapter 5), and credit (see Chapter 6).

Furthermore, countries such as Sri Lanka and India can offer many lessons with respect to the creation of social safety nets and efforts to provide a high level of social services to all sectors of the population. Sri Lanka is frequently cited as one of the low-income countries to have been successful in achieving low infant mortality, high literacy, and high scores on other social indicators (UNDP 1991; UNICEF 1987) while maintaining a reasonable rate of economic growth. One of its most important programs in the 1960s was the Food Stamp Program, which provided a subsidy to the entire population. Other social service programs provided assistance in the areas of education, health, and housing. After the relatively prosperous 1950s and 1960s, however, these programs began to drain government resources and were gradually reduced or phased out. In 1989 an attempt was made to revitalize this social welfare approach through the Janasaviya, but it had to be scaled back drastically because of budgetary pressures. Although these programs contributed significantly to the impressive social indicator scores of recent years, some questions have been raised about Sri Lanka's experience (Bruton and others 1992). Many of these programs, particularly the income transfer programs such as Janasaviya, created disincentives to work (in some cases, the cash grant was higher than the market wage). Many of the programs were also not very effective in reaching the poor and in many instances a high proportion of the most needy groups did not benefit, as indicated by the steady increase in malnutrition over the past two decades. Bruton and others (1992) have also suggested that the welfare policies may have discouraged economic growth and hence may have had long-term negative impacts on the poor owing to the lack of employment opportunities. Bhalla and Glewwe (1986) have argued that during the period of direct policy measures (1960 - 78) the rate of economic growth was not exceptional and was due largely to favorable initial conditions. In the period of growth-promoting policies and fewer direct welfare programs (1977 - 84), economic growth rates more than doubled, expenditure inequality did not change significantly, consumption expenditures of the general population and of the poor increased, and several living standard indicators continued to improve.

Many valuable lessons can also be drawn from the broad social welfare policies of India. Since independence, the central and state governments have been responsible for a wide range of social and economic services (for example, food subsidies) to the poor and often to much
broader groups. While these programs have had a significant impact on the welfare of large sectors of the low-income population, their cost has become a heavy burden for the state. Also, many of the programs have proved costly to administer or have failed to reach the poorest groups. Most of the integrated rural development programs (in other South Asian countries, as well as India) have failed to reach the poorest farmers (World Bank 1989; see also Chapters 4 and 6 of this report), health programs have had limited success in reaching the poor (see chapter 3) in general and women in particular (Chatterjee 1990; World Bank 1989b, 1989c), most credit programs have not reached the poor (see Chapter 6), and the formal sector has had limited success in providing housing and basic urban services for the poor (see Chapter 5). One program that has attracted widespread interest and has been replicated in a number of other countries (particularly in Africa) is the Rural Employment Guarantee Program. It has sought to guarantee employment to the rural population through public works programs. The goal has been to reduce seasonal unemployment, but with the exception of the Maharashtra Employment Guarantee Program, which was able to generate almost 600,000 jobs per day in a single state (World Bank 1989c: 99), the scale of most of these programs has been quite modest (Planning Commission 1987), their costs quite high, and the quality of the works in most cases quite low. Despite many political and administrative difficulties, the experience in Maharashtra shows that a well planned and administered program can have a significant impact on seasonal unemployment.

India also offers valuable lessons concerning the planning, management, and targeting of social services. Although many of its programs have been poorly managed and have had difficulty in reaching the poor, there are also many examples of well-managed public and private programs, notably in the population, health, and nutrition sectors (Heaver 1989). The Tamil Nadu Integrated Nutrition Program (discussed in Chapter 8) is frequently cited as an example of a well-targeted and managed program.

South Asia also has developed many innovative approaches to strengthening the economic, social, and political participation of women. In almost every Asian country women account for a disproportionately large percentage of the poor and the very poor. There is increasing evidence that women do not automatically benefit from antipoverty programs, and that many growth strategies may even worsen the conditions of significant numbers of poor women if certain adjustments are not made in regard to planning assumptions and implementation methodologies (Heyzer 1987; Ng, Hamid, and Ali 1987).

Heyzer (1992) argues that women's experience of poverty may be different and even more acute than that of men because of gender-based forms of exclusion. The primary gender-based problems of the poor are the unequal sharing of food, inadequate medical care leading to illness and health hazards, underpayment, long hours, tedious and hazardous work, and loss of employment or lower productivity because of illness (which has forced them to sell or pawn their meager belongings). Women also face shelter, fuel, and security problems. A large percentage of female-headed families, having little or no lands or other property, live below the poverty line and suffer persistent verbal and physical abuse, which has led some to commit suicide.

Policies and programs to reduce poverty need to be sensitive to gender issues within and among households. Within households, efforts to fulfill basic needs must take into account the intrahousehold structures and dynamics that affect the use of income and decisions over resource allocation along gender lines. Female-headed households with young children tend to be among the poorest in the rural areas. Too often, national data on poverty conceals these differences and does not reflect reality at the local level. Policies and programs need to take these structures more seriously. Women and men clearly experience the state of poverty differently and often unequally and they become impoverished through factors that are not always the same and therefore should
be considered in policies and programs. Indicators need to be found that are capable of addressing the different life circumstances of women and men such as the differing significance of marriage and child-bearing in their lives, the greater social constraints on women’s mobility, women’s unpaid contributions in income-replacing activities, and in their role as managers of meager resources of poorer households.

A large number of innovative programs have already contributed significantly to strengthening women’s economic, social, and political roles. The Working Women’s Forum (Azad 1986) and the Self-Employed Women’s Association are two effective women’s organizations in India that combine political, social, legal, and economic activities. Significant progress has also been made in developing national gender strategies in countries such as India (World Bank 1989b) and Bangladesh (World Bank 1990a). These approaches could prove useful in both Africa and Latin America.

In addition, Asia has some valuable experiences - both positive and negative - regarding the targeting of programs for the poor. Many of the major rural development programs have had relatively limited success in reaching the poor and providing them with credit, basic services, and agricultural inputs. Efforts to establish numerical targets have frequently created unintended bureaucratic rigidities and have resulted in small farmers and other target groups being pressured to accept loans, animals or productive inputs they did not want. At the same time, there have been many successful experiences in using local organizations and NGOs to improve targeting of health, nutrition and credit programs.

A number of the nutrition and health targeting systems, such as the Tamil Nadu Integrated Nutrition Program, would be of considerable interest to Latin American countries, many of which (for example, El Salvador, Colombia, Ecuador, Bolivia, and Argentina) are developing targeted nutrition programs as part of an integrated social sector development strategy. The experiences with the involvement of community organizations would be of particular interest.

Lessons for South Asia from the Experience of Latin America and Africa

In turn, South Asia can learn a great deal from Latin America about social emergency and social investment funds (Jorgensen, Grosh, and Shacter 1992) and also in the area of innovative and cost-effective approaches to targeting services for the poor (Grosh 1992; Pfefferman and Griffin 1989; Baker 1992). Latin American efforts to increase the role of the private sector as a provider of education, health, housing, and urban services can also provide some interesting insights for South Asian countries such as India, which are debating the role of privatization in social service delivery.

Latin America has also had extensive experience in combating urban poverty and in the provision of services to the urban poor. The FUNDASAL low-cost housing programs in El Salvador (Bamberger, Gonzalez-Polio, and Sac-Hau 1982) is one of a number of community-based housing programs that have served as models for many countries in Africa and Asia. The region has also had many successful experiences with the use of credit to promote both housing and microenterprises.

Africa, too, has some important lessons to offer, although many of its programs have as yet had limited success because they are still in their infancy. Of particular interest are Africa’s approach to AIDS control and to developing systems for protecting AIDS orphans and widows. Countries such as Uganda and Tanzania, which are facing massive AIDS epidemics and have very limited resources, are seeking ways to enable the extended family and the community to protect orphans and widows.
Because of the severity of its environmental problems, Africa has also experimented with a number of innovative approaches to involving the community, particularly women, in the management of environmental resources. The participatory environmental management programs in Burkina Faso are an interesting example. Local communities develop and are involved in the implementation of environmental management plans for local **terroirs** (World Development Report 1992: 146).

**A Framework for Discussing Approaches to Poverty Alleviation**

To be successful, poverty alleviation strategies at the national level must seek the following objectives: (a) a conducive policy environment, (b) sectoral policies and programs that ensure services are accessible to the poor and vulnerable, and (c) temporary relief or "safety nets" for times of catastrophe or economic shock and permanent nets for the chronically poor or vulnerable (see Table 1.1).

A conducive policy environment refers to the broad development models underlying and integrating all of the approaches to poverty alleviation in a particular country. It also refers to the policy instruments that will provide the appropriate incentives and regulatory controls to ensure that policy objectives are reflected in sectoral strategies, programs, and projects. The policy framework includes guidelines on the kinds of actions poverty policies should undertake, such as assessing the impact of national policy interventions (such as devaluation, trade, fiscal and monetary policies, and market and administrative reforms) on the operation of labor, product, and credit markets and on their accessibility to the poor; supporting labor creation strategies to promote sustained economic growth; promoting privatization; and maintaining broad social safety nets to ensure universal access to basic social services.

It also identifies the broad instruments to be used to ensure that policies are implemented: public expenditure management to promote poverty responsive sectoral policies and programs (Lacey 1989; UNDP 1991), the identification and elimination of gender biases in development programs (Heyzer 1992), financial incentives to promote the participation of the private sector in the provision of basic health services, and targeting mechanisms to increase the cost-effectiveness of service delivery to the poor.

**Promoting human resource development by broadening access to social and economic services** refers to sectoral programs and policies that broaden the provision and sustainability of social and economic services in such a way that they are increasingly accessible to the poor. Examples include national adult literacy programs that provide literacy and related vocational and life skills through a particular region or on a national basis and that continue over a long period of time; integrated child development services that provide primary health care, nutrition, and related services to children over a wide geographical area; and integrated rural development programs that provide a wide range of economic and social services to small farmers and the landless on a continuing basis.

**Social safety nets and targeting programs for the poor and vulnerable** are intended to (a) mitigate the social costs of structural adjustment, (b) protect those unable to help themselves, and (c) build local capacity and empowerment. Many of these targeted projects are time-bound sets of activities with a single source of financing and with clearly defined and monitorable objectives. Frequently such projects are incorporated into broader programs. For example, a targeted nutrition project for a particular age group that is funded by an external agency and lasts for three to four years can be part of a broader statewide or national child nutrition program, as in the case of the Tamil Nadu Integrated Nutrition Program discussed in Chapter 8. Another example would
<table>
<thead>
<tr>
<th>Level</th>
<th>Component</th>
<th>Example</th>
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</table>
| 1. Creating a conducive policy environment                           | Promoting economic growth through labor intensive policies and with due attention to distributive impacts | ● Using public expenditure management to ensure that investment policies are pro-poor  
● Eliminating gender biases  
● Eliminating distortions that promote capital-intensive production methods |
| 2. Promoting human resource development by broadening access to social and economic services | • Increasing access to primary health and education  
• Promoting economic opportunities  
• Improving living conditions | ● Giving investment priority to construction of primary schools and health centers.  
● Promoting access of girls to health and education  
● Increasing ownership of physical assets, particularly land  
● Raising productivity of assets owned or used by the poor  
● Promoting sites and services and squatter upgrading housing  
● Giving greater priority to the sustainability of social infrastructure |
| 3. Social safety nets and targeting programs for the poor and vulnerable | • Mitigating the social costs of structural adjustment  
• Protecting those unable to help themselves  
• Building local capacity and empowerment | ● Targeted health and nutrition programs  
● Employment guarantee programs  
● Targeted credit programs  
● Subsidies for food, housing and basic services  
● Targeted credit and economic programs for women  
● Safety to cover essential health services  
● Bottom-up, participatory planning  
● Leadership training  
● Strengthening the role of NGOs. |
be a sites and services or slum upgrading project that is part of a municipal or statewide popular housing program, such as the Madras sites and services project discussed in Chapter 8.

Table 1.2 shows how the themes discussed in this report fit into this framework.
### Table 1.2 Poverty Alleviation Policies, Programs, and Projects Discussed in This Book

<table>
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<th>Environment</th>
<th>Policies and Programs Promoting Human Resource Development</th>
<th>Social Safety Nets and Targeted Programs</th>
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<td>1. Multisectoral approaches</td>
<td>1. Improving targeting systems</td>
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<tr>
<td>2. Promoting private sector</td>
<td>2. Providing greater access to the poor</td>
<td>2. Supporting integrated nutrition projects (Chapter 9)</td>
</tr>
<tr>
<td>3. Strengthening role of NGOs</td>
<td>3. Improving the efficiency of large-scale delivery systems</td>
<td></td>
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<tr>
<td>4. Promoting women’s access to health (Chapter 4)</td>
<td>4. Strengthening the role of traditional medicine</td>
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<td>5. Promoting participatory approaches</td>
<td>5. Promoting participatory approaches</td>
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<td><strong>Rural Development (Chapter 4)</strong></td>
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<td>1. Evolution of poverty alleviation strategies</td>
<td>1. Promoting flexible &quot;learning approach&quot;</td>
<td>1. Adapting the project cycle to the circumstances of the poor</td>
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<tr>
<td>2. Ensuring operational and financial sustainability</td>
<td>2. Social analysis</td>
<td>2. Making rural development projects accessible to women</td>
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<td>3. Importance of data base and sound analysis</td>
<td>3. Lending modalities</td>
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<td>4. Strengthening the involvement of NGOs</td>
<td>4. Strengthening the involvement of NGOs</td>
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<td><strong>Housing and Urban Development (Chapter 5)</strong></td>
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<td>1. Identifying the urban poor</td>
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<td>4. Affordability, subsidies and cost recovery</td>
<td>4. Assessing affordability and cost recovery</td>
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<td>5. Land tenure</td>
<td>5. Involving NGOs</td>
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<td>6. Financing urban services</td>
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<td>7. Centralization versus decentralization</td>
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<td>8. Public versus private sector</td>
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<td>9. Environmental issues</td>
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<td><strong>The Role of Credit in Poverty Alleviation (Chapter 6)</strong></td>
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<tr>
<td>1. Involving commercial banks</td>
<td>1. Evaluating the main kinds of credit programs</td>
<td>1. Design of credit delivery systems</td>
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<td>2. Evaluating the pros and cons of subsidized credit</td>
<td>2. Ensuring access to the poor</td>
<td>2. Grass roots organization</td>
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<td>3. Loan recovery</td>
<td>3. Loan procedures</td>
<td>3. Loan procedures</td>
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<td>4. Loan productivity</td>
<td>4. Ancillary and support services</td>
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<tr>
<td>5. Specialized credit programs for women, Working Women's Forum</td>
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<td><strong>Gender Issues in Poverty Alleviation (Chapter 7)</strong></td>
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<tr>
<td>1. Gender biases in development strategies</td>
<td>1. Gender biases in agriculture programs</td>
<td>1. Improving design of rural projects</td>
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<tr>
<td>2. Understanding survival strategies of female headed households (Chapter 10)</td>
<td>2. Assessing poverty programs for women</td>
<td>2. Improving design of urban projects</td>
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<tr>
<td>3. Gender biases in urban development</td>
<td>3. Improving income and employment-generating projects</td>
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<tr>
<td>4. Promoting women's economic opportunities in the informal sector</td>
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</tbody>
</table>

| **Design and Management of Poverty Programs and Projects (Chapters 11–15)** |
|---|---|---|
| 1. The interface between poverty projects and the policy environment | 1. Promoting participatory approaches to development | 1. Identification of projects |
| | 2. Reorienting bureaucracies | 2. Social analysis |
| | 3. Strengthening the role of NGOs | 3. Strengthening the role of NGOs |
| | | 4. Targeting |
| | | 5. Project design |
| | | 6. Cost recovery |
| | | 7. Organizational structures |
| | | 8. Beneficiary organization |
| | | 9. Gender sensitive approaches |
| | | 10. Designing sustainable projects |
The Asian Poverty Scenario: Perspectives from the 1990 and 1992 World Development Reports

Michael Bamberger

The World Development Report (WDR) Definition of Poverty

A basis for comparing poverty levels throughout the world was established by the 1990 World Development Report (WDR). A range of poverty is identified by using both a "high" and a "low" level of annual per capita income levels measured in 1985 "purchasing power parity" dollars: the lower estimate is $275 per person a year; and the higher estimate is $370 per person a year (equivalent to $420 in 1990 prices). This range spans poverty level definitions used in a number of countries, including India, Bangladesh, Egypt, Indonesia, Kenya, Morocco, and Tanzania. It should be emphasized that these definitions are only used for the purposes of international comparison. Country-specific definitions are used when estimating trends within a particular country.

The main purpose of this income-based definition is to permit international comparisons. The 1990 WDR emphasized that poverty is multidimensional and this consumption-based poverty measure is complemented by information on nutrition, life expectancy, infant mortality (among children less than five years of age), and school enrollment rates. The UNDP Human Development Report (UNDP 1990, 1991) has proposed that several of these indicators be developed into a composite index that combines income, life expectancy, and literacy. Although this index has created considerable interest, some questions have been raised about the methodology used in constructing the first version of this index.

Comparing Poverty in the Developing Regions

Table 2.1 shows that in 1985 an estimated 30.5 percent of the population of the developing world was living below the poverty line of $370 per capita per year. The region with the highest poverty rate was South Asia. In 1985 an estimated 51.8 percent of its population was living below the poverty line of $370 per capita per year. The poverty rate for Sub-Saharan Africa was only slightly lower, at 47.6 percent. The Middle East and North Africa had approximately one-third (30.6 percent) of their population below the poverty line, while the percentages for Latin America, East Asia and East Asia were 22.4 percent, 13.2 percent, and 7.1 percent, respectively.

1. This chapter is based on material drawn from the 1990 and 1992 World Development Report and other recent World Bank studies. It is intended to provide only a brief introduction to Asian poverty, and the reader is referred to these sources for more complete information.

<table>
<thead>
<tr>
<th>Table 2.1 Population and Poverty in the Developing Regions, 1985</th>
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<tr>
<td><strong>Percentage of</strong></td>
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<tr>
<td><strong>Developing</strong></td>
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<tr>
<td><strong>Countries</strong></td>
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<tr>
<td>Population&lt;sup&gt;a&lt;/sup&gt;</td>
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<tr>
<td>South Asia</td>
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<tr>
<td>East Asia</td>
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<tr>
<td>Sub-Saharan Africa</td>
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<td>Latin America and the Caribbean</td>
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<tr>
<td>North Africa and the Middle East</td>
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<tr>
<td>Eastern Europe</td>
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</tbody>
</table>

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<sup>a</sup> *World Development Report 1990, Figure 1 (p. 2). See World Development Report 1992, Table 1 (p. 218), for the population of Eastern Europe.*

<sup>b</sup> *World Development Report 1992, Table 1.1, p. 30.*

<sup>c</sup> *The two previous sources.*

In 1985 South Asia had an estimated 29.7 percent of the total developing country population, but it was home to more than half (50.7 percent) of the developing world’s poor.<sup>3</sup> In contrast, East Asia contained an estimated 40.2 percent of the developing world’s population but only 17.3 percent of this group could be classified as poor. Although Sub-Saharan Africa had an extremely high poverty rate, owing to its much smaller population base, it accounted for only 17.5 percent of the total poor. Latin America with 11.2 percent of the population had 8.3 percent of the poor. North Africa and the Middle had 5.5 percent of the population and 5.7 percent of the poor. Eastern Europe, with 2.2 percent of the population, accounted for only 0.5 percent of the poor.

East Asia’s low percentage of poor is reflected in its consistently high real growth rates of per capita GDP over the past twenty-five years (5.1 percent per year during 1965–73, 4.7 percent per year during 1973–80, and 6.7 percent per year during 1980–89). During the same

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<sup>3</sup> Poor is defined as earning per capita income of less than $370 per year. "Very poor" is defined as earning less than $275 per capita per year in 1985 purchase power parity dollars.
periods, the real per capita GDP for South Asia grew at a much more modest 1.2 percent, 1.7 percent, and 3.2 percent, respectively.4

The Asian Poverty Scenario in 1985

Table 2.2 summarizes the estimates for East and South Asia on different indicators used by the World Development Report to assess poverty in 1985. A comparison is also given for all developing countries. A distinction is made between the "extremely poor" (annual per capita income below $275) and "poor" (annual per capita income below $370). According to these income definitions, in 1985 a total of 420 million Asians were classified as extremely poor (9 percent were in East Asia and 29 percent in South Asia) and 800 million were classified as poor (20 percent in East Asia and 51 percent in South Asia). In global terms, East and South Asia accounted for 18 percent of the extremely poor and 33 percent of the poor of the world's developing countries as a whole.

Table 2.2 also estimates a "poverty gap," which is the aggregate income shortfall of the poor as a percentage of required minimum consumption. In India, for example, the total aggregate income of the poor would have to be increased by 12 percent to permit all poor households to achieve the minimum required consumption levels.

Information is also provided on mortality among the population less than five years of age, life expectancy, and net primary school enrollment rates. On each of these three indicators, the situation is much less satisfactory in South Asia than in East Asia. South Asia is closer to Sub-Saharan Africa on mortality rates of those less than five and on life expectancy, although school enrollment rates are significantly higher in South Asia than in Africa.

| Table 2.2 Indicators of Poverty in 1985 Used in the 1990 World Development Report |
|-------------------------------------------------|--------|--------|--------|--------|--------|
| East Asia | China | South Asia | India | All Developing Countries |
| Extremely Poor | | | | |
| Number (millions) | 120 | 80 | 300 | 250 | 633 |
| Headcount index (percent) | 9 | 8 | 29 | 33 | 18 |
| Poverty gap | 0.4 | 1 | 3 | 4 | 1 |
| Poor (including extremely poor) | | | | |
| Number (millions) | 280 [182] | 210 [532] | 520 | 420 | 1,116 [1,107] |
| Headcount index (percent) | 20 | 20 | 51 | 55 | 33 |
| Social Indicators | | | | |
| Under 5 mortality (per thousand) | 96 | 58 | 172 | 199 | 121 |
| Life expectancy (years) | 67 | 69 | 56 | 57 | 62 |
| Net primary school enrollment (percent) | 96 | 93 | 74 | 81 | 83 |

Note: The estimates for the numbers of poor differ from those presented in Table 2.6 as the latter use reestimated figures included in the 1992 WDR. The 1992 estimates are given in parentheses for comparison.

Rural Poverty

In 1988 an estimated 817.5 million people in South Asia were living in rural areas; this group represented approximately 74.5 percent of the total population (Table 2.3). About 441.5 million of these people (54 percent) were living below the poverty line. Information on the rural population below the poverty line was only available for four countries: the highest proportion (86 percent) resided in Bangladesh, followed by Nepal (61 percent), and India (51 percent). Pakistan had only 29 percent below the poverty line.

The incidence of poverty is considerably higher in rural areas, where 54 percent of the population falls below the poverty line, compared with only 23 percent in urban areas (see the next section). The higher incidence, combined with the fact that the majority of the population is rural, means that in 1988 approximately 85 percent of South Asia’s poor were living in rural areas.

In Chapter 4, Bucher and Johnson examine the distinctive features of life for the rural poor in South Asia. First, most of them are excluded from normal levels of production and consumption. They have very limited access to productive assets and tend to occupy a peripheral position in the labor market, with the result that they must depend on a mix of marginal economic activities. Poor families are also frequently forced to spend a high proportion of their income on food. Second, many of the poor live in resource-poor areas and suffer from limited access to basic public services such as education and health. Third, the poor tend to be subjected to excessively high levels of risk and uncertainty because they have to work the poorest soils and to live in areas with the least favorable climatic conditions.

In view of the unfavorable circumstances under which most of the rural poor live, rural development strategies must adopt an integrated approach seeking to improve a broad range of socioeconomic conditions as well as to provide direct productive resources and employment opportunities.

Urban Poverty in Asia

Although 80 percent of Asia’s poor live in rural areas, more than 40 percent of all of the developing world’s urban poor live in the cities of Asia. There are probably at least 135 million people living in conditions of absolute poverty in the cities of Asia, with over 110 million in the cities of India, the Philippines, and China (Table 2.4). These figures compare with approximately 77 million urban poor in Latin America and the Caribbean, 59 million in the Arab countries and Eastern Europe, and 55 million in Africa.\(^5\)

This vast number of urban poor in Asia live in squatter settlements, run-down tenements, or on pavements. They have received far less attention from governments and international agencies than the urban poor in Latin America and Africa. The experience of India is perhaps typical of the approach in many South Asian countries. Although issues relating to rural poverty were explicitly addressed at least from the time of the Third Five-Year Plan (1961–66), it was probably not until the Seventh Plan (1985–90) that the problems of urban poverty were

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Table 2.3 Estimated Incidence of Rural Poverty in South Asia, 1988

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>12.6</td>
<td>79.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>95.7</td>
<td>87.0</td>
<td>82.3</td>
<td>86.0</td>
</tr>
<tr>
<td>Bhutan</td>
<td>1.4</td>
<td>95.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>India</td>
<td>598.6</td>
<td>73.0</td>
<td>305.3</td>
<td>51.0</td>
</tr>
<tr>
<td>Nepal</td>
<td>16.4</td>
<td>91.0</td>
<td>10.0</td>
<td>61.0</td>
</tr>
<tr>
<td>Pakistan</td>
<td>79.4</td>
<td>69.0</td>
<td>23.0</td>
<td>29.0</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>13.4</td>
<td>79.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>South Asia</td>
<td>817.5</td>
<td>74.5</td>
<td>441.5*</td>
<td>54.0*</td>
</tr>
</tbody>
</table>

* Mean based on countries for which data were available.

Source: Adapted from Table 4.1, Chapter 4.

systematically addressed. A number of initiatives were launched at this time a number, such as the Self-Employment Programme for the Urban Poor and the Basic Urban Services Programme. Similarly, many of the leading social research institutions in South Asia have focused largely on problems of rural development and rural poverty.

Even now that the existence of urban poverty is gradually being acknowledged, many studies still downplay its importance because they think the urban labor market has a strong absorptive capacity and a self-regulating mechanism in that people freely choose to migrate to the cities and would not continue to do so if the conditions there were not better than in the rural areas they came from.

One obvious reason that urban poverty has been ignored by policymakers and even by social researchers in most parts of Asia is that the urban poor are greatly outnumbered by the rural poor. Only 25 percent of the Asian population lives in cities, whereas in Latin America more than 60 percent of the population lives in urban areas and the urban ratio is rapidly approaching 75 percent. Also, the urban poor have rarely been perceived as a serious political and security threat.


Table 2.4 Urban Poverty in Some Asian Countries, 1988 and 2000

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>13.50</td>
<td>26.62</td>
<td>7.56</td>
<td>11.32</td>
<td>0.56</td>
<td>0.43</td>
</tr>
<tr>
<td>China</td>
<td>225.82</td>
<td>314.61</td>
<td>14.90</td>
<td>5.42</td>
<td>0.07</td>
<td>0.02</td>
</tr>
<tr>
<td>India</td>
<td>214.54</td>
<td>330.02</td>
<td>81.74</td>
<td>117.75</td>
<td>0.38</td>
<td>0.36</td>
</tr>
<tr>
<td>Indonesia</td>
<td>49.95</td>
<td>77.07</td>
<td>6.54</td>
<td>15.06</td>
<td>0.13</td>
<td>0.20</td>
</tr>
<tr>
<td>Korea, Republic of</td>
<td>30.36</td>
<td>40.59</td>
<td>3.67</td>
<td>0.00</td>
<td>0.12</td>
<td>0.00</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6.77</td>
<td>10.32</td>
<td>1.99</td>
<td>1.95</td>
<td>0.29</td>
<td>0.19</td>
</tr>
<tr>
<td>Nepal</td>
<td>1.59</td>
<td>3.30</td>
<td>0.75</td>
<td>1.66</td>
<td>0.47</td>
<td>0.50</td>
</tr>
<tr>
<td>Philippines</td>
<td>24.25</td>
<td>36.29</td>
<td>12.12</td>
<td>18.20</td>
<td>0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>3.17</td>
<td>4.75</td>
<td>2.04</td>
<td>1.49</td>
<td>0.64</td>
<td>0.31</td>
</tr>
<tr>
<td>Thailand</td>
<td>11.84</td>
<td>19.28</td>
<td>1.78</td>
<td>3.36</td>
<td>0.15</td>
<td>0.17</td>
</tr>
<tr>
<td>All Asia</td>
<td>591.00</td>
<td>136.53</td>
<td></td>
<td></td>
<td>0.23</td>
<td>0.20</td>
</tr>
</tbody>
</table>


to Asian societies in the way that the Latin American poor have been feared from time to time in cities such as Rio de Janeiro, Caracas, Lima, Bogota, and Ciudad de Mexico.

Some would also argue that urban poverty is more difficult to measure. Despite the huge and highly conspicuous urban slums in cities such as Manila, Bombay, and Karachi, many of the urban poor are almost invisible. While it is relatively easy to define and measure rural poverty, because most of the poor live in clearly definable areas and the variations between family economic conditions are relatively small (given the limited range of economic activity), the same is by no means true of urban poverty. In most cities, the majority of the poor do not live in the large and conspicuous slums but are scattered throughout the city, living in a wide variety of tenements and other kinds of crowded and substandard housing, or else have no housing at all. Even in the United States, the Census Bureau has acknowledged that millions of homeless people in the cities were not detected or measured in the 1990 Census—despite the fact that large-scale special studies were mounted specifically to identify and count the homeless. If the poor cannot be located by the U.S. Census Bureau, what chance do cities such as Karachi, Calcutta, or Manila have of producing accurate estimates?
In 1988 approximately 23.1 percent of the urban population in Asian cities had incomes below the minimum subsistence level (Table 2.5), compared with 41.6 percent of the urban population of Africa, 33.9 percent of that in the Europe, the Middle East, and North Africa region as a whole (called the EMENA region by the World Bank), and 26.5 percent in Latin America and the Caribbean (Urban Development Division 1989). Despite substantial variations from one country to another, the overall proportion of the Asian urban population classified as poor was lower than for the other developing regions. Over the period 1988–2000, however, the total number of urban poor in Asia is expected to grow faster than in Latin America and EMENA (2.4 percent per year compared with -0.8 percent and 1.3 percent, respectively). One of the contributing factors is the higher projected population growth rate in Asia (3.3 percent a year) than in North Africa, the Middle East, and Eastern Europe (2.8 percent) and Latin America (2.8 percent).

<table>
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<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Thousands</td>
<td>Percentage of Urban Population</td>
<td>Thousands</td>
</tr>
<tr>
<td>Asia</td>
<td>136.5</td>
<td>23.1</td>
<td>181.2</td>
</tr>
<tr>
<td>Africa</td>
<td>55.4</td>
<td>55.4</td>
<td>41.6</td>
</tr>
<tr>
<td>EMENA</td>
<td>59.5</td>
<td>59.5</td>
<td>33.9</td>
</tr>
<tr>
<td>Latin America</td>
<td>77.2</td>
<td>77.3</td>
<td>26.5</td>
</tr>
</tbody>
</table>


Nevertheless, the proportion of the urban population living in poverty is projected to decline for Asia as a whole, from 23.1 percent in 1988 to 20.6 percent in 2000.

Future Trends in Asian Poverty

Table 2.6 summarizes the 1992 World Development Report estimates for the likely regional trends in poverty between 1985 and 2000. It is projected that for all developing regions the proportion of the population living below the poverty line will fall from 30.5 percent to 24.1 percent. Significant declines are projected for both East Asia (where the poverty proportion is
expected to fall from 13.2 percent to 4.2 percent) and South Asia (where the proportion is expected to fall from 51.8 percent to 36.9 percent). In all the other regions no significant change is expected in the proportion of poor, although the numbers of poor in Sub-Saharan Africa will increase from 216 million in 1985 to 304 million in 2000, those in North Africa and the Middle East will increase from 60 million to 89 million, and those in Latin America from 87 million to 127 million.

Table 2.6 Poverty in 2000 by Developing Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage of the Population below the Poverty Line</th>
<th>Numbers of Poor (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>13.2</td>
<td>4.2</td>
</tr>
<tr>
<td>South Asia</td>
<td>51.8</td>
<td>36.9</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>47.6</td>
<td>49.7</td>
</tr>
<tr>
<td>East Europe</td>
<td>7.1</td>
<td>5.8</td>
</tr>
<tr>
<td>Middle East, North Africa</td>
<td>30.6</td>
<td>30.6</td>
</tr>
<tr>
<td>Latin America</td>
<td>22.4</td>
<td>24.9</td>
</tr>
<tr>
<td>All Developing Countries</td>
<td>30.5</td>
<td>24.1</td>
</tr>
</tbody>
</table>


Table 2.5 showed a less dramatic projected decline in urban poverty in Asia. Although the urban poor will grow less rapidly than the urban population between now and the year 2000 (2.4 percent increase in the poor compared with a 3.3 percent increase in the urban population), the share of the urban population projected to be living below the poverty line in the year 2000 will only have fallen to 20.6 percent compared with 23.1 percent in 1988.
Part 2

Sector Experience With Poverty Alleviation In Asia
Sector Experience with Poverty Alleviation in Asia

Editor's Note

This section contains five review chapters commissioned for the seminar. Three examine the poverty alleviation experience in rural development, housing and urban development, and primary health care. The fourth assesses the role of credit programs in poverty alleviation, and the fifth discusses gender issues in poverty alleviation. The emphasis in poverty alleviation strategies in these sectors has been to formulate a sector policy, which has then been implemented through broad programs and specific targeted projects.

A number of common themes and issues run through these five chapters. First, they all recognize the importance of a conducive policy environment that focuses specifically on ensuring that services and programs are accessible to the poor and are designed to respond to their needs. In the case of housing, this requires appropriate pricing and land tenure policies, as well as measures that directly involve the private sector. Emphasis must also be placed on upgrading rather than demolition. In the area of primary health, these goals can only be achieved if there is a political commitment to guarantee a sufficient level of funding to sustain service delivery and acceptance of the concept of cost sharing and a more active promotion of the role of the private sector (both its commercial elements and NGOs). In rural development and credit, it is necessary to accept that the poor are "bankable" and that programs should be run on a solid commercial basis with emphasis on cost recovery, careful selection of economically viable projects, and guaranteed follow-up loans. Here, too, political commitment is vital to ensure programs are targeted for the poor and that benefits are not siphoned off by powerful rural interest groups. Another key policy requirement is that gender be recognized as an important issue and that specific policies be designed to eliminate gender biases and to ensure that programs respond to the specific needs and potential of women.

The second point emphasized throughout this section is the need for participatory, bottom-up approaches. All five chapters stress that top-down project planning and management approaches in the social sectors have by and large failed. They argue that beneficiaries must be actively involved in the selection, design, and the management of projects whether these be low-cost housing, minor irrigation works, credit programs, management of local health services, or the planning and management of basic urban services (which are the primary concern of women — yet their interests are frequently not taken into consideration). An essential ingredient of this approach is the investment of resources and time in local capacity building, at both the community and local government levels, and in participatory planning, which in many cases requires a dramatic change in the traditional role of government planning and implementation agencies.

A third theme is that administrative and financial responsibility needs to be decentralized. Although many countries have experimented with administrative decentralization, few have delegated financial responsibility or have had the political will to cede control to regional and local authorities.
Fourth, management practices at all levels are in great need of improvement. Poverty programs, partly because of their welfare orientation, have on the whole been poorly managed, whether at the policy/planning, program, or project levels. More effort needs to be put into improving accountability, management information systems, financial control, and the feedback on project performance. This cannot be done effectively without delegating authority and financial control to managers so that they will have the necessary autonomy they need to manage.

Fifth, programs should be more demand driven. Programs should move away from centrally defined targets and should use participatory planning and market mechanisms (see below) to give the intended beneficiaries a greater role in defining their priorities. This has important implications for how programs are managed as it is essential to have sufficient management flexibility to be able to respond to rapidly changing demands for different services.

Sixth, greater use should be made of market mechanisms. This means the private sector (both commercial enterprises and NGOs) should play a greater role in providing services, and that some consumers should pay the market price for some services. The question of which services should be provided free, which subsidized, and who should be eligible for subsidies raises a complex range of issues that are only briefly addressed in this section. Getubig argues in Chapter 6 that subsidized credit should be eliminated or substantially reduced. In Chapter 5 Yeung notes that pricing and cost-recovery constitute one of the key issues in housing. The move toward market pricing is recommended even for government-provided services (such as primary health or education). An interesting application of marketing is the use of social marketing to promote health programs, particularly family planning.

Seventh, NGOs should play a more active role. There is considerable evidence on the comparative advantages that NGOs enjoy in planning and managing many kinds of programs for the poor. Their grass roots approach, flexibility, and emphasis on efficient management and accountability make the stronger NGOs well suited for assisting in the design and management of small-scale projects in varying environments and for catering to populations that have limited access to, and confidence in, regular government programs. Every sector contains examples of NGOs that have been able to put together cost-effective delivery systems reaching out to large populations groups excluded from most public sector programs. Among the highly successful NGOs are: in the credit sector Grameen Bank, BRAC, and the Working Women’s Forum; in low-cost housing the Orangi Project in Karachi; ASAG in Ahmedabad; and Freedom to Build in Manila. In the area of health, Bangladesh’s NGOs provide 40 percent of contraceptive services and organizations such as BRAC play a major role in oral rehydration therapy and other primary health services. However, further research is clearly needed to conduct systematic comparisons of the cost-effectiveness and accessibility of government and NGO programs (see Chapter 3 for a discussion of evidence from the health sector).

Eighth, all the chapters mention the need for targeted programs and conclude that despite the continuing debate concerning the merits of programs targeted for the poor (see Chapter 1), targeting is justified under some circumstances. Satia (Chapter 3) argues that the goal of providing universal health services has diverted attention from ensuring that these services are accessible to the poor. He stresses the need for targeted programs for the poor, many of which should be demand, rather than supply, driven. Bucher and Johnson (Chapter 4) state that a target group orientation is essential in rural development, both to prevent resources from being siphoned off by powerful groups and to ensure that programs adapt to the characteristics of microregions. Getubig (Chapter 6) states that many of the most successful credit programs (such as Grameen Bank) are based on the firm belief that targeted programs are essential to protect resources from being siphoned off by more powerful groups. Successful credit programs usually operate through
solidarity groups that are based on strict eligibility criteria to ensure that only the poor benefit. Heyzer (Chapter 7) also points out that it is essential for programs to respond specifically to the needs of women in general, and poor women in particular. She cautions, however, against the kind of central numerical targeting, common in both rural development and primary health, that is used to assess the performance of extension workers. Under such systems families are frequently pressured to accept loans or assets they do not want, or extension workers may limit their work to those activities that can be quantified (for example, the number of children vaccinated or number of houses visited).

Ninth, conventional project design needs to be adapted to the special requirements of poverty alleviation. To be effective, poverty alleviation projects must place greater emphasis on participatory planning and design, greater flexibility in the implementation schedule and definition of objectives, and flexibility in the allocation of financial resources. It may also be necessary to have smaller and simpler projects. Therefore it will be particularly important to ensure that project design responds to the needs and capacities of beneficiaries in all sectors and that they are actively involved at all stages of planning and implementation.

Tenth, integrated service delivery is essential. Although this remains a controversial issue, it is widely recognized that poverty is multifaceted and that little change can be produced in the overall quality of life of a poor household through the provision of a single service such as nutrition, better housing, or credit if the broader causes of poverty are not attacked. In practice, however, it has proved to be administratively difficult to implement integrated rural development programs, health and urban services, or credit, marketing, and technical assistance. Many programs that attempt to do so have become extremely bureaucratic and inefficient. Integrated rural development programs, in particular, have been widely criticized for their ineffectiveness. Nevertheless, the integrated approach to poverty alleviation seems desirable, even though individual services may be delivered separately and possibly by different organizations. It was stressed that NGOs and local organizations have an important role to play in generating demand, defining priorities, and improving coordination between different service delivery agencies. All five chapters stress the need for effective coordination between the policy, program, and project levels.

Although these chapters focus largely on the project and program levels, they all support, implicitly or explicitly, the "three-legged" approach to poverty alleviation advocated by the 1990 World Development Report. Bucher and Johnson specifically advocate this integrated approach for rural development, Getubig emphasizes the need to integrate credit programs for the poor into an overall commercial credit policy, and Heyzer notes the importance of creating economic opportunities for women and of ensuring that these programs are consistent with broader labor market and economic growth strategies. Chapter 3 on health by Satia and Chapter 5 on urban housing by Yeung pay less attention to the macroeconomic environment.
THE ACCESSIBILITY OF POPULATION, HEALTH, AND NUTRITION SERVICES TO THE POOR: THE EXPERIENCE OF SOUTH ASIA

J. K. Satia

Summary

Investment in human capital—particularly health, education, and nutrition—has come to be accepted as a key component of any sustainable poverty alleviation strategy. International agencies have therefore strongly supported human resource development programs and governments around the world have responded with appropriate actions.

Following the Alma Ata declaration (1978) of "health for all" and the adoption of a primary health care approach, the South Asian countries rapidly expanded their peripheral population, health, and nutrition service (PS) delivery systems. In particular, they built health centers and subcenters or posts and established community-based health services provided through community health workers. Despite a massive expansion of facilities and staff, the PS systems have not performed well when it comes to helping the poor.

International experience suggests that sustainable PS delivery systems designed to reach the poor should provide effective service delivery at the village level with back-up support from higher levels, should rationalize responsibilities for various services, enhance people orientation of service providers, emphasize demand creation, and build strong community links. PS delivery systems in South Asia are pursuing this ideal, but there are serious shortfalls.

Nongovernment organizations (NGOs) have generally been more successful in reaching the poor. Although growing, their total involvement is small compared with the PS delivery systems that governments operate. Much more learning is necessary before it will be possible to form a successful partnership between the government and NGOs.

Four obstacles still need to be overcome before sustainable PS delivery systems can be built to meet the needs of the poor: the lack of a continuing political commitment, the neglect of the process aspects of implementation, underfunding, and inadequate management capacity.

As coverage levels improve, targeted strategies would be necessary to supplement PS delivery systems. Depending on the areal distribution of the poor and characteristics of the PS delivery system, it may be necessary to undertake geographic targeting, promote at-risk approaches, widen choices for the poor, and employ multisectoral approaches.

1. This chapter borrows heavily from an earlier paper prepared for the World Bank, "Providing Peripheral Population, health, and Nutrition Services to the Poor—What Is Needed." The author is grateful to Michael Bamberger for comments on this draft and to R. Bullet, C. Chamberlin, James Greene, Jean-Louis Lambony, A. R. Meashem, and S. Stout for their comments on earlier drafts.
Four actions are necessary to build sustainable PS delivery systems. First, the base of information about the poor needs to be strengthened. Second, policies need to focus on the poor. Third, programs should strengthen management capacity for designing and implementing PS delivery systems. Fourth, systematic research efforts are needed at the local and regional levels to help refine responses to the problems of providing PS to the poor.

Introduction

Before the 1970s, health services in South Asia largely consisted of curative institutions. In the 1970s, pressure developed for basic health care for a larger population through the establishment of health centers, posts, or subcenters. These services were accessible to only a few. Preventive services were also inadequate, and the bias of service providers was toward secondary care. Significant gains in health status came mainly from the control of malaria and other epidemics and the eradication of smallpox.

By the mid-1970s, a primary health care (PHC) movement was born, spurred by the remarkable success of small-scale, largely nongovernmental organizations’ (NGO) projects and by the experiences of some countries (notably China). These pressures culminated in the Alma Ata declaration (1978) of the goal of “health for all.”

More than a decade later, there is still some confusion regarding the meaning of PHC. PHC is defined not only as essential health care made universally available to individuals and families in the community by means acceptable to them, but it also implies their full participation. Furthermore, intersectoral action is emphasized to improve health status in a holistic sense. Many, however, think that such comprehensive and community-based health care is too idealistic a concept and impossible to achieve. Tangible decreases in morbidity and mortality comparable to small-scale projects have not been reported (van Der Geest, Speckman, and Streinend 1990).

The most concrete action, since the Alma declaration and the acceptance of the goal of "health for all," was that all the South Asian countries expanded their peripheral population, health, and nutrition service delivery infrastructure by adding health centers and subcenters, and by establishing community-based health services through community health workers. In India, the number of subcenters more than tripled, from around 35,000 in 1975 to 120,000 in 1989. In Pakistan, the number of public service outlets increased from a few hundred to about 5,000.

The PS are defined as essentially outreach or outpatient services routinely delivered by the health system. Most often these include services pertaining to maternal and child health (MCH), preventive health, and contraception, and the treatment of minor ailments and health education. In some countries they may also include growth monitoring and supplementary nutrition of younger children. Generally, several ministries are involved in delivering services, and thus their activities need to be coordinated.

Although the health status of the poor has improved in response to these services, it has not reached the level of the population as a whole. PS coverage, particularly MCH and first-level
treatment for minor ailments, has certainly increased. Also, with the expansion of PS delivery systems and overall socioeconomic development, infant and child mortality has declined and contraceptive use has increased. These rates continue to show a favorable trend. The problem, however, is that governments have been mainly concerned with improving the coverage and utilization of PS delivery systems and have neglected to pay enough attention to "who has not been reached and why." To answer this question, it is necessary to review experiences in South Asia in order to assess the role of PS in the provision of sustainable health services to the poor.

Performance in Relation to the Poor

Reaching the Poor

Despite the massive expansion of physical facilities, incremental policy reforms, and program improvements, the performance of the PS in relation to the poor has been disappointing (Justice 1986; Khan 1988; World Bank 1989c; Murthy and others 1990) (Box 3.1).

Current evidence suggests that much remains to be done to provide adequate PS coverage to the poor. Although income and education certainly have an effect on health status, PS coverage has been shown to bring about significant improvements in health.

Problems in Reaching the Poor

Several factors have made it difficult for PS to reach the poor.

Distance is a major determinant of service accessibility, as can be seen in three districts of Madhya Pradesh, India. Only 26 percent of the population use health facilities that are more than 5 kilometers away, in comparison with 38 percent of those who live closer. A study of three upazillas in Bangladesh found that post-neonatal infant mortality (28-365 days after birth) was 26 per thousand live births for areas in which a qualified allopathic doctor was available within 2 kilometers, in contrast to 45 or more in other areas (Paul 1991). Despite improved physical access to PS, considerable inequalities persist among geographical areas because of biases in the location and staffing of facilities.

Usually the income and education level of households determine the ability to use PS. Studies in Bangladesh and India have found that low-income households rely more on home or traditional remedies, whereas higher income households preferred to be treated by modern physicians. In Sri Lanka, where literacy levels are high, the proportion of children with health cards increased from 65.7 percent among mothers with no education to 86.8 percent among mothers with more than secondary education (Sri Lanka 1987).

3. In a wider sense, health service coverage would mean adequate access to and actual utilization of effective and efficiently delivered services. This is quite different from administrative definitions that may mean no more than a number of health facilities and staff in some statistical relationship to the population (Gish 1990).

4. The poor have become more vulnerable, as the traditional safety nets and mechanisms for survival, in case of catastrophic events of illness, are weakening. Consequently, their dependence on PS delivery system is growing. Modern PS delivery systems, rather than enable existing cultural and community mechanisms, have sought to supplant them. Some of the population, health and nutrition technologies introduced by PS delivery systems have yielded results.
Box 3.1 How Well Do PS Delivery Systems Reach the Poor?

Data on PS coverage of the poor is fragmentary because the concern for reaching "all" has clouded the concern for reaching the poor.

Although, in theory, PS delivery systems are expected to cover everyone, in practice there are severe shortfalls. In Bangladesh, for instance, only 17 percent of the households having operational landholding of less than 0.5 acres sought illness care from government services and the remaining 83 percent sought it from either private allopathic or traditional practitioners (Khan 1988).

Uneven coverage of PS delivery systems has been well recognized in South Asia. Although not systematically analyzed, PS delivery systems tend to mirror social inequities. Generally, those who have higher incomes, are educated, are closer to health facilities, or have privileged access (say civil servants) are served better covered than those at the periphery. In India, only 70 percent of the required number of primary health centers and subcenters are established in tribal areas in comparison with about 85 percent in the country (India Yearbook 1988). Similarly in Bangladesh, vacant positions for family welfare assistants totaled about 10 percent in more accessible areas compared with about 30 percent in remote areas, with a comparable difference in performance (ICDDR, 1990). Even in Sri Lanka, attention by trained personnel at delivery ranged from 77 percent to 98 percent in the provinces (Sri Lanka 1987).

The poor consequently suffer from greater health problems. For instance, 23 percent of the population residing in the socioeconomically backward states of India account for 40 percent of all infant deaths.

Gender differences also persist; generally, women and female children suffer the most. Consequently, female life expectancy at birth in South Asian countries, except Sri Lanka, is lower than male life expectancy, although these differences may be declining.

For a number of reasons, the poor fail to use these services even when they are accessible (ADB 1986). Those on the supply-side include the lack of medicines, improper behavior of the health staff, low skills and motivation of staff, and lack of community involvement. Demand is governed by health behavior and beliefs, the lack of resources to provide access to facilities, impediments created by the social structure, and the poor quality of services (Srinivasan and others 1986; Talwar and Bhatia 1985; Khan and others 1987; Khan 1988). The switch between various service providers, or medical pluralism, because of uncertainty in the efficacy of treatment, complicates user behavior.

A careful evaluation of provider and consumer incentives is necessary to identify the barriers to increasing PS coverage of the poor. The benefits to providers can be increased by giving greater weight to coverage in their performance evaluation and linking it with a package of suitable monetary and nonmonetary incentives. At the same time, the costs to providers can
be reduced by improving mobility and increasing travel allowance. Consumer benefits would be higher if the service mix included those perceived to be of high priority; if information, education, and communication (IEC) activities were strengthened; and if there was peer pressure for behavior change and the quality of care improved. Similarly, the costs to consumers using PS delivery systems can be reduced by improving geographical access, reducing waiting time, and making the system more reliable.

**Sustainable PS Delivery Systems**

**International Experience**

There is considerable evidence to indicate that PS delivery systems are more likely to reach the poor than higher levels of health care. It is therefore important to determine exactly how much we know about establishing sustainable PS delivery systems and what can be done to increase their coverage. A review of international experiences suggests that five areas need attention: service delivery structure, organizational arrangements, people orientation of service providers, demand creation, and community links (see Box 3.2).

**Developing Sustainable PS Delivery Systems in South Asia**

Through successive reforms, South Asian PS delivery systems have been attempting to attain the goals outlined above but serious problems persist.

**Structure of PS Delivery Systems.** Several countries have developed three-tier PS delivery structures for rural areas. These consist of a village health worker (VHW, also referred to as community health worker, auxiliary midwife, volunteer) at the community level; health subcenters or posts (also known as dispensaries) serving a population of 3,000 to 10,000; and a health center designed to serve a population of about 30,000.

South Asian versions of this service delivery structure vary considerably, as can be seen from Table 3.1. The great difficulty in most of these cases is that village service delivery remains weak.

Furthermore, although a large number of health centers/subcenters now exist, the population does not seem to make full use of them (ADB 1986). This underutilization has several causes: inaccessibility, poor training, personnel problems, irregular drug supplies, low staff skills and motivation, inadequate supervision, more attractive medical facilities in nearby areas, and continued use of indigenous health care resources. Much can be done to improve the use of these centers by improving their functioning, encouraging community involvement, and planning their expansion by taking into account the other health services in the area.

While most NGO programs and many countries have been able to use VHWs to effectively build links between health staff and the poor (Berman and others 1987; Walt 1988), the South Asia VHW programs have not been too successful. In India, the VHWs, are part-time volunteers who are paid a small honorarium. But selection problems (whether they should be

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5. The term "sustainability of PS" is used to imply continued delivery of services and production of benefits, maintenance of physical infrastructure, long-term institutional capacity and support from key stakeholders (Bamberger and Cheema 1990).
A review of selected country experiences and interventions to increase coverage suggests that sustainable PS delivery systems have the following characteristics:

- They provide effective service delivery consisting of village level presence, appropriate structure of health services, and suitably located health facilities.
- They have a sound organizational base through rationalized responsibilities and committed middle management.
- They encourage service providers to become oriented toward people through work programming, in-service training, supportive supervision, coverage-oriented monitoring systems and functioning logistics support.
- They pay attention to demand creation activities by attempting to understand beneficiary needs, offer an appropriate mix of services, improve the quality of care and sensitize the community through IEC and social marketing.
- They develop strong community links through a mix of community volunteers, special groups, and village health communities.

Each of these elements makes a vital contribution, but more important, they interact synergistically to increase PS coverage.

6. Although most NGO programs favored a female worker who had strong links with the community, there has been considerable debate over who constitutes a better VHW—male or female, married or single, young or old. But the evidence on this issue is poor.
relationship between poverty and health and what they can do about it. It is naive to assume that VHWs can play a political role where there are considerable inequities in the society. In most such cases, they will be perceived as extensions of existing health services. Finally, the quality of VHW activities may have been generally poor, given the problems in their selection, training, and supervision and in the logistics of providing their services.

The potential of VHWs can only be realized if their work is realistically targeted and they are given better support and supervision. Furthermore, they would need more financial and managerial resources than was originally anticipated. In the uncertain economic climate of today, a case can be made for reforming and consolidating rather than expanding existing programs.

Sri Lanka has experimented with purely voluntary VHWs, who obtained no financial support from the government. However, the desertion rate among unpaid VHWs was high (Walt 1989). Most national programs pay their VHWs either a salary or an honorarium, but few provide sustained community financing of VHWs. According to a recent WHO draft document, there is little evidence that the mobilization of volunteers in national programs is an effective policy (WHO 1987).

**TRADITIONAL BIRTH ATTENDANTS**. In South Asia, traditional birth attendants (TBAs) provide some antenatal care and usually assist with the delivery, even when health services are available nearby. Therefore, almost without exception, national programs 7 have been launched to train TBAs to upgrade their delivery services, but rarely other services. Such training has shown to improve antenatal care and immunization. In one small experiment, TBAs were trained to function as VHWs and were found effective (Ford Foundation 1987). Although TBAs are recognized as a means of expanding MCH and family planning (FP) service coverage, no accounts of successful national programs of sustained TBA involvement have been found.

**TRADITIONAL PRACTITIONERS**. South Asian countries have a large number of traditional practitioners, but there are vast differences in their skills and methods of treatment. Bangladesh, for example, has 4,500 qualified allopathic practitioners along with an estimated 2,000 Unani, 4,000 Ayurvedic, and 10,000 homeopaths. There is some evidence that popularity of traditional medicine is declining. Most governments have formal links with traditional practitioners. Despite the high level of availability, accessibility, acceptability, and affordability of traditional medicine among rural people, actual collaborative programs between traditional and modern biomedical practitioners have been few and the question of how to utilize their potential in improving health services still remains unresolved (Thapa 1986).

Urban PS delivery systems have been neglected. In urban areas, the PS delivery system often consists of local government dispensaries. Since distances are not large, it is assumed that the poor in urban areas will be able to use the available health infrastructure. Fragmentary evidence suggests, however, that distance and other barriers to contact do operate and that health status of the urban poor may be only marginally better than that of the rural poor. A three-tier PS delivery structure, comparable to that in the rural areas, 8 could be expensive, particularly in view of the already existing private and public service delivery structure. Perhaps only the most peripheral part of PS—the community worker—needs to be added and other existing facilities rationalized, as the experience of an urban health project in Calcutta shows (Heaver 1989).

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7. By 1988, more than 25,000 TBAs in Bangladesh and 580,000 in India were reported to have been trained.

8. For instance, the Krishnan Committee (1982) in India prepared an urban revamping scheme under which a female voluntary health worker for a population of 2,000, and a health post for 50,000 population staffed by a doctor and multipurpose outreach workers was recommended.
Table 3.1 PS Delivery Structure in Some South Asian Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Level 1 Type</th>
<th>Level 2 Population</th>
<th>Level 3 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Health Village</td>
<td>HFWC 22,000</td>
<td>Upazilla 200,000</td>
</tr>
<tr>
<td>India</td>
<td>VHG</td>
<td>Sub-center 3,000-5,000</td>
<td>PHC 20,000-30,000</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Disp/Subc</td>
<td>MHC/BH 5,000-10,000</td>
<td>RHC 25,000-100,000</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>GHC</td>
<td>Subdiv. 20,000</td>
<td>DHC 60,000</td>
</tr>
<tr>
<td>Nepal</td>
<td>Health worker</td>
<td>Health post 10,000-20,000</td>
<td>Center NA</td>
</tr>
</tbody>
</table>

Note: Service delivery system in Sri Lanka and Nepal is being rationalized and the structure indicated here is tentative.

Source: ADB (1986); World Bank (1989c); and Tuladhar (1989).

Therefore, a flexible service delivery pattern, appropriate for local needs and situations, is called for in urban slums.

Organizational Arrangements. By the mid-1970s smallpox had been eradicated and incidence of malaria had declined, with the result that most countries turned their attention to integrating various health programs, including family welfare (see Box 3.3). However, several difficulties arose in rationalizing the organizational responsibilities at various levels of health services and in delivering the integrated range of health services. In India, the field functionaries of several vertical programs were integrated into a new cadre of multipurpose workers, but it took many years to work out salaries and organizational responsibilities. Several programs continued to operate vertically, although responsibility for them was integrated at the district level. In Bangladesh, the ministries of health and population control were reorganized several times. Health and family planning have been fully integrated at the upazilla level and below (Badrud Duza 1989). In Nepal in 1987, the government decided to integrate all services, including family planning, by integrating all vertical projects in seventy-five districts, which were expected to cease to have a vertical identity by 1990. The ministry’s organization was restructured to accommodate most of the vertical projects’ staff members. Integrated health services are to be made available through the District Public Health Office (Tuladhar 1989). In Pakistan, integration still appears to be at a preliminary stage (World Bank 1989c). Sri Lanka,
which has well-established preventive health services, is still debating about and experimenting with appropriate modes of integration of all health services.

Thus, scholars seem to be divided on the issue of integration. However, all the countries have favored integrating services to rationalize the number of field workers and reduce their area of operation. Because the poor are unable to adequately integrate services from different channels, they are more likely to benefit from integrated, but more accessible, services. Clearly integrated programs require more sophisticated planning, greater staff motivation, coordination, and control and their success will depend on how these managerial processes are strengthened.

Once the responsibilities for different health programs are rationalized, particularly at the district level, more attention can be paid to overall health and to pooling resources among different programs. This does not mean that a single worker, facility, or agency should provide all the services.

PEOPLE ORIENTATION. It is not enough to set up a PS structure; health staff need to be oriented toward providing services to people. Most countries find it difficult to reorient health professionals and government bureaucracy to PS. Thus a major task of PS managers is to increase the people orientation of the service providers, and thereby help improve provider-user interactions. For instance, the International Center for Diarrhoeal Disease Research in Bangladesh worked with the government to enhance the people orientation of service providers by providing assistance in training, logistical support, organizational development, and record keeping. Other problems that also needed attention in this case were the shortage of supplies and essential facilities, lack of well-defined priorities among the tasks of workers, an unwillingness to make the extra effort required to ensure systematic service delivery, inadequate supervision, and unrealistic number of clients to be served (Koblinsky and others 1989).

Several lessons have been learned about orienting health staff toward providing services to the poor.9

- Realistic work programming increases outreach.
- Well-designed and field-oriented in-service training helps to improve the performance of field staff.
- Monitoring systems need to focus on simple indicators of coverage and quality.
- Management information systems cannot be improved in isolation; other relevant management activities must be included in any improvement efforts.
- Although the lack of supportive, problem-solving supervision and low worker motivation have been often cited as reasons for the low coverage of PS delivery systems, any corrective actions in this regard are not well documented.

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9. Heaver (1989) draws several lessons for improving the outreach of PS from the Bank projects in India. First, successful projects limited the tasks of peripheral workers by ensuring a reasonable number of clients to be served by a worker, directed the focus of workers on a limited number of services and defined their work routines targeting on priority clients. Second, they selected local workers, provided them with regular in-service training, and ensured reasonable supervisor/worker ratios. Third, they involved clients in program implementation. Fourth, they paid considerable attention to details of program structure and day-to-day delivery services.
Inadequate medical supplies discourage people from using health services.

Many successful programs have paid considerable attention to these problems. For instance, in the Tamil Nadu Integrated Nutrition Project (Berg 1987; Subbarao 1989), administrative supervision of field community nutrition workers is separated from technical support, which includes pre-service as well as in-service training on the job and is provided by instructresses. Training is provided at the local level so that the content can be tailored to local needs. This approach promotes close coordination between on-the-job training by supervisors and in-service training and can be targeted to specific worker needs based upon an appraisal of his or her performance. Careful attention is also paid to selecting workers at the local level. In each community nutrition center, selected community data and performance indicators are shown on a blackboard so that the community members, workers, and supervisors can easily assess the activities of the center and the nutrition status of children under three years of age. The community nutrition worker forms a women’s group to assist in several priority activities. More important, the group plays a role in communicating both the content and philosophy of the program to the community and thus helps increase the participation of potential beneficiaries.

EMPHASIS ON GENERATING DEMAND. National programs generally assume either that demand already exists or can be easily created once service delivery is in place. The problem with this view is that the poor may not perceive these services as their most-needed ones and therefore may not be willing to use them. The quality of services may also be so poor that people do not wish to use them.

While expanding service coverage, some projects put considerable emphasis on increasing the quantity of services to the detriment of their quality. This strategy eventually constrains demand. How to instill a concern for quality among widely dispersed PS delivery staff remains a problem that has not received much attention in the literature. Ministries may not be well enough equipped to provide the necessary decentralization, interorganizational coordination, and range of technical skills for effective communication. For instance, although many World Bank-assisted projects have included information, education, and communication (IEC) components for several years, project staff in most cases assume that the government has been unable to implement effective IEC activities.

In a variety of settings, social marketing through commercial or other channels (such as traditional healers), has met some of the demand for contraception, complementing family planning program efforts (Sheon, Schellstede, and Derr 1987). In Bangladesh, India, and Nepal, social marketing has been contributing about half of condom and a fourth of pill usage.

The range of social marketing could be expanded, however, as recently shown in Egypt, where it was used to promote oral rehydration salts (NCDDP 1986). The Indonesian Nutrition Project supported by the World Bank and the succeeding project support by USAID demonstrate that social marketing approaches can help change feeding practices and improve nutrition status (Heaver 1988). Several examples from qualitative research show that local perceptions of diseases and their causes may differ significantly from those of health professionals. Generally speaking, increased knowledge about the people can lead to improvements in PS delivery (Salmen 1987). However, studies of health practices and care-seeking behavior are often not translated into

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10. Broadly speaking, social marketing refers to the use of modern marketing, with its components of market and consumer research, advertising, and distribution and its array of sales promotion devices for social purposes. The premise is that the consumer is the key and consumer perception is the fundamental wisdom (Manoff 1985).
Box 3.3 Community Links

It has been very difficult to build strong links between the communities and PS delivery systems in South Asia:

a. Volunteer-worker links. VHWs are the most important means for linking national programs with communities. But, as noted earlier, they do not seem to have succeeded in South Asia.

b. Groups. Most programs envisage the formation of women's groups, and a considerable amount of experience is being gained in activating such groups. However, large-scale national success has not been reported.

c. Village committees. Examples from government programs in India (Bhatt 1988) and Bangladesh (ESCAP 1989) show that the committee-type structures cannot suddenly be superimposed on communities and be expected to function effectively.

Thus, the available evidence suggests that formation of women's groups with link community volunteers is the most suitable way in which PS delivery systems in South Asia can strengthen their community links.

project design, and the result is less-than-optimal performance.

Maintaining Community Links. Community involvement can be sought by strengthening the links with the community, although the extent and mode of this endeavor may vary, depending on the socioeconomic context (see Box 3.3).

The stronger the links with the community, the larger the coverage. However, it may not be possible to build broad, self-sustaining community participation through health service activities alone (Rifkin 1986). Experience shows a correlation between high participation and an integrated approach that is attuned to community priorities and not only related to health care. Since appropriate community actions depend upon the social, cultural, political, administrative, and economic situation in the country, what can be done in a small NGO program may be impossible to repeat on a large scale.

Role of NGOs

NGOs have generally been more successful in delivering services to the poor than other groups and their involvement has been increasing. In Bangladesh, by the end of 1991, 23,000 female field workers were employed in the government program while about 6,000 female field workers were employed in rural NGO family planning programs. They provide almost 40 percent of all contraceptive services and a majority of MCH services in urban areas (ICDDRB 1990). In Pakistan, NGOs have been successful in delivering primary care, albeit to relatively small
numbers. NGOs are more active than government agencies in developing new initiatives in family planning service delivery (Fazil 1989; World Bank 1989c). NGOs are active in many areas of India. Their share in total care is significant, and they have experimented with innovative forms of service delivery as well as assisted the government in implementing programs (Ford Foundation 1987). The health, family planning, and nutrition services provided by NGOs have often been the leading forms of "modern" (as opposed to "traditional") care in rural areas of Nepal. Recently, NGOs have started services in urban areas as well and have become agents of innovation in this sector (Thapa 1989). With a history of community involvement and well-developed government health services, the role played by NGOs has been small in the health sector in Sri Lanka, although it has been significant in family planning.

**NGOs: Strengths and Weaknesses**

The significant features of NGO experiments have been their responsiveness to community needs, paramedic/village-based service delivery, and participatory processes in the planning and implementation of programs. Having long worked with the poor, NGOs are better able to help them. Because of the participatory nature of NGOs, they not only deliver needed services, but also help the poor to help themselves. They are more flexible and experimental than government agencies and therefore can more easily adapt their activities to local needs. At the same time, most NGOs are small, isolated, and dependent on one or two charismatic leaders. The initiative often comes from outside and not from within the community. Even when an initiative emerges within the community, it tends to come from the more educated and elite members of the community. As a result, the poor may come to depend on NGOs (Bhatt and others 1987).

NGOs use several methods, in addition to expanding their own coverage and range of services, to upscale service delivery (IIMA 1985). NGOs are also getting involved with government systems in a technical and administrative capacity. They assist the government by providing various services—training, planning, monitoring and evaluation, and a low-cost supply of medicines. They also play a linking role either by encouraging the people to make demands or by assisting them in making use of the government services. Finally, at the national level, many of them attempt to influence government policy by playing an advocacy role.

The government’s main concern in replicating NGO activities has been cost. The evidence on this issue is mixed and data on the cost of community health projects are scarce. A study of such projects in Maharashtra, India (Gupta and Duggal 1986), showed that their costs were not substantially higher than the amount the government may have been spending on rural health care. Another study (Berman and Dave 1990) estimated that the cost per contact for curative care and immunization in selected NGO programs was within the range of costs reported by government services, although NGOs were spending somewhat more per capita on primary health care than the government. In Bangladesh, the Matlab program was estimated to have at least four times the worker population density of the government program (Badrud Duza 1989). And in Nepal, several NGOs were reported to be spending more resources than the government program (Thapa 1989).

**Government-NGO Partnership**

Governments generally have greater capacity for organizing service delivery on a large scale and have the resources to sustain them. In contrast, NGOs are more oriented toward people, are able to create demand, and enable the poor to integrate various available government services.
Box 3.4 Modes of Government-NGO Partnership

NGOs INNOVATE; GOVERNMENTS REPLICATE. Often NGOs are able to test and refine innovative approaches. The government then uses these models to upscale the programs. However, performance usually deteriorates during the process of upscaling. NGOs can remedy the situation through training and other support, which can reduce the gap in performance between small and large programs.

NETWORKS, FEDERATIONS, and COORDINATION COMMITTEES. Federations and intermediary organizations are often created to coordinate the activities of a large number of small NGOs and channel government funding to them. However, many smaller NGOs jealously guard their autonomy. Such coordinating bodies have not become strong, well organized and effective, except in a few instances.

DIVISION OF LABOR. The government offers services, and NGOs take up the responsibility of creating demand and enabling the poor to make use of those services. This model has potential for conflict. To maintain a reinforcing relationship with the government, a careful balance needs to be observed that allows the state machinery to be pushed, but not too hard.

EARMARK AREA RESPONSIBILITIES. When both the government and NGO services are being provided in an area, it is often desirable to allocate areas for specific operations, so as to avoid duplication and confusion.

NGOs TAKE OVER GOVERNMENT UNITS. Several NGOs have been handed over government programs in specific areas. But generally more success is achieved when both technical and administrative flexibility rests with the NGOs.

To achieve a sustained partnership, the government and NGOs need to not only increase mutual trust but also strengthen the institutional capacity for learning from each other.

Is it possible to combine their strengths for reaching the poor with government capacity for operating on a larger scale? What modes of collaboration have been tried and with what results (see Box 3.4)?

Operating Large-scale Peripheral Service Delivery Systems

In the absence of data on coverage, cost, and quality, it is difficult to comment on the success of the country programs. In general, PS expansion has had a greater impact on health status where other social and economic conditions have been favorable or were improving.
However, PS delivery systems have faced many obstacles in their efforts to increase their coverage.

Some researchers do not think implementation is the reason that the PS delivery system has failed to reach the poor. They claim that PS delivery will continue to mirror social inequality and, unless actions are taken on a broad front to reduce such inequities in the society itself, significant improvement in its outreach cannot be expected (Mburu 1989). Nevertheless, governments have expanded their PS delivery structures to reduce such inequities.

Heaver (1988) reviewed Bank projects concerned with population, health, and nutrition sectors to determine how much emphasis they put on reaching people at the periphery. He found that these projects had incorporated many elements required to reach the periphery, but that they were deficient in two areas—the design was not flexible or based on client needs, and targeting was needed to increase provider incentive to reach the periphery. Since people at the periphery are distant, differentiated, and voiceless, one needs to make a special effort to adapt services to their needs. This not only requires flexibility but also the capacity to receive feedback and to learn the lessons of past experience.

When lessons from small and large projects and country programs abound, why have these not been expeditiously translated into practice? Why is the pace of improvement in PS delivery so slow? Four factors seem to have kept PS delivery systems from adequately responding to the health needs of the poor: a weak political commitment, inadequate attention to the process of implementation, underfunding, and overstretched management capacity in the ministries of health.

**Political Commitment**

PS delivery systems grew out of a national political commitment to PS delivery and to equal access for the poor. Consequently, budgets allocated to them increased in real terms. A part of this increase came from their increased share in overall health resources, as in India. However, budgetary constraints and the lack of political will have made it difficult to improve PS delivery systems in South Asia. Operating large-scale PS delivery system requires a continuing political commitment.

**Process of Implementation**

The experience of small-scale projects has revealed that the success of any program depends on effective implementation. It is not only "what is done" but "how it is done" that determines success. PS delivery systems should be demand-led and software-driven, and PS delivery structures should be flexible. In small-scale projects, considerable attention has been given to stimulating demand by sensitizing communities, establishing village health committees, and selecting an appropriate mix of services before expanding the service delivery structure. While establishing the service delivery structure, many planners have emphasized training, supervision, and logistical support. The resulting project designs have been flexible, depending on the task and organizational context, and—in keeping with the principle of learning while doing—have been modified where necessary.

In contrast, national programs have been supply-led, concerned with plant and equipment, and have followed a uniform pattern in the structure of service delivery. Governments have concentrated on building necessary clinics and hospitals, training VHWs and other manpower, and providing supplies, equipment, and vehicles to make the system work. The government
bureaucracies have tended to be rigid, have focused on curative services, and are facility oriented. In such a system, providers are likely to have little incentive to reach the periphery.

**Underfunding of PS Delivery Systems**

Reliable estimates of expenditure on PS delivery systems across countries are difficult to make because comparable data are not available. Roughly, 20 to 30 percent of the total health expenditure (including the private sector) or 0.3 to 0.5 percent of GNP is spent on PS delivery systems. The per capita expenditure on PS varies from US$0.45 in Bangladesh to US$1.60 in Sri Lanka (Griffin 1990).

One assumption behind the rapid expansion of PS delivery systems is that such systems do not require large resources. In fact, the financial requirements of PS delivery have been underestimated. In the 1980s, governments targeted spending toward rural areas but because of low overall funding and in the absence of radical redistribution of resources from other parts of the health system, PS delivery systems were underfunded. The result was poor training, weak supervision, low mobility, lack of supplies, and inadequate communication and community support activities. Consequently, the quality of PS services was diluted and often, even the poor preferred to pay for private services.

There is growing evidence that additional financial resources will be required for effective PS delivery, but the extent of underfunding is not clear. For instance, it has been estimated that in real terms, Bangladesh would require an increase of 74 percent in its health budget to implement current plans for expanding and improving PS operations, but this would only partly eliminate some of the known problems (Griffin 1990). Therefore, an effort must be made to increase either the overall resources allocated for health or the share of PS delivery systems in health budgets, or both.

One possible solution would be to institute user charges in the hospital sector, which would take away 50 to 70 percent of the total health resources and redirect available resources to PS delivery. However, examples of user charges and an effective means test to determine the ability to pay that are administratively efficient and widely acceptable are difficult to find. Also their distribution effects across different income groups and their impact on other providers need to be considered. For instance, a study of treatment behavior for children's illnesses in urban Pakistan showed that although the poor are more price-responsive than the general population, the reduced use of government clinics following a price rise leads to greater use of private care providers rather than to an increase in self-care or the forgoing of care (Alderman and Gertler 1989).

It has also been argued that PS systems need not be funded exclusively by the public sector. Several financing mechanisms such as health insurance in poor areas and community financing are being tested. But these have not yet proven sustainable.

**Management Capacity**

Ministries of health in many countries are organizationally overstretched. In the 1960s, they concentrated on developing hospital-based care. In the 1970s, when attention shifted to basic health services, new organizational capabilities were required. The need to forge closer links with village communities further strained these capabilities in the 1980s.
Because of the characteristics of their clients and low level of technology, providing PS to the poor imposes certain burdens on the ministries of health. The tasks in managing PS delivery differ from those in managing health care institutions in terms of variety, dispersal of personnel, professional orientation, the need to create demand, and emphasis on software. These differences need to be recognized by using appropriate structures and processes for managing PS delivery systems. The issues that need to be addressed are decentralization, strategic planning capacity, human resources management, and technical support to the periphery to ensure quality of care and communication activities.

Strategies Specifically Designed to Reach the Poor

Despite the attention currently being given to the issues just outlined, it is still uncertain that government PS delivery systems would have the necessary adaptability to provide the poor with adequate coverage.

Targeted Strategies

As coverage levels increase, it becomes necessary to target services to the underserved population. Experience with such strategies is not well documented. The following discussion is thus exploratory and suggests what direction further investigations might take. Targeting strategies would depend on the areal concentration of the poor and the characteristics of the PS delivery system:

<table>
<thead>
<tr>
<th>When concentration of poor is</th>
<th>and PS delivery system characteristics are</th>
<th>then appropriate strategy to reach poor is</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>PS delivery is inadequate and faces may problems</td>
<td>Geographic targeting</td>
</tr>
<tr>
<td>Medium</td>
<td>PS delivery system exists but poor are not getting services</td>
<td>Promote at-risk approach</td>
</tr>
<tr>
<td>Low</td>
<td>Alternative channels for services are available</td>
<td>Widen choices for poor</td>
</tr>
<tr>
<td>Ultra-poor</td>
<td>Low demand for PS</td>
<td>Multisectoral approaches</td>
</tr>
</tbody>
</table>

In the context of nutrition programs, Kennedy and Alderman (1989) observe that geographic targeting worked well in the Philippines because there were many families with food deficits and malnourished preschoolers in the villages chosen for treatment. In contrast, the geographic targeting to low-income areas in Mexico City was less effective, mainly growth retardation was not as prevalent there. In such cases effectiveness can be enhanced with the aid of screening measures, although it should also be pointed out that targeting PS delivery to the
poor in areas where their proportion is very low may not be feasible, in which case their range of choices for service channels can be expanded. PS may not be an important felt need of the ultra-poor. In these areas, many NGOs have used multisectoral approaches.

GEOGRAPHIC TARGETING. Geographic targeting to socioeconomically backward areas not only implies a selective expansion of the PS structure but also its adaptation to local needs. Although not necessarily economical, geographic targeting would clearly improve equity by directing resources to those most in need and would help create an appropriate differential response to poor areas. However, such targeting is often limited to administrative units of a reasonable size in which all the beneficiaries are not necessarily poor. The services may still be disproportionately used by better-off segments of the society. Yet, if smaller geographic areas were used for targeting, the administrative overhead would increase.

PROMOTING AT-RISK APPROACHES. The at-risk principle is well accepted in the health field. That is to say, depending on the severity of a problem, it may be referred to higher levels of the health system. However, at-risk criteria are seldom used to prioritize primary services. Directing services to those most in need by first screening them is likely to shift available services in favor of the poor and help promote equity. Critics argue that the supposed efficiency gains of these approaches over near-universal coverage may be neutralized in part by the costs of screening, particularly if the screening criteria are complicated and involve costly procedures. The poverty level of the household could be used as a factor for screening, here, too, difficulties arise. Means test are not always reliable and there is bound to be some leakage of effort. More important, although poverty predisposes people to higher health risks, others may also be affected. In general, at-risk approaches work well when the proportion at risk is neither too low nor too high. Most monitoring systems do not encourage screening by service providers because such efforts are considered wasteful in comparison with the actual services. Thus at-risk approaches are more likely to succeed if they are supported by continuing training and supervision, if screening is used as one of the performance criteria, and if those found to be at risk obtain quality treatment that produces the desired effect.

WIDENING THE CHOICE FOR THE POOR. The limited purchasing power of the poor often restricts, even nullifies, their ability to choose the organization from which to obtain services. Increasing their ability to choose is likely to introduce competition among different service providers and consequently improve service quality. For instance, rudeness on the part of providers has deterred many poor people from seeking their services. Subsidized third-party payment mechanisms or the use of vouchers can widen the choices for the poor and, at the same time, ensure that the money goes to the organizations that can attract them and provide the services they need. As Salmen (1989) says, "When poor are given choice among organizations that serve them, they are empowered. Rather than having to endure indignities and inefficiencies, they can 'exit' the offending organizations and 'enter' another one". Such mechanisms have been widely used in developed countries, perhaps, because the concentration of poor is low and a plurality of service institutions already exists. Although this strategy has limited applicability in South Asia, it could be more widely used than it is at present.

11. The Tamil Nadu Integrated Nutrition Project (Berg 1987) in India, uses a growth faltering criterion to supplement children with therapeutic nutrition. The project has been able to cut severe malnutrition levels in half and is thought to have twice as much impact at less cost compared with a similar program that attempts to provide near-universal coverage.
MULTISECTORAL APPROACHES. The ultra-poor (bottom 10 to 20 percent of the population) have special needs. Income and employment are their most serious concerns and health services have low priority. The health sector is not equipped to orchestrate the multisectoral approaches that would be required to reach them. Many NGO programs have attempted to reach the ultra-poor by responding to their special needs. These programs began their activities by attending to irrigation or income generation because they were the primary needs of the people in these marginal areas. Some programs that focused on health services found that even if the level of ignorance is reduced and health services are made available, there can only be limited improvements in health unless poverty is alleviated. In the Comprehensive Health and Development Project at Pachod, India (Ford Foundation 1987), poverty explained the difficulties encountered in reducing the malnutrition of children below a certain level. Consequently, the program broadened its activities to include afforestation and biogas programs.

The Child in Need Institute in Calcutta, India, recognized the link between income, literacy, and the capacity of a woman to look after her child. It therefore added literacy and income-generation activities to those designed for women’s groups.

Perhaps NGOs have more success with the multisectoral approach because of their flexibility and commitment, whereas, the government runs into problems of coordination. Governments have begun to recognize the distinctive strengths of NGOs and are developing mechanisms to encourage such NGO activities.

Role of the Private Sector

A large proportion of health care is sought from the private commercial sector, which comprises private practitioners of allopathic and other systems of medicine. Griffin (1989) argues that economic efficiency gains are likely to occur if developing country governments increase their cooperation with the private health care sector and nurture third-party payment mechanisms to finance the mix of services their citizens currently use. The government could then improve the targeting of subsidies and direct services to those who are disadvantaged or at risk. The burden on the PS delivery system would be reduced if the private sector could provide services to those who can afford them and if public services were directed toward those who cannot.

Various institutions and health care delivery systems often need to be restructured to target the public PS delivery system to the poor. However, this strategy, which appears an effective way of targeting health expenditures to the poor, needs to be accompanied by a commitment to provide the poor with good quality services and to protect expenditures for them. But before the public and the private sector can perform complementary roles, the policy on the role of the private sector must be clearly defined.

12. To target public health services to the poor, the government of Chile first expanded and improved the PS delivery system, emphasizing the most vulnerable groups—mothers and young children living in rural areas, where a map of extreme poverty showed the lowest indicators of health status to be. The government then decentralized the national health services into twenty-six regional autonomous services, transferring the responsibility for the PS delivery system to the municipalities. The role of the ministry as the policymaking, normative, supervisory, and evaluating agent was also strengthened. Major institutional and financial reforms for the health sector were accomplished by creating a financial institution for the health sector and charging it with the collection of all revenues from the national budget as well as payroll deductions, and paying the providers of services in accordance with the services rendered and allowing workers the option of choosing between public or private health insurance funds (Casaneda 1989).
Conclusion

The health status of the population of South Asia, and of the poor in particular, can only be improved if PS coverage is improved. More attention must be placed on creating demand, increasing the people orientation of service providers, and encouraging flexibility at the local level. To this end, it will be important to address the issues surrounding the process of implementation, underfunding of PS delivery systems, management capacity at the higher level, partnership with NGOs, and the role of the private sector. Such efforts must be backed by a political commitment to enhancing PS coverage of the poor. Where coverage levels are moderate to high, targeted strategies would be necessary to reach the poor, and the specifics of targeting would depend on the context.

Four actions are necessary to build sustainable PS delivery systems and implement targeted strategies to meet the health needs of the poor. First, the information base about the poor needs to be strengthened. Second, policies need to focus on the poor. Third, programs should increase their management capacity for designing and implementing PS delivery systems. Fourth, we need to learn more about specific constraints and how to overcome them through systematic research efforts.

**Strengthening the Base of Information about the Poor**

A special effort needs to be made to understand the poor. Since they have no voice either through the market or through links with service providers, their demands are not properly understood. The central planners are often far away and have preconceived notions about the poor that may not coincide with reality. Even when contacted, the poor are suspicious, inarticulate, and rarely organized to speak as a group.

There is increasing evidence that survey data do not provide an adequate base of information for understanding the poor. Yet the survey is the most common method of collecting data. One of its problems is that it involves a relatively large number of respondents and rather thin information from individuals. Program managers trying to reach the poor are becoming aware of the value of cultural information about them (Salmen 1987). Qualitative research consisting of participant observation, open-ended in-depth interviews, and focus groups are thus needed to gain insight into health behavior, its determinants, and its cultural and ecological constraints. A combination of quantitative and qualitative methodologies can be used to develop a data base on the poor. But a one-time attempt at understanding the poor will not suffice. As project and program services interact with beneficiaries, both the program objectives and operations may have to change. Therefore, it is important to aim for flexibility of design with a built-in autonomy for local managers based upon a learning process approach (Korten 1984). This approach requires constant feedback during project implementation to allow the project to become adapted to its environment. This feedback should come from service statistics, longitudinal surveys, and process documentation. The monitoring indicators should assess not only the input of staff and facilities, coverage of beneficiaries from different socioeconomic groups, quality of services, and impact on health status of the intended beneficiary groups, but also the involvement
of the poor and the people orientation of service providers. Finally, project impacts should be measured through surveys and the reactions of beneficiaries.\footnote{Several methods of rural rapid appraisal and participatory evaluation have been developed during the last decade, notably by Richard Chambers and his associates (Chambers 1986).}

**Policy Response: Focus on the Poor**

A policy focus on the poor implies allocating greater resources to underserved population groups, involving the poor in decisionmaking, and providing a suitable role for NGOs and the private sector:

- Resources should be allocated so as to correct the bias in locating facilities and staff both in favor of the peripheral part of the services and the poor.
- The involvement of the poor should be encouraged through the formation of beneficiary groups and link volunteers, perhaps the most suitable mode of involvement, given the sociopolitical context of South Asia.
- Governments need to accept and respect the role of NGOs as a movement or a pressure group in the policymaking process.
- The private sector could provide services to those who can afford them, and public services could be directed to the poor. However, the role of the private sector needs to be clearly defined.

**Program Response: Strengthen Management Capacity**

How to strengthen management’s capacity to design and implement sustainable PS delivery systems has been a major concern of researchers and administrators alike. Unfortunately, there are no easy answers.

A recent World Bank–assisted project in Sri Lanka emphasized the following steps in developing management capacity: (a) decentralization achieved by strengthening provincial and local capabilities; (b) improved management of human resources through training, studies of health manpower, and strengthening of the human resource management function; (c) strategic planning through the establishment of a management development and planning unit in the ministry, regional and provincial health planning, health sector policy development studies, and information systems; (d) technical support for a higher quality of care through improvements in the medical supplies department and in the standard procedures for diagnosis and treatment, and support for communication through a strengthened IEC cell.

In addition, policy issues connected with the structure of service delivery, role of NGOs and the private sector, and underfunding need to be addressed.
A Research Agenda

Although a great deal has been written about the functioning of PS delivery systems, the factors that have constrained such systems from reaching the poor are not well understood. Research along these lines should concentrate on comparative case studies of PS delivery systems to identify the constraints in reaching the poor; and on possible actions that might be used to overcome these constraints at the district level.

Attention also needs to be paid to actions required at the higher level, to enable and motivate the district level to reach the poor. Since these are not amenable to research at the local level, knowledge can only be expanded through cross-country investigations in South Asia of the following questions:

- What is the extent of underfunding of PS delivery systems?
- How can the management capacity of the ministries be improved?
- What role can the private sector and NGOs play in different country contexts?
- What can we learn from the countries that have succeeded in reaching the poorest two decile of the population?

The agenda for research, suggested here, can help refine responses to the problem of providing PS to the poor.
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RURAL DEVELOPMENT AND POVERTY ALLEVIATION: 
THE EXPERIENCE OF THE ASIAN DEVELOPMENT BANK

Dieter Bucher and Keith Johnson

Summary

This chapter reviews the approach and role of the Asia Development Bank (ADB) in alleviating poverty.\(^1\) The ADB's initial strategy of promoting rural development through intersectoral linkages between agriculture and off-farm sectoral development with supportive land reform measures and new agricultural technologies has been strengthened by the willingness to provide a package of inputs and social amenities. The purpose of these activities has been to promote and support rural development projects with multisectoral coverage and an integrated approach.

Pursuant to this policy, the ADB has supported a number of rural development projects in Asia and provided technical assistance. Evaluations of these projects suggest that successful implementation depends on (a) an appropriate policy environment in the aid-receiving country, (b) flexible planning and implementation procedures based on past experience, (c) beneficiary participation and involvement of local governments, (d) local counterpart funding, and (e) committed quality leadership and project staff.

Past experience suggests that the ADB will be expected to participate directly and more rigorously in promoting rural development as a means of poverty alleviation. The basic premise in this chapter is that a multisectoral integrated approach to poverty alleviation is desirable, that a top-down approach to implementation is inappropriate, that these projects ought to be target oriented, and that the participatory planning and implementation approach to poverty alleviation projects should be followed. The chapter also emphasizes social analysis in project planning, flexibility in project implementation to allow lessons from past experience to guide future action, the recovery of project costs from beneficiaries to make projects sustainable and involve local governments, and greater reliance on NGOs to make the projects cost-effective.

Introduction

Because the prevalence of poverty can often be related to a number of overlapping structural causes, the fight against poverty should be based on an integrated multisectoral strategy. Rural development projects typically consist of an integrated bundle of investment and technical assistance measures presumed to be mutually reinforcing. As such they are considered to be especially well-suited to combating poverty and providing the basis for sustainable development. Notwithstanding the conceptual advantages of the integrated approach, post facto

\(^1\) The views expressed in this chapter are those of the authors and are not necessarily those of the Asian Development Bank.
assessments indicate wide divergences in practices and achievements. Too often it seems that integrated rural development projects have proved to be too complex and difficult to implement and sustain. At the same time, projects have frequently failed to uplift the poor, and the overall level of benefits has failed to meet expectations.

The main objective of this chapter is to assess the experience gained in the design of rural development projects, with special reference to the evolution of the policies and practices of the Asian Development Bank (ADB). The core of the chapter is based on a recent working paper (ADB 1988a) and the ADB's in-house evaluation of its project portfolio. The chapter is divided into three sections. The first examines the challenges posed by the scale and nature of rural poverty; the second discusses the evolution of the concept of rural development for poverty alleviation and assesses ADB's achievements; and the third part provides some suggestions for improving the impact, targeting, and sustainability of rural development measures.

The Scale and Nature of Rural Poverty in South Asia

*The Scale of the Problem*

The concept of poverty, like that of sustainability, is elusive; yet, it is clear that both are now central components of development strategies. Much has been written on the problem of defining appropriate poverty indicators (for an excellent summary, see Quibria 1990), and this chapter does not discuss the problem further. Broad estimates by the World Bank (1990) suggest that about 520 million South Asians could be classified as poor in 1985, and 300 million of this group could be regarded as "extremely poor." From UNDP (1990) data for 1988, it appears that 570 million out of a total population of 1.150 million in South Asia fell below the poverty line. Some 440 million, or 78 percent of the poor, lived in rural areas. India accounted for about 70 percent of the rural poor (see Table 4.1).

The trends in the incidence of poverty indicate that South Asia is making significant progress toward its alleviation. In India, for example, the national head count index of poverty fell from 54 percent to 43 percent between 1972 and 1983 (World Bank 1990), and the comparable ratio for rural poverty fell from 50.5 to 40.4 percent (Bandyopadhyay 1988). However, such broad aggregates may conceal significant regional, income, and temporal variations. At the same time, methodological difficulties and data inadequacies give ample room for debate. Reviewing the available evidence, Singh (1990) concludes that sustained declines in the incidence of rural poverty have been strongly associated with increases in agricultural output per capita and have been confined to a relatively small range of geographical regions that have favorable agrarian structures. Elsewhere—particularly in Nepal, eastern India, and Bangladesh—the rural poor have experienced stagnant or declining living standards. The poorest groups, in particular, have become further disadvantaged. Furthermore, the population pressures in many countries are causing a steady rise in the absolute number of poor. Thus it is clear that the task of designing sustainable approaches to poverty alleviation is both complex and pressing.

*The Nature of Rural Poverty*

In the effort to define and characterize rural poverty more clearly for the purposes of project design, it is helpful to start with the word "poor." If someone or something is poor, it may also be described as needy/deficient, inferior/defective, or weak/at risk. These synonyms suggest that poverty has three main characteristics relating to (a) the partial exclusion of the poor...
from participation in normal levels of production and consumption, (b) the presence of inherent disabilities that restrict opportunities for advancement, and (c) the prevalence of excessive risks relating to the maintenance and improvement of well-being.

**Exclusion of the Poor from Normal Levels of Production and Consumption.** Looking first at the exclusion or marginalization of the poor, three contributory factors can be distinguished relating to asset availability, access to sources of income, and the restriction and distortion of expenditure patterns.

**Asset availability.** Access to land is a primary determinant of household prosperity in rural South Asia. The poor are generally agricultural laborers and farmers with small owned or tenanted holdings of 2.5 acres or less. In India, about 60 percent of the agricultural laborer households can be classified as poor, and there is a clear relationship between land assets and levels of poverty. Among the extreme poor in rural Bangladesh, 29 percent are landless and a further 55 percent "functionally landless," owning less than 0.5 acres (Hossain and others 1991). At the same time, the landholding poor are less likely to have access to irrigation facilities and generally occupy farmland that is marginal in quality or location. Population pressures are also leading to the increasing subdivision of holdings and the degradation of common land, raising in many areas the proportion of nonviable farm units and the incidence of landlessness. The distribution of nonland assets tends to follow the pattern of landholding, with poor farmers frequently unable to meet expenditures for variable inputs such as fertilizer or pesticides.

**Access to sources of income.** The poor frequently depend on a mix of marginal activities to sustain themselves. Lacking savings and access to credit, they tend to take up seasonal and intermittent work to meet expenditure shortfalls. However, the livelihood of both hired laborers and the self-employed is heavily influenced by the overall health of the rural economy, which in turn depends in part on government policies in the agricultural sector. In India, real wage levels

Table 4.1 Estimated Incidence of Rural Poverty in South Asia, 1988

<table>
<thead>
<tr>
<th>Country</th>
<th>Rural population (millions)</th>
<th>Percentage Rural Population Rural (millions)</th>
<th>Rural population below poverty line (millions)</th>
<th>Percentage rural population below poverty line (1977-87)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>12.6</td>
<td>79.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>95.7</td>
<td>87.0</td>
<td>82.3</td>
<td>86.0</td>
</tr>
<tr>
<td>Bhutan</td>
<td>1.4</td>
<td>95.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>India</td>
<td>598.6</td>
<td>73.0</td>
<td>305.3</td>
<td>51.0</td>
</tr>
<tr>
<td>Nepal</td>
<td>16.4</td>
<td>91.0</td>
<td>10.0</td>
<td>61.0</td>
</tr>
<tr>
<td>Pakistan</td>
<td>79.4</td>
<td>69.0</td>
<td>23.0</td>
<td>29.0</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>13.4</td>
<td>79.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>South Asia</td>
<td>817.5</td>
<td>74.5</td>
<td>＃441.5</td>
<td>＃54.0</td>
</tr>
</tbody>
</table>

*Note: # Mean based on countries for which data are available. Poverty line is defined as "that income level below which a nutritionally adequate diet plus essential nonfood requirements are not available."

for agricultural laborers have been rising in many regions (Acharya 1989, quoted in Mahendra
and others 1991), but this trend does not appear to be shared by Bangladesh (Hossain and others
1991). Rural nonfarm employment is generally becoming more important, reflecting a tendency
for the development of a more complex economic structure in rural areas, with informal sector
services becoming more prevalent. At the same time, many rural dwellers depend heavily on
remittances from urban wage earners and use transfers made by relatives and friends to meet
deficits and finance lumpy expenditures.

Restriction and distortion of expenditure patterns. Poor families spend a large share of
their incomes on food and tend to depend heavily on scarce food staples. Agricultural pricing
policies can therefore exert a considerable influence on the welfare of the poor, with food
subsidies frequently playing an important role in sustaining poor families (Radhakrishna and
Indrakant 1988). Malnutrition is an obvious consequence of low incomes and poverty, with its
most severe manifestations in the stunted physical and mental development of the young which
in turn perpetuates poverty. In some instances, the poor may even develop cultural or religious
taboos against more nutritious but expensive foodstuffs which as a result are not consumed even
when opportunities permit (Cutting 1977). The frequent distortion of expenditure patterns away
from foodstuffs and medicines in male-dominated households is also noteworthy and confirms the
special role that female employment and influence can play in attacking poverty.

Role of inherent disabilities in prejudicing advancement. The poor are frequently
demarcated as a special group by their prevailing socioeconomic characteristics. They generally
have unsatisfactory access to health and education services and suffer from poor housing and low
levels of personal security. In some cases, as with the Ijri Musehars, a subcaste in the Ghazipur
District of India (Ghate 1984), poverty and class are inextricably linked, and thus economic
development cannot proceed without social change. Because most poor families have higher birth
rates, lower levels of health, and higher dependency ratios than other social groups, they are less
able to avail themselves of new opportunities for generating income. Poor households are also
more likely to have a smaller proportion of income earners, to consist of single-parent families,
or to lack access to extended family or other social service support networks. The exploitation
of child labor is common in such households. A culture of poverty is evident in India, where the
share of scheduled castes and tribes in total rural poverty is rising (Mahendra Dev and others

Prevalence of excessive risks to well-being. Being at the margin of the economic system,
the poor suffer disproportionately from uncertainty. Both laborers and small farmers face periods
of intensive agricultural activity dictated by the seasons, followed by long periods of
underemployment or unemployment. With few opportunities for saving and limited access to
credit, poor households face recurrent financial, nutritional, and health risks. The death or
incapacitation of breadwinners may also bring destitution. Drought, exacerbated by environmental
degradation, is another source of uncertainty. Studies of central India for 1976–83 (World Bank
1990) show that the proportion of newly poor in total rural poor households was three times
higher in the worst drought year than in the most favorable year. The influence of severe natural
disasters is also readily apparent. In Bangladesh, for example, the national headcount ratio for
poverty rose from 41 percent in 1985–86 to 60 percent in 1987–88 as a result of unprecedented
flooding (Hossain and others 1991). Swings in agricultural prices (sometimes reflecting the
structural adjustment of national policies) can also have a damaging short-term impact on income
security.
Rural Development as a Tool for Sustainable Poverty Alleviation

Evolution of the Conceptual Framework for Rural Development

Rural activities have always provided the main source of livelihood in developing Asia, and the economic viability of the rural sector exerts a strong influence on national growth rates. During the 1950s and 1960s rural development was viewed as an important but secondary element in national development strategies, which tended to emphasize centrally planned investments in basic industries and physical infrastructure. Although "development" was regarded as generally desirable within a regional planning framework, it was frequently assumed that the "trickle-down" effects from the development of the industrial base would provide the main source of advancement to the rural poor.

During the 1970s agricultural development was given greater emphasis, partly in response to the first oil crisis, which led many countries to see food self-sufficiency as an important goal. At the same time, a "reformist doctrine" promulgated by the World Bank under the presidency of Robert S. McNamara had begun targeting investments designed to assist the poor. However, the new integrated rural area development and basic needs projects tended to retain a "center-down" bias and did little to motivate and empower the beneficiary groups.

Rural development projects in the 1970s ran into a number of problems, however. Projects were generally too ambitious and complex and paid insufficient attention to wider agricultural pricing and policy issues (World Bank 1990). The level of sustainability of rural development projects was also low, as a result of their essentially enclave character and their marked dependence on expatriate expertise (Lewis and others 1988). Furthermore, the benefits of projects of this type—particularly where they were linked to heavy investments in irrigation and the introduction of "Green Revolution" technology were often siphoned off by landlords and the rural elite and did not reach the poor section of the rural society (Waller 1987).

In the 1980s, a number of new strands were woven into rural development project designs. First, much more emphasis was placed on getting agricultural policies and prices right. Both the World Bank and the ADB provided finance to underpin the process of sectoral policy reform in Asia. Second, it had become evident that the poor are "bankable." Carefully targeted projects that provide appropriate technologies and credit within a sympathetic local institutional structure can have a major impact on rural poverty. Over the past decade such examples as the Amul dairy cooperative system in India, the Grameen Bank System in Bangladesh, the Small Farmer Development Program in Nepal, the Aga Khan Rural Support Project in Pakistan, and the introduction of participatory irrigation management in Sri Lanka prove that good project design can pay off handsomely (Uphoff 1988). At the same time, it has been recognized that an exclusive commitment to "bottom-up" or grass roots development is rarely justifiable. In most cases economic growth creates new opportunities for the poor and various existing channels can be exploited to help poor groups. These channels include policy reforms, bureaucratic intervention, and the activities of NGOs.

More recently, attention has turned to the need for sustainable approaches to rural development. Also, numerous attempts have been made to define the compass of project sustainability. The Brundtland Commission, for example, defines the concept of project sustainability as "a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations" (ADB 1990).
In a discussion of the econometric dimensions of different sustainability ethics, Pezzy (1989) draws attention to the need to differentiate sustainability from optimality and survivability. A more pragmatic and practical approach to sustainability has been taken by Bamberger and Cheema (1990), who argue that project sustainability should be evaluated in four dimensions: the continued delivery of services and production of benefits; the maintenance of physical infrastructure; long-term institutional capacity; and political support.

Clearly, more is at stake in such evaluations than the continued flow of benefit streams and the maintenance of stocks of physical, institutional, and political capital. It is necessary to look at macroeconomic, fiscal, and environmental effects, and to take some measure of a project's impact on the survivability of target beneficiaries and their capacity for self-help. If a project or program has a negative impact on the empowerment and motivation of the poor, it matters little that it is sustainable in the conventional sense.

**ADB's Initial Approach to Rural Development**

The establishment of the ADB in 1967 coincided with the start of the Green Revolution in Asia. Consequently, the ADB commissioned a review of agricultural prospects in Asia (ADB 1967). The recommendations of that survey by and large supported the "production" approach widely favored at that time. Recognizing the problems associated with the uneven impact of the Green Revolution in the 1970s, the Bank undertook a second survey of Asian agriculture (ADB 1976). This report stressed the importance of understanding how institutional factors interact with technological factors in the development process to produce different patterns of growth and income distribution. The report pointed out the prevalence of low purchasing power and weak intersectoral links in Asian economies. It recommended that ADB assistance in rural development should focus on supporting land reform, creating off-farm employment in rural areas, and introducing appropriate new agricultural technologies.

The rural development projects that emerged during the late 1970s and the early 1980s had many features in common and were regarded as a strong tool for addressing poverty in ADB's developing member countries (DMCs). Project planning and formulation usually consisted of the following activities: choosing physical areas and population target groups for specific projects (in terms of geography and occupation, but not income class); identifying resource development opportunities that represent the main potential source of economic growth for the areas and the people concerned; and deciding the extent to which (that is, how much, when, and in what sequence) interlinked productive activities in different economic sectors in the same geographic area should be simultaneously stimulated, and the extent to which nonproductive social infrastructure and services should be developed in addition to the economic activities (ADB 1988a).

Given that poverty could not generally be related to a single cause and that a multisectoral approach appeared necessary, most rural development projects were designed to incorporate a number of components, the intention being to implement them in an integrated manner. Thus, a typical rural development project involved investments in more than one form of agricultural activity. It also supported the provision of inputs, credit, and assistance in the marketing and processing of crop and livestock products. Projects of this type sometimes included infrastructural components that were only indirectly related to the agricultural components, such as transport, communications and rural electricity and, more rarely, environmental protection activities (for example, afforestation and social forestry). In some instances the development of social services such as the provision of health, nutrition, family planning and education services, clean drinking
water supplies and public sanitation facilities, and the establishment of programs aimed at cultural and community institution building were also incorporated.

The institutions involved in rural development projects and the roles they performed varied widely among ADB's DMCs. Government departments and public sector agencies were generally the executing agencies. In some countries a large number of agencies were involved in the implementation process, because of the diverse subsector activities in the projects. In other cases, efforts were made to concentrate on specific activities and to entrust the complex task of project implementation to newly created independent project management units (ADB 1988b).

**Evaluation of ADB's Experience**

As of December 31, 1990, the ADB had provided sixty-nine loans totaling $1.9 billion in support of rural development. Substantial sums had also been allocated to project preparatory technical assistance and institution building. The ADB has therefore built up a good deal of experience in all facets of rural development. In 1988, the ADB subjected fifty of its completed rural development projects to postevaluation review. These projects were generally approved in the 1970s and early 1980s. All were multisectoral in coverage and "integrated" in their approach. More recently, the ADB has conducted a special study of agriculture and rural development projects that reached maturity between 1985 and 1990. The following observations are based on the two postevaluation exercises.

**DATA INADEQUACIES.** Both of the ADB postevaluation studies point to the difficulties that arise in evaluating the performance of rural development projects. Although only 50 percent of the projects evaluated in 1988 were found to be "generally successful," it was apparent that difficulties in obtaining data—in part because there were no adequate project benefit and monitoring studies in earlier projects—may have led to an understatement of benefits. However, evaluations using standard benefit-cost methodologies sometimes failed to adequately reflect the longer-term benefits that stem from institution building, applied agricultural research, and the "empowerment" of poor groups through the development process.

**IMPORTANCE OF APPROPRIATE POLICIES.** The ADB's experience strongly supports the view that even the best-planned projects will not prosper in an adverse policy environment. If, as a result of government intervention, agricultural prices fail to provide adequate production incentives, little purpose is served by making new seeds and agricultural inputs available to farmers. On the other hand, as noted in the ADB's evaluation of its Livestock Development Project in Nepal and its Livestock Services Training Project in Bangladesh, the subsidization of inputs such as veterinary drugs can cause waste and disrupt the market.

**THE NEED FOR A FLEXIBLE "LEARNING APPROACH."** Rural development projects appear to be particularly difficult to design and implement in "blueprint" form, where the components are spelled out in advance and tight schedules are set for implementation. As a result of this approach, a number of ADB's rural development projects have been significantly delayed as the plans run up against field realities. Indeed, projects of this type are frequently placed in the "problem" category as disbursement begins to lag. The clear lesson here is that flexible planning and implementation procedures are necessary to incorporate past lessons and to mobilize the expertise and enthusiasm of beneficiary groups. For example, the ADB found in the review of its Nepal Livestock Development Project that mistakes were duplicated because insufficient time had elapsed in which to draw lessons from an earlier project in the same sector.

**SOCIAL DEVELOPMENT AND VALUE FORMATION.** As already explained, many rural development projects have been marred by excessive complexity. In many instances, costly
investments in a wide variety of "hardware" facilities such as irrigation systems, roads, and agroprocessing plants preceded or supplanted work on the less tangible "software" aspects of the development process. The consensus now is that it is essential to increase beneficiary participation and to allow local executing agencies to become involved. Too often, the proposed scheduling of investments has proved to be overoptimistic when sociocultural constraints have been neglected. Local communities often have little say in the development process when the funds and technical assistance are channeled through government agencies (Jha 1987). As a result, plans to introduce new forms of agricultural technology and cropping practices have often been abortive.

On the other hand, the ADB found that although its Integrated Rural Development Project in Nepal had been only partly successful in achieving its economic objectives, it had effectively mobilized the poorer sections of the community by taking a more gentle and pragmatic approach to overcoming sociocultural obstacles.

PROVISION FOR OPERATIONAL AND FINANCIAL SUSTAINABILITY. Although the ADB’s postevaluation exercises have generally focused on the period between appraisal and the physical completion of a project, the ADB recognizes that many rural development projects have a low level of sustainability. As already mentioned, this situation stems in part from the low level of participation by potential beneficiaries in project planning and implementation. Some problems are also due to shortfalls of local currency or "counterpart funds" for both investment and recurrent expenditures. Inadequate funding arrangements are particularly detrimental to rural development projects because they tend to have high local costs as well as heavy recurrent costs. Problems with counterpart funds usually arise when bureaucratic procedures govern the flow of funds to line ministries and local administrative units, and to some extent when the central government is not fully committed to the objectives of rural development.

QUALITY AND COMMITMENT OF LEADERSHIP AND PROJECT STAFF. It has become apparent over the years that the best rural development and poverty alleviation projects are those initiated and guided by competent and dedicated private individuals. Examples of such projects are the Aga Khan Rural Support Program in Pakistan, the Grameen Bank in Bangladesh, and the activities of the Bangladesh Rural Advancement Committee. Postevaluation results of projects such as the ADB-financed Small Farmer Development Project in Nepal, indicate that skillful and committed staff in executing agencies can lift projects into the highly successful category. Similarly, field staff who live and work with communities, like Sri Lanka’s "change agents," have a valuable role to play in guiding the processes of project design and implementation.

Rural Development for Poverty Alleviation—The ADB Perspective

General Considerations

ADB’s POVERTY ALLEVIATION ACTION PROGRAM. In recent years there have been a number of significant changes in the approach to poverty alleviation in the operational policies of the multilateral development agencies, including the ADB. The ADB used to deal with poverty alleviation indirectly, by financing projects that contributed to economic growth and the efficient use of resources. Although it is still accepted that poverty cannot be eliminated without sound and sustainable economic growth, experience has shown that growth is an important but not necessarily a sufficient condition of poverty alleviation. The ADB is therefore placing greater emphasis on poverty alleviation issues in its operations, particularly on direct initiatives that address the livelihood needs of the poor.

The ADB’s new policy approach to poverty alleviation was adopted in 1988 and has two
main elements. First, the ADB is seeking to enhance the quality and scope of its conventional projects by paying greater attention to issues relating to poverty during country programming and project processing activities. Although some projects will always be predominantly concerned with meeting economic growth objectives, an effort is being made to ensure that whenever possible conventional projects will be oriented toward alleviating poverty. Project designs must therefore make a point of minimizing adverse impacts and accentuating outcomes that favor the poor.

Second, the ADB is emphasizing direct initiatives in its strategies for alleviating poverty. Such direct initiatives can take two main forms:

- Providing greater encouragement and support for DMC programs and policies aimed directly at poverty alleviation, including the provision of program and sector lending to underpin policy adjustments that either help the poor participate in the growth process or improve their access to essential facilities of the social infrastructure.

- Developing projects and project components ("hardcore" activities) that are specifically designed to improve the livelihood prospects and living standards of targeted groups of poor people. Projects of this type will generally seek to create sustainable income-earning opportunities and meet the basic needs of beneficiaries of physical and social infrastructure services. Rural development projects can form a major element of this direct approach to poverty alleviation.

After the ADB refocused its approach to poverty alleviation, commitments for direct poverty alleviation projects and policy reform programs benefiting rural areas rose from $152 million in 1988 to $183 million in 1989 and $214 million in 1990. About $582 million was expected to go to projects of this type during 1991. Nepal, Pakistan, Bangladesh, and Sri Lanka have been among the principal beneficiaries of these initiatives in South Asia.

STATUS OF RURAL DEVELOPMENT. Although substantial experience has been gained in the design and implementation of rural development projects since the early 1960s, conceptual approaches to rural development are still evolving. Past experience has indicated that many rural development projects have had only limited success in reducing poverty and in promoting broadly based and sustainable socioeconomic progress in rural areas. It is now widely recognized that direct action is required to contain and reduce the incidence of rural poverty in Asia. The ADB therefore decided to reevaluate its approach with a view to improving the performance of rural development projects. This review arrived at four main conclusions:

- Rural development projects provide a useful conceptual framework for grass roots, broadly based, socioeconomic rural development, and that a multisectoral, integrated approach is generally appropriate for rural poverty alleviation initiatives.

- Rural development projects cannot be implemented from the "top down" or from the "outside" alone but need to be initiated and sustained by the participating population itself with assistance of government institutions, private development organizations, and eventually external donors (principle of self-help).

- Rural development projects need to be oriented to target groups. The access of these groups to productive resources, services, and markets needs to be improved. However,
target groups must be able to use their own initiative to obtain access to the means of production, information, and markets (principle of subsidiary). To this end, target groups must be organized and mobilized, and planning mechanisms must be oriented toward those groups and their participation.

- More work needs to be done to clarify the factors that underpin the success of particular projects, with a view to providing practical operational models that can be used in the processes of participatory development and project design and implementation.

REGONAL AND SUBREGIONAL DIFFERENTIATION. There are significant differences in the rural development requirements of individual countries within the ADB's field of operations. In particular, conditions in the relatively poor DMCs of South Asia are markedly different from those in Asia's newly industrialized economies. In most South Asian DMCs, GDP per capita and social development indicators have improved over the past decade but large numbers of people still remain below the "poverty line" and most of the poor live in rural areas. Here infrastructural facilities and services are often lacking and institutional capability is relatively weak. However, there are exceptions. For example, India's rural support institutions are relatively well developed in some states and the rural population in Sri Lanka enjoys good access to relatively high standards of social services. South Asian DMCs support a wide range of rural development activities, including physical infrastructure development, social services provision and employment creation, as well as directly productive activities both in the agricultural and nonagricultural sectors. Particular emphasis must, therefore, be placed on institution building in support of antipoverty programs. The ADB is currently involved in rural development projects throughout South Asia (with the exception of India) and is putting increasing emphasis on poverty alleviation in its policy dialogues with DMCs, based on its Country Strategy and Country Programming work.

Operational Approaches

The ADB now views rural development as a basic weapon in the direct attack on poverty. It also stresses distinct poverty alleviation objectives, benefit targeting, participatory development, and sustainability in its operational approaches. The practical issues gaining increasing attention are new procedures for project preparation and design, project implementation, and institution building.

PROJECT PREPARATION AND DESIGN. In the area of project preparation and design, the focus is on participatory planning and social analysis.

Participatory planning. The ADB's experience suggests that more time needs to be allocated to project planning. In particular, it is essential to ensure that local institutions and potential beneficiaries participate adequately in the preparation and design of a proposed rural development project. Feasibility studies should identify important development constraints, account for relevant indigenous experiences, and gauge the development potential of the project area and the willingness of the local population to participate in project activities. Before these tasks can be carried out and resources committed to feasibility studies, it will be necessary to conduct an in-depth analysis of local development needs. Second, early and sustained contacts, both formal and informal, will have to be established between the project planning team and the local population (both the project beneficiaries and executing agency staff). This will help to
generate a higher degree of government and beneficiary commitment to a project.

At the outset, rural development projects should focus on the needs and capabilities of targeted beneficiary groups. The core components of any scheme should be processes that add value to the resources controlled by the rural poor. In general, the poorer an area in terms of services and the less developed the country, the more consideration should be given to off-farm production activities for generating income, creating employment opportunities, and establishing social infrastructure facilities (such as potable water supplies, sanitation systems, medical clinics, and schools and community centers). In the initial stages of a project, services and facilities that will have a measurable and immediate impact on the standard of living of the very poor should be emphasized. Such confidence-building measures will both reinforce the attraction of the project to the beneficiaries and encourage their participation in its productive activities.

Social analysis. The ADB’s approach to participatory development, which is now commonly regarded as a prerequisite for rural development projects aiming at poverty alleviation, has recently been strengthened as a result of the adoption of and dissemination of guidelines for the social analysis of projects (ADB 1991). The guidelines commit the ADB to (a) taking due account of the sociocultural dimensions of the development process, (b) following people-oriented and people-responsive development approaches, and (c) involving beneficiary groups in the processes of project design and implementation. The ADB will pay special attention to social issues during the processing of loans in order to identify the potential consequences of a project for different population segments and mold the design of the project to mitigate adverse impacts and ensure that the expected benefits are realized in an effective and timely manner. Whenever a project is likely to have significant positive or negative impacts, a rapid social assessment should be conducted during fact-finding and project preparation. The implementation of this proposal will necessitate action to make suitably qualified staff available or provide resources for technical assistance.

In cases where problems may arise in mitigating adverse impacts or providing a framework for beneficiary participation, a social design study (SDS) will be prepared. An SDS may thus help planners to (a) optimize the project design, (b) develop an appropriate implementation strategy, and (c) specify appropriate covenants and policy conditionality provisions. Additional technical assistance funds will be needed to implement this approach. Whenever feasible, SDS work will be coordinated with or will incorporate the preparation of baseline data for project benefit and monitoring purposes.

PROJECT IMPLEMENTATION. The central concerns under the heading of project implementation are project complexity, flexibility, scale of costs and cost recovery, lending modalities, and project implementation period.

Complexity. Past experience has illustrated the problems associated with complex project designs. To begin with, fully “integrated” projects proved difficult to implement. Adopting an integrated approach does not, however, necessarily mean that action in all of the sectors identified for intervention must be implemented simultaneously. Although several factors may be contributing to the underdevelopment of resources and the overall poverty of the population in any given area, only one or two of these factors may require immediate attention under a sequential approach. A project should concentrate on only a few entry activities aimed at removing identifiable constraints. The choice of entry activities should center on those that will secure early productivity benefits for the project participants or provide them with a much-needed service or facility that secures their commitment. Other activities can then be introduced, to allow the total project activity mix in the area to gradually become more comprehensive.

Flexibility. Rural development projects must also be flexible enough to allow the
experience gained during the earlier stages of implementation to be reflected in the design of subsequent phases. Project designs should allow project implementation to proceed in relatively short, distinct phases. These phases should include action-oriented or in-service training of both local government staff and beneficiary group leaders. New technologies, organizational structures, and delivery systems should first be tested through applied research trials with appropriate incentives to ensure the participation of all concerned.

As discussed previously, a "blueprint" approach to project design is unsuitable for rural development projects seeking to ignite a process of social change. The nature and extent of the changes required in institutions and in the social behavior of target groups cannot be anticipated or specified in advance. The achievement of targets and the ultimate impact of rural development projects therefore depend on securing the active and continued participation of the identified beneficiaries in project activities, the majority of whom are usually poor, illiterate, and frequently isolated.

Although project designs may still be required to contain certain specifications regarding long-term development targets for each major component (in connection with the siting of roads, the coverage of veterinary programs, and so on) allocations for detailed ex ante planning should be curtailed. Project preparation resources can then be devoted to (a) planning for the mobilization of local inputs and resources at the beginning of project implementation, (b) field testing new activities, and (c) establishing the organizational framework for the initial participation of executing agencies and beneficiaries, and their familiarization with the concept of the project and their potential role in it. This "process approach," although time consuming at the onset, provides a basis for long-term sustainability.

The scale and incidence of costs and cost recovery. With the increasing shortage of domestic resources for development needs, project sustainability has become more dependent on the scale and incidence of costs and the potential for cost recovery. The total cost per beneficiary of a rural development activity should be affordable. Otherwise, the social impact of the project will be relatively restricted and its sustainability endangered. Project benefits should also be widely distributed, reaching as large a number of the rural poor as possible. Only then can the project be considered a replicable model for rural development. In addition, an effort must be made to recover the costs of project investments from the beneficiaries to ensure that project facilities are operated and maintained on a sustainable basis.

Lending modalities. Rural development projects differ from other projects both in their nature and scope because of the multisectoral dimensions of rural problems and the combination of short-term and long-term objectives of such projects. It is often desirable to trigger an immediate impact on the productivity and income of selected social groups while establishing a base for the progressive reduction of rural poverty on a broad front. Lending policies must therefore be flexible.

Many old-style ADB-financed rural development projects were unable to proceed with implementation as originally scheduled, and progress in the first few years was slow. This slow progress can be partly attributed to rigid financing procedures both within the ADB and the DMCs. Greater financing flexibility is needed to safeguard both the financing agency's and the recipient country's authority over project direction and content. It is therefore necessary to develop appropriate financing formulas that restrict detailed advance budgeting to major investment components, while putting aside adequate portions of committed funds to meet unallocated budgetary items under discretionary spending by local executing agencies, or even beneficiary organizations in some circumstances.

Project implementation period. In general, rural development projects require relatively
long implementation periods, for example, seven to ten years. Depending on various factors (such as the institutional framework), some projects may take as long as fifteen years to implement. Donor agencies should therefore be prepared to finance certain categories of costs beyond the expected completion dates of infrastructure components. Furthermore, the completion of "hardware" investments should not necessarily define the end of a project's implementation period. The definition of an appropriate period for project financing depends on the nature of the project and the ability of the government and project beneficiaries to finance the continuation of the development process.

INSTITUTIONAL CONSIDERATIONS. Institutional points of concern are the characteristics of the project implementation agency, the degree of decentralization and local management, and cooperation with NGOs.

Project implementation agency. Rural development projects are difficult to implement at a single administrative level or through an individual implementing agency. The appropriate form of administrative organization for rural development varies among the DMCs, and donors must therefore adjust their approaches to the prevailing administrative system. A plethora of investment components and executing agencies is generally a recipe for disaster. The ADB, like other donors, is now designing less complex and more effective projects that can be implemented and phased more simply. Nevertheless, substantial coordination at the national and regional level will still be required.

Decentralization and local level management. Experience with ADB-financed projects suggests a substantial measure of management decentralization is needed to ensure that local government bodies and other development-oriented institutions are involved in project management. Decentralization is most important when a complex, multisectoral mix of activities has to be integrated and scheduled. Local management provides the functional flexibility that is needed to modify projects and programs as circumstances warrant. Furthermore, the greater authority, responsibility, and accountability at the local level encourage prospective beneficiaries to participate actively in the decisionmaking process and stimulates them to initiate complementary activities using their own resources.

Cooperation with NGOs. In several of the ADB's DMCs, NGOs have the capacity to provide substantial development assistance at the local community level, particularly with regard to project preparation and design, manpower training, technology transfer, and project implementation. Because the recognition of training value, social mobilization, and technology transfer are vital objectives in most rural development projects, the ADB now initiates dialogues with relevant NGOs at an early stage in project formulation. NGOs are also encouraged to play a major role in strengthening institution-building efforts, establishing effective communication with beneficiaries, and assisting in value formation and the social mobilization of beneficiaries, and to participate, where appropriate, in the implementation of specific project components.

Conclusion

The conceptual framework for rural development continues to evolve as practitioners attempt to devise and implement new approaches to project formulation and implementation. A recent innovation has been to link rural development to direct poverty alleviation goals. Although difficulties still abound, there is renewed optimism that rural development projects can be bankable for development agencies, affordable to beneficiary groups, and sustainable over a long period of time. The keys to good project design and smooth implementation lie in understanding and harnessing the energies and aspirations of the poor. A targeted approach that allows
beneficiaries to participate in project preparation and implementation is, therefore, required for project sustainability. Such projects cannot be too complex, yet they must be integrated in nature in order to address the various facets of poverty. A phased approach allowing flexibility in project implementation therefore seems to be desirable, but can only be achieved by addressing poverty issues directly and by treating rural development and poverty alleviation as long-term processes. Within this context, practitioners need the time and scope to devise and utilize case-appropriate planning and implementation procedures, backed by a firm high-level commitment to the achievement of human development objectives.
References


The Urban Poor and Urban Basic Infrastructure Services in Asia: Past Approaches and Emerging Challenges

Yue-Man Yeung

Summary

Since the end of World War II, rapid urbanization has been a salient factor in shaping development policies in the cities of Asia. The lack of basic infrastructure services has been a serious problem in Asian cities, felt most acutely by the poor in low-income communities. The problem is expected to grow worse in the future.

The urban poor, however imprecisely defined, tend to exhibit a regional concentration in Asia, which is most pronounced in South Asia. The challenge for planners and policymakers, now as well as in the future, is to provide the poor with better access to basic urban services. Various methods have been used to deliver urban services, with varying degrees of success in reaching the urban poor. The current trend is toward multifaceted and integrated projects, with beneficiary participation.

Country and project experience in Asia offers many lessons, both of success and failure. Some of the more salient ones are the failure of top-down planning, the need for community participation, the merit of strengthening local governments, the urgency of investing in leadership and training, and the need to increase women's contributions.

An examination of the Asian experience in delivering basic urban services throws into relief a host of key policy issues and alternatives. Foremost among these is the question of who pays for the services. This is an issue that urban governments are particularly ill prepared to tackle in view of their low revenue base. Many other issues may be conceptualized in a family of dichotomies or tradeoffs, such as cost recovery versus subsidization, centralization versus decentralization, equity versus efficiency goals, public versus private sector provision, formal versus informal sector roles, high versus appropriate technologies, and so on.

This chapter raises a number of questions that need to be addressed if Asian countries are to come to terms with their emerging challenges.

Introduction

Central to much of the character and pace of development in cities of the developing world in the postwar period has been the unrelenting and rapid urbanization. Urban populations have been growing at twice the rate of national populations. For the past three decades, urban population in Africa, Asia, and Latin America has been growing at the rate of 3.49 to 5.10 percent a year, bringing the total urban population in developing countries to 1.19 billion by 1988 (see Table 5.1). Among the many problems that rapid urbanization has posed for cities in developing countries has been how to provide a reasonable level of basic infrastructure services compatible with human decency and basic needs. While the present inadequacies in such service
Table 5.1 Urbanization Trends in Developing Regions, 1988–2000

<table>
<thead>
<tr>
<th>Region</th>
<th>Urban Pop. (thousands)</th>
<th>Urban Pop. (thousands)</th>
<th>Change (+/-)</th>
<th>Annual Growth Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>133,245</td>
<td>250,625</td>
<td>117,380</td>
<td>5.4</td>
</tr>
<tr>
<td>ASIA</td>
<td>591,908</td>
<td>877,650</td>
<td>285,742</td>
<td>3.3</td>
</tr>
<tr>
<td>EMENA</td>
<td>175,140</td>
<td>245,162</td>
<td>70,022</td>
<td>2.8</td>
</tr>
<tr>
<td>LAC</td>
<td>291,656</td>
<td>404,621</td>
<td>112,965</td>
<td>2.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,191,949</td>
<td>1,778,058</td>
<td>586,109</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Note: The regions correspond to the World Bank’s geographical regions

provision are already obvious and serious, the challenges ahead for planners and policymakers in these countries are even more daunting.

For the remainder of this century, the increase in urban population is expected to moderate in certain developing regions, but for Asia it is expected to remain high at 3.3 percent annually for the period 1988 to 2000. The Asian rate will ease up from 3.65 and 3.63 for the 1975–80 and 1980–90 periods, respectively. However, for the period 1988–2000 the urban population in developing countries will increase by 586 million, which represents almost three-fifths of the total population increase in these countries (Table 5.1). Asia alone will account for almost half of the increase, and its total urban population of 877 million will also represent approximately half of the total urban population in developing countries at century end. Another indicator of the nature of Asian urbanization is that by 2000, that continent will have 148 cities, each with a population of more than 1 million, a vast increase from 69 in 1980. Also, of the world’s largest 22 at that time, Asia will have the lion’s share of 13, each with a population of more than 10 million.

Rapid urbanization, by itself is no cause for concern, but when it is accompanied, not by economic restructuring and greater employment opportunities, but rather by growing social inequities and economic inefficiencies, it becomes a phenomenon of increasing magnitude confronting policymakers, planners, and administrators in developing countries. To add to the problem, a large proportion of the new urban population is poor; hence, the incidence of poverty, is shifting from rural areas to urban areas. The growing incidence of urban poverty is intensifying
an already serious situation with regard to employment, the environment, and physical and social services. In the large cities of Asia, where large segments of the population are living in abject poverty, the severe inadequacy of basic infrastructure services is magnified.

In this chapter the term "basic infrastructure services" is used in the conventional sense to refer to services such as housing, transport, and water supply. It is not extended to other services that may be viewed basic to the needs of urban dwellers. If the basic needs of urban dwellers are considered, one might conceivably include food, energy, land, and perhaps other services. The notion of access encompasses both the availability of services, however these are provided, and the affordability of services by the inhabitants. In brief, the physical provision and financing of services are equally pertinent to the consideration of access by the poor to urban infrastructural services.

Efforts have been made to improve that access at international, national, and city levels. After almost two decades of trial and experimentation, a growing stock of experience, both positive and negative, has accumulated in the delivery of basic services to the urban poor. This chapter reviews the available literature, case studies, and the author's experience in the cities of Asia to better understand the urban poor, highlight past successful and unsuccessful approaches to basic infrastructure service delivery, take stock of the lessons learned, outline key policy issues, and provide some thoughts on the challenges of the future.

The Urban Poor

Despite the still unsettled debate surrounding the conceptual and operational definitions of urban poverty, one fact is clear: cities in developing countries are being saddled with large segments of their populations that to all intents and purposes can be viewed as poor. Any realistic urban policy must take into account this large and growing proportion of poor urban populations. Even in developed countries, urban poverty is a persistent social condition that has failed to disappear with national and general economic progress and prosperity. The inescapable conclusion is that urban poverty will be with Asian cities for as far as we can see into the future.

Many students of social conditions have attempted to grapple with the concept of poverty. Although most would agree that the notion of subsistence poverty is arbitrary and circular, for it involves a subjective judgment about the monetary and physical needs of individuals, the idea of absolute and relative poverty seems to have gained currency. There is support for the notion that poverty is a general form of relative deprivation, the outcome of the maldistribution of resources. Maldistribution not only involves income, but also other resources such as capital assets, occupational fringe benefits, access to public services, and private income in kind. In the final analysis, it is the household's effective command over society's resources that would determine its relative position in the society of which it is a part. A household in poverty is one that has resources, opportunities, and economic surplus substantially removed. This immediately raises questions concerning social and economic inequality as part and parcel of the concept of poverty.

Notwithstanding the imprecise and relative nature of the concept of poverty, politicians and planners have tried to apply it in order to assist, or sometimes appear to assist, the poor. Policies designed to narrow the "poverty gap" or "income deficit," and the World Bank's "lower 40 percent" principle are examples of putting into practice measures to alleviate poverty. Income maintenance programs in several developed countries are variants on the same theme. National and international agencies have often adopted the concept of absolute poverty that is expressed in some monetary value equivalent to a minimum level of consumption necessary to sustain
physical health. However, problems of data collection, comparability across countries and cities, rapidly changing economic circumstances, coupled with religious, ethnic, and ecological factors, have made the concept of limited value. In the absence of a more manageable concept or adequate data, absolute poverty is often applied with the "poverty line" to delineate the size of the poor population. Another common practice is to array the population by income levels in percentage terms or some statistical groupings, whereby policies designed to reach a certain proportion of the poor population can be tailor-made and more accurately targeted, at least theoretically.

Economists, including Simon Kuznets, have observed for some time that the upper-income groups in poor countries tend to receive a larger share of the total income than their counterparts in rich countries. In other words, incomes tend to be distributed more unequally in low- than in higher-income countries. World Bank data on social indicators for Asia in 1980 indicate that the percentage of income received by the richest 5 percent in selected countries was as follows: 16.7 in Bangladesh, 26.3 in India, 17.1 in the Republic of Korea, 27.0 in Malaysia, 17.8 in Pakistan, 28.8 in the Philippines, 18.6 in Sri Lanka, and 23.8 in Thailand. The percentage of income received by the poorest 20 percent was 7.9 in Bangladesh, 6.7 in India, 7.1 in Korea, 3.3 in Malaysia, 8.0 in Pakistan, 3.7 in the Philippines, 7.5 in Sri Lanka, and 6.1 in Thailand. It is clear from these figures that income distribution is extremely uneven in some Asian countries, but the situation varies from country to country. For instance, income distribution is more unequal in Malaysia and the Philippines than in Bangladesh, Korea, Pakistan, and Sri Lanka.

Within Asia, the proportion of urban population below poverty income varies by subregion and country in terms of per capita gross national product. The World Bank social indicators of 1985 depicted the following distribution of urban populations below income level: Bangladesh (86.0 percent), Burma (40.0 percent), India (40.3 percent), Indonesia (26.0 percent), Nepal (55.0 percent), Pakistan (32.0 percent), Sri Lanka (26.0 percent), South Korea (18.0 percent), Malaysia (12.6 percent), the Philippines (32.0 percent), and Thailand (15.0 percent). The differences in the level of urban poverty implies that the intensity of the problem varies, as do the policy instruments. The problem of urban poverty appears to be most serious in South Asia, whose urban populations and by extension the urban poor have been increasing rapidly. It has been estimated that South Asia's share of the world's urban poor households will increase from 31 to 44 percent in the period 1975–2000. By the end of the century, South Asia will have an estimated 32.6 million urban poor households, which means more than 100 million people in poverty. Consequently, the situation in Asia clearly calls for a multiplicity of approaches to alleviate poverty and to provide the poor with better access to basic infrastructure services.

Past Approaches to Delivering Urban Services

Extremely diverse mechanisms have evolved for delivering basic services to target populations. Only the more predominant ones can be covered here. It should be pointed out that by and large they are ones in which the urban poor themselves have played key roles.

Two multicountry projects in Asia were funded by the International Development Research Centre (IDRC) of Canada. The first project, called Participatory Urban Services in Asia, involved Hong Kong, Indonesia, the Republic of Korea, Malaysia, and the Philippines. The project focused on different ways the urban poor improved their physical and social environment when basic services were found to be deficient. As in other parts of the developing world, a queuing system of some kind is at play in these five economies, and for lack of political clout, vocal support, and appropriate organization, low-income communities are served only after
higher-income areas. The poor have therefore organized themselves and delivered the needed services. The harnessing of community resources in participatory, self-help, and cooperative styles of participation has helped narrow the gap between the demand and supply of urban services in low-income communities in these countries. The project also revealed the general ineffectiveness of a "service delivery" model (that is, government-provided services) and reaffirmed the worth of experimental and innovative efforts to mobilize people's resources toward improving the urban living environment (Yeung 1985; Yeung and McGee 1986).

One of the questions investigated under this project concerned the geographical and demographic unit that would be a functionally efficient basis on which to organize participatory urban services. Is there a minimum threshold size? In Indonesia and the Philippines, the lowest administrative units—namely, the kelurahan and the barangay—were found to be convenient building blocks for extending or organizing urban services because they possess an effective leadership structure. Second, the study found a positive relationship between strong leadership and successful delivery. Leadership structures are especially well-developed in the barangay in the Philippines, which appears to be a better system than the one prevailing in the Indonesian kampungs, in which leadership is centralized in the lurah. The lurah, an appointed person, takes all key decisions in implementing service programs and, as such, is not entirely effective in delivering services to his community. Third, it was found that government program goals did not match residents' needs in most of the delivery systems. In Penang, where government programs had been slow to react to the needs and problems of young workers, they turned to a host of nongovernmental organizations, which turned out to be far more successful in identifying and meeting the needs of a new work force. Another finding was that the needs and choice of activities for community participation cannot be adequately articulated unless information is available about the target population, their characteristics, and aspirations. Ideally, information should flow freely among four different levels—individual, household, community, and state—so that appropriate strategies can be adopted to meet the socioeconomic needs of each urban community.

Programs Directed at Alleviating Poverty

The second comparative project, representing the concerted action of the national and city governments, is concerned with a whole range of strategies aimed at alleviating poverty in general rather than urban services per se. This line of action rests on the notion that a direct attack on poverty is needed to improve the lot of the urban poor and plays down the trickle-down effects of economic growth on this population group. The study was comparative in only a loose sense as it was carried out at different times without a strictly comparative framework. It covered Metro Manila, Korea, and Malaysia (Yeung 1988). One conclusion reached in this case was that the degree of awareness among the citizens in poverty programs and their utilization rates are closely linked. That being the case, it is vital for the agencies concerned to increase public awareness. Second, the problem of insufficient funding for the programs is a serious one, reflecting the country's and the city's priority in economic growth or other social programs. It is thus necessary to rank services and target groups in order of priority when resources are limited. Third, the duplication of efforts is a general problem but one that especially bedeviled Manila's numerous programs. An effort should therefore be made to mount these programs in a way that will avoid duplication but ensure maximum efficiency and full coverage of the target population, with built-in monitoring and evaluation. Finally, it was found that organizational factors are closely related to program performance. Given the generally low educational levels
of the target groups, the organizational structure should be simplified, cost-effective, and designed in such a way that the programs can be easily used by, and identified with, the needs of the target population.

**Settlements Upgrading Programs**

Over the past two decades, Asian countries have built up a store of rich experiences in upgrading slum and squatter settlements. Even a cursory examination of some of these programs would highlight their country-specific strengths and weaknesses. The largest settlement upgrading program in the world is the Kampung Improvement Program (KIP) in Indonesia, which started in 1969 as an indigenous initiative to improve the worst living conditions in Jakarta but has flowered into a gigantic, multilateral program, with substantial support from agencies such as the World Bank and the Asian Development Bank. By the Third Plan (1980–84), KIP had expanded to 200 cities, including many medium and small cities, and was benefiting 3.5 million inhabitants. The Fourth Plan (1985–89) extended the program to a total of 398 cities. KIP, adopting a "public works" physical infrastructure approach to settlement upgrading, is essentially an environmental program and is not designed to alleviate urban poverty. In fact, an obvious weakness of KIP is its almost total neglect of the social needs of the inhabitants, which it has left to organizations such as the United Nations Children’s Fund (UNICEF), which developed the Urban Kampung Services Program for delivering social services in low-income kampungs through community participation. The program covered the period 1979–84 in four cities: Cirebon, Yogyakarta, Surabaya, and Ujung Pandang. Land issues are not touched in the upgrading process, as more than 95 percent of the houses in Jakarta are not physically affected. Although a recent study on KIP in Bandung reported a new strategy of recovering costs through a property tax, service costs are generally not recovered from the beneficiaries. In this manner, the program has reached a huge number of poorly serviced urban communities across the country within a relatively short period (Devas 1981; Soegijoko 1985). It should be noted, however, that from 1984 to 1989 KIP accounted for less than 10 percent of the total development expenditures on the public works subsector, with water supply and roads occupying 35.4 and 30.7 per cent, respectively, as the largest spenders. In Thailand, the Slum Improvement Program is implemented by the National Housing Authority (NHA). Some 26,000 dwelling units were included in the program during the 1978–82 period. Experience to date points to problems in land acquisition, cooperation from slum dwellers, and the question of standards and physical design. A typical project here is the King Petch project in Bangkok, which covers half of its total costs with funds from a World Bank loan to the Thai government. This program devotes equal attention to physical and socioeconomic conditions, both of which are in need of rehabilitation.

The experience in King Petch mirrors a process that has been going on in many other slum areas in Bangkok. By varying degrees, the program is being extended to other cities in Thailand and, in concert with other concurrent efforts, has been able to reach more of the poor whose housing conditions are in great need of improvement. In Metro Manila, the NHA similarly implements a slum improvement program known as the Zonal Improvement Program (ZIP), which is designed to provide land tenure and services to more than 1.8 million people in 300 depressed areas over twelve years. It is a "total" approach to settlement upgrading, for it is based on the eleven basic needs approach announced in 1979. Complementing the ZIP are two upgrading programs called the Metro Manila Infrastructure Utilities and Engineering Program (MINUTE) and the Program for Removing Sewage from Streets (PROGRESS), designed by the
Ministry of Public Works as a "network" approach to reinforce the "area" approach of ZIP (Taylor and Williams 1982).

In India, urban reforms since 1972 have substantially improved living conditions for the three million people who live in bustees. In the new relationship between the state and the bustees, the former has intervened and used its power to ensure that the bustee dwellers are protected from unfair property control by the Thika tenants and private landlords. Calcutta is no longer gripped by an air of desperation about its bustees and basic utilities. It has upgraded environmental conditions in large tracts of private rental housing through redistributive public finance (Pugh 1989). In other Indian cities, shelter policy has been based on experience in upgrading settlements in Delhi, Chandigarh, Ahmedabad, and Hyderabad and has focused on issues such as program content and coverage, the informal economy, affordability, security of tenure, and beneficiary participation (Datta 1987).

Multifaceted, Comprehensive Approach

During the past decade, Kuala Lumpur has evolved an integrated, multidimensional approach to upgrading squatter settlement. The squatter problem began to attract public attention in the 1960s because of the rapid growth of the squatter population. Between 1974 and 1980, the squatter population grew at 9.7 percent per year and, in 1982, reached a total of 243,200, occupying 7.3 percent of the total city in 177 areas. In 1979, the comprehensive Nadi program was organized. It was an outgrowth of the previous efforts of the Sang Kancil (named after the clever mousedeer in popular children's stories in Malaysia) antipoverty project funded by UNICEF and the expanded National Family Planning Board Program, which combined parasitic control for children with family planning. As an integrated program, it was designed to provide a multiagency delivery of services and resource utilization, group and area specificity, a sharp focus on the family as the unit of development, and the direct participation of beneficiary groups. Eighteen agencies have been involved in delivering services, which can be grouped into a community-based operation with 173 different tasks (Diaz 1982). The bulk of the funding comes from the Malaysian government, with technical support from UNICEF in the early stages. The main services provided under the Nadi program are comprehensive health services, basic infrastructure services, and community and family development activities. In actual practice, the services that have received the lion's share of funding are electricity supply, the Sang Kancil project, parasitic control, and provision of standpipes. The Sang Kancil project was the first to use squatter participation in project design and to reflect official awareness of the multifaceted needs of the poor. Lim (1985, 1988) has fully documented and analyzed the Nadi program and emphasized the need to develop administrative structures and the capability to implement new strategies for delivering services to the poor. Appropriate structures, in turn, require prior identification of problems and adjustment to changing socioeconomic conditions and priorities. The program has not achieved a snowballing effect in Kuala Lumpur, but the experience to date has certainly been positive. The reason for the relatively limited impact of the Nadi program is that, not being designed as a self-contained program of any particular agency, it is dependent upon the contributions and cooperation of a multitude of existing agencies. Thus, the Ministry of Federal Territory under which a steering committee is set up to implement the program, has no earmarked resources to expand its coverage in terms of the range and adequacy of services or the number of squatter settlements.
Integrated Social Services Program

In the rapidly industrializing Republic of Korea, a new program, with an accent on social rather than physical services, has been developed in Bongchun dong, one of the largest squatter areas located in southern Seoul. The idea of an integrated services program for the poor in the urban district stemmed from a series of workshops organized by UNICEF in connection with its contribution to the nation's Fifth Five-Year Development Plan (1982–86). The main objective of the project is to foster the development potential of the urban district through the provision of a package of services with the cooperation of government and private organizations. In this sense, the program depends on a mixture of "top-down" and "bottom-up" approaches. The high motivation and professionalism of nongovernmental organization (NGO) staff have elicited a positive response from the residents and the program has achieved a measure of success. Three types of community organizations—government-backed popular organizations, the community development committee, and project organizations—have been instrumental in building a consensus among the beneficiaries. The experimental project augurs well for residents in the area, but there is no comprehensive, long-range plan for providing services for the urban poor in the city or the country as a whole (Whang 1988). Despite its rapid economic growth, Korea is yet to devote more attention and resources to poverty alleviation. The situation is not as serious as in some other Asian countries, but a fundamental change in the thinking of planners and politicians is desirable for the sake of equity and balanced development.

Government-Prodded Community Development

Another variant of the community participation approach to delivering urban services can be seen in the Community Development Councils established in the slums and shanty gardens of Colombo during the past decade. In 1978, the government's determination to improve social development and physical infrastructure within the urban areas gave rise to the Slum and Shanty Development Unit, established under the Ministry of Local Government's Urban Development Authority. In the following year, the Environmental Health and Community Development project was launched in the slums and shanties of Colombo with UNICEF's assistance. A three-tier community development council system was developed, drawing representatives from the nuclear level in the slum gardens, from the district level, and from the city level. The 1979–83 five-year program focused on recruiting and training a new cadre of field workers called Health Wardens, who were to acquire knowledge and experience in community development, primary health care, nutrition education, and environmental sanitation. Under their mobilization, 291 community development councils were established by 1981, covering 15 percent of the Colombo slum and shanty population. By 1981, 723 latrines, 340 bathrooms, and 543 standpipes in 285 shanty gardens had also been improved. Clearly, the infrastructural improvements were impressive. Municipal authorities were so satisfied with this progress that they took over the payment of the wardens' salaries in full, after the initial two-year commitment by UNICEF came to an end, and the government planned to extend the new method of amenity upgrading to other cities in Sri Lanka (Cassin 1982).

A similar program, but one highly dependent on community efforts, was the successful Million House Program covering the period 1983–89. It covered different types of slums and squatter settlements and employed the methodologies of upgrading, minimal relocation, sites and services, and planned plots. It relied heavily on community participation in action planning, on-
A multitude of innovative and resourceful self-help approaches to improving basic urban services have also been tried out in Asian countries. Most such efforts have been initiated by NGOs. The Building Together project carried out in Bangkok in 1978 is an outstanding example of erecting a new neighborhood on the basis of mutual assistance. With professional assistance available on a voluntary and consultative basis, residents were allowed to purchase their own land, plan the site, finance the project, and eventually build the houses. The impact on the residents in question was so favorable that the project attracted funding and support by aid agencies from other countries. The design, implementation, monitoring, and coordination of a rehabilitation project providing shelter for flood victims in Jahangirpuri has been the responsibility of the Delhi Catholic Archdiocese in Delhi. The project succeeded in meeting the requirements of the target group. In addition to shelter, it has introduced other components, such as self-employment schemes, adult education, and legal aid. Similar success was attained by the Ahmedabad Study Action Group (ASAG), an NGO that took immediate action in 1973, when twenty-three settlements involving 3,000 households were affected by floods at Vasna, Ahmedabad, after the River Sabarmati overflowed. The Integrated Urban Development Project (IUDP) was designed to respond to both the physical and socioeconomic needs of the flood victims. The IUDP is notable for its people-based approach and action-research methodology. In the Bogum Jahi area of Seoul, Korea, evicted squatters constructed a community of 170 houses in five months in 1976. The striking feature of this building program is the manner in which the people were motivated and the action initiated for community development and improvement. The leadership in the project came from two individuals, a priest and a university student who had lived in Seoul’s largest slum for more than two years before the eviction notices were served. The project underlined the importance of personal relationships in effective community participation. On a larger scale is the Orangi Pilot Project, which started in 1980 as an NGO effort to improve sanitation in the Orangi settlement in Karachi and has sprung up more or less unplanned over an area of 5,000 acres. Through social organization and technical extension, community participants have installed sanitary latrines in the area’s houses, underground sewerage in the lanes, and secondary or collector drains. The sanitation and general environmental conditions have improved considerably as a result. In Manila, Freedom to Build is an NGO that distinguishes itself merely by the way it organizes itself and helps people build their own houses. It started off in the mid-1970s with a project in the Dusmarinas Resettlement Project, a 234-hectare site 34 kilometers outside Manila, where approximately 4,000 evicted squatters had been relocated since 1974. Freedom to Build ran a building supply store and provided settlers with other assistance they needed to build their homes.
Hong Kong's boat dwellers, who were upgraded to land squatters in 1982, owed much to the efforts of the Society for Community Organization, which began in 1970 as an informal group. A society project initiated in 1971 to help resettle boat dwellers became a public housing issue after the plight of Yaumatei boat dwellers gained public attention in the territory. Finally, Kampung Sawah was one of two slums affected in 1982 by the construction of a highway in West Jakarta. Residents received assistance from the Panca Bati, a Jakarta-based NGO, in their relocation to Cikumpa Depok and Sidomukti Depok, where they planned to build a new environment, and to establish a cooperative once the families were resettled. Although the relocated settlement in Depok would mean increased transport costs for some families, it was an opportunity to start life anew with proper land titles that would have been beyond the capability of many households without the assistance of the NGO. A distinctive feature of all these projects is the organization and management expertise provided by NGOs, which have been successful in rallying inhabitants to a common goal. To attain these goals requires consummate skill, relevant experience, and expert knowledge about how to deal with the bureaucracy, all of which these inhabitants lack. The NGOs not only provided the initial spark of interest in crystallizing a critical problem, but also saw the project to its completion. Essentially, the people themselves did the work, but the NGO provided a vital institutional framework in which to reach a common goal. Recent experience speaks well for this approach in Asia.

Lessons Learned

Several general lessons emerge from past experience with delivering urban services in Asia.

Institutional Arrangements

As the demands for basic services become more complex and pressing, with more people and land area to serve, city governments have experimented with a range of institutional arrangements in their endeavor to improve delivery. Cheema (1988) has identified three phases of institutional evolution. At first, most Asian cities attempted to design, finance, and manage infrastructure services sectorally. Large-scale projects in housing, water, sanitation and the like were the responsibility of sectoral authorities independent of municipal governments. They succeeded in expanding urban infrastructure and services, but because short-term sectoral planning was implemented through semiautonomous government agencies, little attention was paid to the possible long-term impact of government intervention in service provision. Another disadvantage of these projects was that they expanded the role of appointed officials in the management of the city. With the increasing sophistication and development of urban services, the authorities in question were unable to make optimum use of their resources or coordinate their activities with other agencies. As a result, these programs did not reach the urban poor.

Metropolitan-wide authorities came into vogue in the 1960s and 1970s when the limitations of sectoral responses became clear. The Calcutta Metropolitan Planning Organization (1961) and the subsequent Calcutta Metropolitan Development Authority, the Karachi Development Authority (1962), the Bombay Regional Development Authority, and the Metro-Manila Commission (1971) were all established with the objective of formulating, financing, coordinating, and supervising the implementation of multisectoral projects through sectoral and local authorities. Initially, these authorities were only involved in coordinating and supervising program activities, but gradually they assumed the functions of sectoral agencies and local
governments themselves, under the prodding of international and donor agencies, in the interest of speedy implementation of foreign-funded projects. As a result, these command-type authorities led to the further centralization of powers. Multisectoral planning and programming functions were also relatively neglected.

The third type of institutional arrangement centered on the creation of metropolitan-wide government with special provincial powers and status. The Bangkok Metropolitan Administration (1972) and the Special Capital Territory of Jakarta (1964) are examples of this genre, which had the power to plan and coordinate activities in contiguous areas. For Asian cities, six types of metropolitan management structures may be distinguished: centrally controlled (Shanghai, Beijing), special province (Bangkok, Jakarta), two-tier system (Manila, Tokyo), development authority (Delhi, Bombay, Karachi, Colombo), single-tier city/metropolitan government (Kuala Lumpur, Surabaya), and intermunicipality cooperation (Calcutta).

Failure of Top-down Planning

At great pain and cost, most Asian municipalities have come to recognize that a centrist, top-down approach to service delivery, without support from other actors, is doomed to failure. The futility of the centralized, government delivery orientation was manifested in Seoul's attempt in 1973 to resettle 76,650 squatter families to satellite Sungam New Town. Seoul had no more success in enhancing the welfare of slum dwellers through urban renewal. As much as 43 percent of the new houses were occupied by people not originally in the renewed area, as the target households could not afford the minimum purchase price. Both projects failed because they had failed to focus on urban poverty, or even on the proper management of services to the poor, but were simply concerned with eradicating illegal housing units. The projects were designed to satisfy aesthetic considerations and physical planning standards and gave lower priority to the service needs of the disadvantaged groups (Whang 1985).

Need for Community Participation

Many of the projects concerned with improving urban services to the poor have demonstrated the critical role played by beneficiaries themselves in any such endeavor. Locally led and energized initiatives are particularly essential in the initial phase when priorities are set, as well as at the implementation stage. Community participation may be affected through official support (such as the community development councils in Colombo), the efforts of an NGO (such as the Panca Bakti, which helped in the relocation of Kampung Sawah), or by the inhabitants themselves (as in Urban Saemul Undong in Seoul). Effective project implementation—which encompasses mobilization, replication, and self-reliance—cannot take place unless positive responses are elicited from the affected population. Note that while the tradition of community participation is strong in rural Asia in satisfying the basic needs of the rural population, urban dwellers have recently developed people-based mechanisms to address the problems in infrastructure provision by the government. In Indonesia and Malaysia, the age-old principle of gotong-royong (self-help) has been extended to urban kampungs. Likewise, the Saemul Undong and Sarvodaya movements in Korea and Sri Lanka, respectively, have found the cities in those countries fertile ground for improving basic living conditions.
Toward Greater Integration

Urban infrastructure services to the poor may be improved through integration in two ways. Although sectoral considerations are important in some circumstances and in certain low-income communities, many municipalities have chosen to design integrated infrastructure packages that would benefit target groups in multiple ways. Most of the delivery approaches reviewed earlier in this chapter have their roots in this philosophy. At the same time, development planners and decisionmakers have come to recognize that basic urban services can only be improved if planning, implementation, and monitoring structures among actors and across different levels are better coordinated, streamlined, and, to a degree, integrated. Integration does not necessarily mean greater control from central authorities, however. Theoretically, it is quite feasible for ideas, plans, and projects to germinate at the grass roots and to spread upward, but they do have to be compatible with development plans at higher levels. Thus there is a need for greater integration of plans and implementation between levels and among sectors.

Technical Assistance as Partners

Many of the larger integrated projects in Asia have depended on international agencies and donors for assistance with their various activities, from conceptual design, funding, and training to implementation. Outside technical assistance is obviously vital in countries that have not achieved rapid industrial and economic progress. The United Nations system of agencies that evolved in the 1960s was among the early ones to respond to the newly identified needs of developing countries. Much of the assistance was in the form of technical assistance (with some training), pre-investment studies, and capital assistance. Often, authorities in the aided countries preferred high-cost urban technologies under the mistaken impression that a high level of external capital assistance would be available. Unfortunately, competition for capital assistance among these countries inhibited the development of a less expensive infrastructure, notably in sanitation, housing, and transport. Since the early 1970s, many of the urban assistance programs by the international aid agencies have focused more on alleviating urban poverty. They have developed their own style and emphasis in attempting to improve the material welfare and living conditions of the urban poor in developing countries. Each in its own way—the development banks (notably IBRD and the Asian Development Bank), USAID, UNDP/UNCHS, ADAB, UNICEF, ILO, IDRC, and so forth—have provided much-welcomed and well-intentioned assistance and have worked in partnership with Asian countries to alleviate the plight of the urban poor.

Strengthening Local Governments

Dependence on foreign assistance must proceed hand in hand with measures to strengthen local governments in the long-run interest of the countries themselves. Several Asian countries have recently made some progress in this respect (Wegelin 1989). Between 1974 and 1979 India's central government made conditional soft loans available to state governments under the Integrated Urban Development Program. The loan provision took the form of matching funds for a specified investment package with the balance coming from the state and local governments. The program, designed for cities with a population of 300,000 and above, was supplemented by the Integrated Development of Small and Medium Towns (IDSMT) in 1979, in an attempt to extend the facility to other cities. In Indonesia, a nationwide approach toward delivering urban services, called Integrated Urban Infrastructure Development Program (IUIDP), was mounted in
1985, in which the responsibility for planning, programming, and implementation of urban services was placed at the local level, and various components of infrastructure provision were integrated. The program has been viewed as a bold departure from the hitherto top-down approach in favor of bottom-up planning for 300 local governments in twenty-seven provinces. In the Philippines, the Program for Essential Municipal Infrastructure, Utilities, Maintenance, and Engineering Development (PREMIUMED) was launched in 1984, to cover sixteen regional centers outside Metro Manila, as a strategy to strengthen local governments. Likewise, the Sri Lankan government embarked on an ambitious program in 1985 to improve municipal management in its fifty-one urban local authorities within the policy of decentralization and strengthening local governments. Also, Thailand’s Regional Cities Development Program launched in 1985 in four major municipalities has recently been extended to several additional urban centers, with the implementation of urban infrastructure as a high priority.

Recent programs clearly indicate a growing realization of the positive economic functions cities can perform through large-scale investments in infrastructure, urban services, and shelter improvement. These new functions can be financed out of revenues generated in the cities themselves, provided local urban management/institutional capabilities are drastically improved. An assumption underlying all these programs is that cities must become less dependent on national fiscal resources and must try to generate more local revenues to finance the development of more cost-effective urban infrastructure/services. All programs rely heavily on technical assistance, including training. Also, the programs attempt to break out of a traditionally "top-down" policy and planning environment, by strengthening the "bottom-up" approach to urban services delivery, within certain rules, implying a changing balance of power and access to funds between different levels of government. These are innovative strategies for improvement, but it is still too early to judge their efficacy.

Striving for a Consensus

Only a low level of consensus exists at present concerning the goals and methodology suitable for improving infrastructure in low-income communities in Asian cities (Angel 1983). The different perceptions of householders, environmental engineers, community builders, politicians, international funders, and the people themselves are grounded in divergent self-interests and preferences. It would be unrealistic to expect these varied standpoints to suddenly converge, but continued dialogue and articulation of any party’s views would help narrow the differences and would be in the interest of the betterment of basic services for the urban poor.

Seeking Tenurial Security

The participants in infrastructure upgrading in Asian cities differ most sharply on the question of the extent to which squatters should be recognized with respect to the illegal land they occupy. Land is a commodity to which the urban poor have no access. Many municipal governments have been loath to improve infrastructure services in low-income settlements with uncertain tenurial status, as any such effort might be interpreted as tacit approval of "squatter rights" and give the residents a strong claim to security of tenure. In any event, it is almost universally true that, where tenurial rights are regularized, considerable improvements have been made in the living environment, especially individual shelters, as demonstrated in the Tondo foreshore project in Manila since 1974. A 1981 evaluation showed that, about 97.5 percent of the households had improved their dwellings, with 12.5 percent building entirely new structures.
Also, in Bhopal, India, slum clearance and improvement programs have been implemented since 1957, but it was not until 1984 that legal tenure was granted to households in existing squatter settlements. Shelter consolidation has been in progress from the beginning. Thus it appears that it is the improvement in perceived tenurial security rather than the legality of tenure itself, that can induce infrastructure improvement (Mitra 1988).

Affordability and Cost Recovery

Affordability and cost recovery are two closely related aspects of urban service provision that are linked to the questions of access by the poor, subsidization, and replicability. The ability of governments to extend urban services to a large number of people is contingent upon measures of cost recovery through community contribution, user charges, taxation, and the like. The interplay of these factors is connected with the larger issues of urbanization policy, public expenditure, building standards, income levels, and the ability or willingness of different income groups to pay. In World Bank—assisted shelter projects it was discovered that many families were willing to spend up to 40 percent of their income, not 25 percent as originally estimated, with substantial income transfer from extended families to help monthly payments. Many families perceived improved housing as a form of investment. This accounted for a 10 percent increase in families offering space for rent in Tondo in 1981. Another example of an affordable and cost recoverable urban service is low-cost sanitation improvement project in India. Since the latrine had been used in India for more than forty years, the government decided to provide low-cost pour-flush latrines on a large scale in urban areas of less than 100,000 inhabitants each. Since 1979, household sanitation has greatly improved in towns in five states: Gujarat, Tamil Nadu, Kerala, Madhya Pradesh, and Uttar Pradesh. The low-cost option has been propagated as an attractive investment of approximately $150 to $200 to households, as distinct from the conventional piped sewerage system viewed as a public works project (Urban Edge, December 1987).

Unrealistically High Standards

There is an inherent conflict between attempts to maintain high physical standards and the low incomes of urban populations. When projects are designed at standards beyond the reach of the urban poor, they are unable to pay the costs of operating, maintaining, and servicing the debt on the new infrastructure services. Cases abound in which settlement upgrading programs in Asian cities have directly caused the target group to move out simply because they could not afford the costs of new facilities. The original settlers failed to benefit from upgrading policies in government housing programs in Calcutta (Pugh 1989), in the KIP in Indonesia (Soegijoko 1985), in an urban renewal project in Seoul (Whang 1985), and in the Tondo foreshore project in Manila (Laquian 1983). Many residents have had to sell their priority assignment or have had difficulty meeting the costs of living in an improved environment. The poorest of the poor have thus been eluded in the improvement process. As a result, such projects give rise to increased subsidies, distort market factors, and fail to mobilize fully the potential of urban centers. Linn (1983:153) has summed the problem up in this way: "Experience has shown over and over that where public service standards are set at levels unrealistically high in relation to the poor beneficiaries' ability and willingness to pay, most of the intended recipients of the services have generally not received any service at all." Subway construction in Calcutta provides a good example. Between 1972 and 1978, transport investments in Calcutta reached $50 million a year,
which represented 48 percent of the government’s budget for infrastructure investments. The initial projected investment has to be multiplied by a factor of ten to $1 billion if the project is to be completed, because of the increase in costs in the interim. The system also will need at least $1 million each year to operate. Heavy investments and subsidies notwithstanding, the urban poor—the city’s single largest group—cannot afford to ride the subway (Brown and Jacobson 1987:42).

**Investing a Year in Leadership and Training**

One of the worst bottlenecks in development administration in Asian cities is caused by the shortage of trained personnel. One city of four million inhabitants reports that it does not have one qualified accountant in the entire municipal administration. The staff for planning there totals fifty and ranges from senior officers to draftsmen; perhaps five are professionals with adequate training and leadership qualities (PADCO 1976:13). It has repeatedly been shown that strong leadership and successful service delivery are positively related. Leadership may be formal or informal, elected or installed, but leaders with dynamism, adequate training, and good communication skills are hard to find everywhere. Leaders must be trained, nurtured, and identified. In view of their shortage in Asian cities for the task of improving infrastructure services, it is imperative that investment in human resources be increased. In the long run, its contribution to poverty alleviation will be indirect but critical in the realization of policy goals.

**Recognizing Women’s Contributions**

Since urban poverty is not gender-specific, women constitute one of the most vulnerable groups, along with children, in low-income communities. Programs designed by UNICEF and other bodies have recognized the problem and have begun to pay more attention to women’s specific economic and household roles in these communities. Women have made many contributions to the development of low-income communities. For example, female wardens are especially effective in mobilizing women’s participation in preventive and curative health programs in the environmental health and community development project in the slums and shanties of Colombo. Activities organized by housewives in urban kampungs in Indonesia are more successful and better attended. Such favorable perceptions of the woman’s role in the lives of the urban poor have prompted expanded training opportunities for women. One such example is a participatory training program for women pavement dwellers in Calcutta, where women learn to resolve their problems in a noncrisis situation. Women also play a large role in the Self-Employed Women’s Association in Ahmedabad, which is a trade union of poor women workers, many of them illiterate, that helps members stabilize and increase their incomes (a bank was formed), develop their skills, and enhance social interaction. Recognition of the positive roles of women in economic affairs and family welfare is reflected in the planned activities of the Orangi Pilot Project in Karachi. Apart from the more visible and by far the most successful low-cost sanitation program, the project design does include women’s health education and a women’s work center program. The progress to date in these two components relating to women is uneven and slower than anticipated. However, the potential is certainly present, as many women have expressed interest in working at the centers.
Key Policy Issues and Alternatives

A number of policy issues and options need to be considered by the cities of Asia.

Financing Urban Services

The foremost problem most Asian cities face in trying to provide infrastructure services to their inhabitants is that they do not have the funds to finance them. Per capita spending by local government tends to be higher in larger cities, but they have heavier responsibilities than smaller cities in providing a long list of services. The responsibilities of local, provincial, and central authorities also overlap greatly and it is not uncommon to find the same service provided by them all. And because poverty is so prevalent, it is difficult to raise the necessary revenues at every level of government. As a result, large sections of Asian cities have no service or are underserviced, and it is the urban poor who suffer the brunt of these deficiencies. The revenue structure of Asian cities may be divided into two components: local revenue, in the form of locally raised taxes (notably property taxes, except in Jakarta), user charges, and locally raised revenue, such as license fees, penalties, and stamp duties; and external sources of local finance, through borrowing and grants from provincial or central governments, including shared taxes. The bulk of urban finances in Asian cities is derived from local sources, up to 70 to 80 percent. Within the local sources, Karachi, Jakarta, Manila, and Madras have relied heavily on local taxes, whereas Ahmedabad, Bombay, and Seoul have exhibited a more balanced distribution between local taxes and self-financing service revenues (Linn 1981). Cities may also raise loans in the international capital markets, although it appears that cities in India and Pakistan are permitted more flexibility in this than cities in Korea. Given the grave urban service problems in Asian cities, there is much scope for expanding the degree of grant and share-tax financing with higher-level governments. Indeed, this is the approach taken by Bangkok, which has an exceptionally narrow local fiscal base, with only four taxes—a house and land tax, land development tax, signboard tax, and animal slaughter tax—coming under the Bangkok Metropolitan Administration. Its fiscal powers are not much stronger, since property, land, and cars are grossly undertaxed. In 1981, the average revenue of the city government was 741 baht per person, which was one-third the national average. Consequently, the central government every year contributes the lion’s share of Bangkok’s fiscal expenses. Financing urban services is thus basically an intergovernmental process in which international agencies have a vital role to play, where domestic financial resources are unable to match needs.

Cost Recovery versus Subsidization

The policy dilemma for many governments is whether to opt for cost recovery or subsidization. Cost recovery refers not only to the measures used to finance initial capital outlays, but also to cover long-run maintenance and operating expenditures. The higher the cost recovery, the lower the drain on the public coffers. The fiscal devices used to recover costs include land pricing, taxation on land and buildings, user charges, and tax and nontax revenues. If urban services are provided on a strictly cost-recoverable basis, many urban poor would not be able to afford them. Subsidies, if adopted as fulfilling a redistributive goal or poverty alleviation objective, can be justified. Likewise, subsidies for refuse disposal are often required because of externalities of pollution and the difficulty of controlling unauthorized dumping. Selective subsidization appears to be a prudent policy choice which is preferable to indiscriminate or heavy
subsidization, as both can produce inefficiency in service provision. The subsidized but inefficient bus systems in some Asian cities mentioned earlier are a somber reminder of the merit of keeping the provision of certain urban services competitive and cost-effective between the public and the private sectors. The experience to date in developing countries suggests that the donor community should avoid general subsidies in the design and implementation of urban development projects.

**Shifting Policies**

Three broad types of policies may be used in providing basic services to the urban poor. One type is based on laissez-faire or market mechanisms and ignores low-income settlements in the belief that they are an aberration in the development process and, will disappear with economic development. The second type is the restrictive policy that aims at reducing the size of these settlements or, where feasible, relocating them to the urban periphery. These two types of policies have by and large been discredited, leaving the third and most widely adopted type, supportive policy, which is designed to improve and expand on present infrastructure conditions in cooperation with local residents (Rondinelli and Cheema 1988). The World Bank's successful experience in employing market mechanisms in its projects to reach the urban poor should also be mentioned. Many Bank projects combine laissez-faire and interventionist principles, with an effective reach of target groups.

**Centralization versus Decentralization**

At the core of these policy choices are concerns about resource mobilization, financial capability, and management efficiency at the local level. Most Asian countries have long favored a high degree of political and financial centralization, to the detriment of municipal authorities, which are starved of the requisite resources, power, and political will to deliver basic urban services. To be sure, the magnitude of the urban problem is beyond the financial and administrative capabilities of many Asian nations. A 1977 study of twenty-five Asian countries suggested that, even if their total savings were mobilized for the provision of urban housing and infrastructure for additional migrants, they would not be enough. For most countries in the region, though, several decades of development experience have convinced politicians and planners that decentralization of authority, resources, and responsibility to local governments promises to be a wise course for development administration to follow. The recent strategies designed to strengthen local governments in five Asian countries outlined in the previous section have built-in performance criteria at the local level to ensure the desired results. In a move to improve municipal management in its urban local authorities, for example, Sri Lanka has begun issuing government grants to those municipalities that have scored high on selected performance improvement indicators. In other words, those local governments are being strengthened that are showing increased public accountability and responsiveness. Admittedly, it is far harder to implement decentralization objectives than might be imagined.

**Equity versus Efficiency Goals**

Many arguments about urban service provision make reference to a tradeoff between equity and efficiency goals. Evidence suggests, however, that these two objectives are actually compatible. Indeed, the rates of return on poverty-oriented projects supported by assistance agencies like the World Bank have not been significantly different from the returns on untargeted
ones. Moreover, it has been argued that these goals can best be achieved by avoiding increased subsidies to urban services through reliance on local taxes and user charges (World Bank 1988:119–20). On a larger plane, the equity issue impinges on the urban poor in relation to other higher-income groups in the city. Biases against the disadvantaged groups in infrastructure provision, whether they be pricing policy, attitudinal orientation, or structural irresponsiveness, must be eliminated. Among the urban poor, too, equity is still an issue in projects having a differential impact on strata within the target population. Shelter projects are a prime example. Upgrading is less effective in fostering greater equity in that it provides benefits to households with relatively higher incomes in the affected settlement. Without a sharp targeting mechanism, the very poorest are unable to benefit from the project and equity goals will remain unmet. By contrast, sites-and-services and core housing projects can be designed to achieve greater equity when affordability criteria can be enforced. Even then, such projects have yet to reach the poorest 20 percent of the urban population.

Modalities of Service Delivery

The debate on the effectiveness of different modalities of urban service delivery actually has to do with the broader issues of resource mobilization and the extent of decentralization of power to local governments. Many infrastructure services are still based on a "service delivery" model, that is, government-provided services. However, in the present climate of increasing emphasis on beneficiary participation, many Asian cities have turned to other approaches, with support from international organizations, semi-public or private agencies, NGOs, community self-help, and so on. Generally speaking, participatory, self-help, and community programs are conceived as "bottom-up" approaches. Clearly, no one mode of service delivery can meet every need. Each has a useful role to play, and a responsible and responsive local government should bend over backward to give support to local efforts in planning, setting norms and priorities, and evaluating projects. Local groups are often poorly organized and have no resources and thus need all the encouragement, support, and funding that governments and other bodies may be able to provide. In the end, they all help to make the urban habitat a better place in which to live.

Public versus Private Service Provision

Economies of scale, externalities, and the possibility of monopoly conditions under private sector provision are often used to justify public provision of utility services in urban areas. The present regulatory framework tends to protect public agencies with established monopolies. For some urban services, however, such protection is not well placed and results in inefficiency. Transport service is a case in point, as illustrated by the experiences of Calcutta and Bangkok. In both cities, public bus companies covered about 60 and 72 percent of their total costs with their revenues and incurred subsidies to the tune of $8 million in 1976 in Calcutta and $17.6 million in 1978 in Bangkok. Both cities are also served by private buses charging the same fare and carrying 75 percent and 40–50 per cent of bus riders in Calcutta and Bangkok, respectively. Private operators are plainly more efficient. By operating 50–60 percent less expensively than public buses they contribute substantial revenues to public coffers. The disparity in efficiency is so obvious that it has been suggested that all nationalized bus monopolies be open to private operators of either buses or minibuses (Feibel and Walters 1980). In low-cost housing, too, the private sector has played an important role, notably in Malaysia. Official recognition of the private sector in providing housing for the poor is again reflected in the planned construction by
the private sector of 374,100 low-cost dwelling units in the Fifth Malaysia plan (1986–90). The Malaysian example illustrates the wide scope that exists for closer cooperation between the public and private sectors in delivering urban services in Asia.

**Supply of and Demand for Urban Services**

Much of the infrastructure provided by public or quasi-public bodies is supply-led and bears little direct relation to the nature and size of demand by the urban poor. One of the more effective ways of increasing the access of the poor to urban services is, in fact, to promote employment generation activities. With higher incomes, the disadvantaged population would create a greater effective demand for basic services, which could be satisfied through a variety of mechanisms. In many Asian cities, the prevailing high levels of unemployment and underemployment and low incomes among the urban poor are translated into their inability to pay for needed urban services directly through user charges or other methods, or indirectly through taxes. Projects designed to improve the livelihood of the urban poor may be embedded in integrated infrastructure approaches that have been reviewed previously, or may be income generation-specific, such as the Program for Investment in the Small Capital Enterprises Sector (PISCES) supported by the U.S. Agency for International Development (USAID). The demand for specific urban services may also be met by financing programs such as the community mortgage program in the Philippines, which is an innovative concept of low-income home financing that enables several beneficiaries to acquire an undivided tract of land through community ownership. The landless urban poor can thus secure land for house construction, though the financing program is administered by the National Home Mortgage Finance Corporation. It also administers the Unified Home Lending Program as part of the national objective of providing social housing to the lower 30 percent of the population through sites and services and resettlement projects.

**Formal versus Informal Sector Roles**

Asian cities, like those in other parts of the developing world, are creations of planners and politicians who cater to the interests of the rich and powerful, first and foremost. Cities for the poor do not exist in the minds of planners. As a consequence, the regulatory framework, resource allocation, and political support are everywhere in favor of the formal sector. However, the extent to which informal sector provision can directly benefit the lives of the urban poor should not be neglected. In a number of urban services, such as housing improvement, transport, water supply and public security, informal sector contributions have kept costs low and have been effective. For example, the informal market that exists in many squatter settlements, facilitates mutual help, the procurement of building materials, and the dissemination of information and know-how. Strong social networks in these communities are often sufficient to deter crime and, where necessary, a mutual aid system of vigilant corps can be developed on the basis of voluntary contribution of labor. Despite the rhetoric for administrative and financial decentralization and devolution, excessive regulations and restrictions still impede the activities of the informal sector. A case in point is Tamil Nadu, India, where it is illegal for the private sector to attempt to duplicate the successful sites-and-services projects supported by the World Bank in the state. It has simply forced the private sector to operate "underground."
High versus Appropriate Technologies

The choice of technology to be used in providing urban service depends on the formal and informal sector roles, and the issues of affordability, cost recovery, and replicability. The Calcutta subway project served to underline the absurdity of pursuing a high-tech option without regard for the needs of the urban poor. The challenge here is for Asian cities to devise low-cost, appropriate technologies that are not only innovative and indigenous but can also be afforded by most of the disadvantaged population groups.

Large versus Secondary Cities

Given the increasing concentration of population in Asian cities, particularly in the large centers, and the attendant pressure on infrastructure services, economically conscious scholars and administrators have raised the question of the relative costs of service provision in cities of different sizes. Of course, urban agglomeration goes with economies of scale, but, beyond a certain city size, the gain in cost provision for some urban service disappears. Evidence tends to indicate that urban infrastructure services can be economically provided in cities as small as 100,000 in population and the per capita costs in providing many urban services are lower in intermediate-sized cities than in the largest metropolitan areas. At what size do diseconomies of scale begin to set in? The question of urban efficiency in relation to city size is an age-old and complex one. The prospect of a constellation of megacities emerging in Asia has revived the debate and spurred thinking on national urbanization policy and the roles large and secondary cities can play in the continued quest for better infrastructure services for the populace.

Emerging Challenges

This study has attempted to demonstrate the diversity of approaches to delivering basic infrastructure services in Asian cities and the limited access of the urban poor to these services within the present administrative and planning framework. If ways are to be found to meet the emerging challenges, answers must be found to the following questions:

What problems do Asian cities face in providing basic infrastructure services?

Asian cities are facing deteriorating levels of basic infrastructure service provision because supply has failed to catch up with demand. Given the trends in Asian urbanization, with growth rates remaining high and the persistence and increase of urban poverty, the challenge to planners and policymakers is to search for innovative ways of delivering at least the present level of services to larger numbers of urban dwellers within the present financial and administrative constraints. Many problems of the present system of delivery have been identified and these obstacles need to be removed. For example, standards of service are unrealistically high, technologies cannot be afforded by the inhabitants, the legal framework is prejudiced against the interests of the urban poor, there is administrative and organizational inefficiency in the delivering agencies, weak local (city) governments do not have the political clout and financial ability to carry out effective programs, channels for articulating needs are feeble, and so on. It is clear that many city governments in Asia are in an uphill battle to maintain their present inadequate levels of service provision, let alone upgrade them.
What should be the scope of urban basic infrastructure services?

This chapter has adopted a rather orthodox and conventional definition of infrastructure services, including such services as housing, transport, water supply, and waste disposal. These are surely key services needed to sustain the life and the well-being of individuals and families. It has been argued, however, that if one were to take a broader basic needs approach, other services—such as food, energy, and land—could be taken into consideration in certain circumstances. Of course, some of these additional services are more land-consuming and thus are more difficult to provide for in view of escalating and competing demands on urban land in Asian cities. Perhaps the point to emphasize is that the basic urban service provided by the authorities must be one that is really desired and affordable by the inhabitants. In this case, authorities should try to be particularly sensitive to the varied demands of different income groups.

Who pays for basic urban services?

Financing urban services in Asia is one of the most challenging tasks for administrators and planners and one that appears most difficult to undertake because of institutional rigidity, bureaucratic inertia, and ingrained biases. Many Asian cities have narrow and limited revenue bases from which to finance the needed services for their populace. Jakarta and Bangkok, for example, depend heavily on their central government for transfer payments to foot their municipal bills. Indian cities are so financially strapped that even routine maintenance of essential urban services is reportedly being neglected.

The situation in slums and similar settlements has been described as appalling. If the city government cannot raise enough revenue from its inhabitants, who are themselves by and large poor, there is every reason to question the general efficacy of the government-provided, or "service delivery" model of service provision, at least insofar as the urban poor are concerned. Alternatives to the conventional model of delivery must be explored, with all shades of self-help, participatory, community modes of delivery that are known to be more cost-effective and to be capable of meeting the needs of the population groups concerned. Even through the established methods of service delivery, appropriate technology, realistic standards, and improved user charges could go some distance in lightening the financial burden of the authorities to deliver basic urban services.

How can nongovernmental organizations (NGOs) help in improving urban service delivery?

Considering the city government’s inability to provide the necessary basic infrastructure service to its inhabitants, it is almost incumbent on nongovernmental organizations of every description to assist in mitigating the plight of vulnerable population groups, particular that of the urban poor living in slums and squatter settlements. There are also community-based organizations (CBOs) that aim primarily at improving their members’ situation. Because both NGOs and CBOs are close to the grass roots, they are more effective than governmental organizations in identifying real service needs and have more innovative, flexible, and often cost-effective ways of meeting them. The Building Together project in Bangkok, the Orangi Pilot project in Karachi, and Freedom to Build in Manila are examples of voluntary and private initiatives to improve housing, sanitation, and environmental conditions of the inhabitants in
question. In the same vein are the increasingly recognized economic and household roles that women can play in uplifting the well-being of low-income communities. Women's contributions have been particularly acknowledged in the environmental health and community development project in slums and shanties in Colombo.

Who else can help in improving urban basic infrastructure services?

Higher levels of government and international organizations can greatly assist the strapped city governments. To begin with, the state government can decentralize responsibility, authority, and resources to the city government to expand service provision. In addition, national governments can redesign the contributions of central and local governments in delivering urban services, demonstrate renewed political will to alleviate urban poverty and basic service deficiency through budgetary allocation and institutional restructuring, and increase spending on human resources development for urban service delivery. Regional Institutions can likewise promote the exchange of ideas, visits, experience, and information through a program of training, conferences, and research. At the same time, they can use pilot schemes or demonstration projects to disseminate new insights and technologies in building more humane communities. Finally, international organizations can assist in policy transformation to improve urban service delivery in conjunction with national governments, refocus efforts and resources on poverty alleviation, and broaden the range of activities in support of poverty goals.

What is the best institutional and management arrangement to improve urban service delivery?

Although the authorities have been ineffective in providing infrastructure services in Asian cities while community-based groups have helped urban dwellers to help themselves, the two groups must not allow themselves to work at cross purposes or independently. Clearly, neither group can be entirely successful on its own and the emphasis should be on mutual understanding, cooperation, and assistance. The Environmental Health and Community Development Project is an example of such cooperation. In this case, UNICEF, the Colombo city government, and people themselves worked well together in a project to upgrade urban amenities. Another example of cooperation between government and private organizations in improving social services is that achieved in Bongchum dong, a large squatter area in Seoul, referred to earlier. It must be remembered that NGOs by themselves have poor resources and are fragmented in their orientation. Ultimately, only governments have the resources and authority to create the necessary conditions for full-scale grass roots mobilization.

Are environmental issues relevant in urban service provision?

At first glance, the link between providing urban services and the environment may not be obvious. In fact, the choice of shelter strategy, transport technology, waste disposal methods, source of water supply, and energy choice all have vital bearing on the status of the urban environment. Of these basic urban services, energy choice and transport technology are perhaps the most significant. China's heavy dependence on burning coal for cooking and heating, especially in its northern areas, and the widespread use in Asian cities of the automobile, which relies on a carbon-based fuel, both cause serious air pollution. They are directly responsible for
the production of increasing amounts of carbon dioxide, methane, nitrous oxide, and chlorofluorocarbons (CFCs)—"greenhouse" gases—that have led to alarming warming changes in the earth's climate and potentially disastrous and irreversible effects on the ecosystems of the world. Most cities in Asia pay little attention to such issues in their energy policy. Their planners and administrators must become more environmentally conscious in choosing technologies for the services they provide.

What is the root cause for the increasing gap between the demand for, and supply of, urban services?

The extent to which the provision of urban services is considered adequate depends on the size of the population being served. In most Asian cities, the growth of urban services is being outpaced by the growth of the population. Consequently, financial and other resources cannot be marshaled fast enough to provide the necessary additional services. The root cause of the problem lies in the excessive concentration of people in the cities, as a result of which demand is rapidly outstripping supply. In general, urban populations grow at twice the rate of the national population. The population in many low-income communities within Asian cities grows even faster than the overall urban population. Thus it is not surprising that the gap in service provision in these communities tends to widen over time compared with other parts of the city. Social measures are obviously needed to keep the population down in urban areas, but there is also a need for a national urbanization policy that rationalizes the roles, functions, and population distribution of cities of different sizes. As already mentioned, the debate centers on the relative efficiency of large versus secondary cities.

Has the planning of Asian cities caused the provision of basic infrastructure services to deteriorate?

It is probably unfair to blame the present sad state of service provision in Asian cities on planners or on the planning process. The present predicament can be traced to many factors. A significant point to note, however, is that the planning of Asian cities has been conceptually and physically influenced by thinking in developed countries. That is where many Asian planners have obtained their training. Many existing planning practices and procedures are based on legal norms and architectural standards more in tune with developed economies. Not uncommonly, Asian planners are imbued with visions of the modern city, in which the urban poor have no place. The failure of the urban renewal project in Seoul and of various settlement upgrading policies in Calcutta, Indonesian cities, and Tondo in Manila clearly demonstrates that planners and policymakers tend to be insensitive to the needs of the urban poor. The removal of squatters from the Intramurars and Tondo in Manila to Sapang Palay and the construction of the subway in Calcutta are still other examples in which policy decisions have been made without taking the interests of the poor into account. Some cynics would even venture to say that the Asian cities of today are for the rich; cities for the common people and the poor have yet to be designed and constructed.
References


THE ROLE OF CREDIT IN POVERTY ALLEVIATION: 
THE ASIAN EXPERIENCE

Ismael Getubig, Jr.

Summary

This chapter briefly reviews credit programs for the poor in Asia and shows that most conventional credit approaches (for example, IRDP, cooperatives, and subsidized agricultural credit) have had serious failings in terms of both repayment and outreach. The main reasons for this failure are shortcomings in the design, management, and implementation of the program and a lack of attention to the unique condition and circumstances in which the poor live.

At the same time, innovative credit programs have emerged in various parts of Asia and elsewhere, that have adapted their design, management and implementation systems to the special needs of the poor. These programs have shown remarkable success in reaching the real poor while maintaining high repayment rates, ranging from 90 to 99 percent. The chapter reviews in some detail four such programs that have succeeded in significantly scaling up their credit activities. Each of the four represents a unique approach to providing credit for the poor, but they also share some characteristics in their design, management, and implementation systems.

The four models and the respective programs discussed to illustrate them are (a) the intermediary type, illustrated by the Working Women's Forum of India, (b) specialized programs of formal-sector banks, illustrated by the KUPEDES program in Indonesia, (c) specialized banks for the poor, illustrated by Grameen Bank of Bangladesh, and (d) package-type programs, illustrated by the Aga Khan Rural Support Program of Pakistan (AKRSP).

Some of the characteristics shared by most, if not all, of the successful credit programs illustrated in the chapter include effective targeting; borrowers organized into solidarity groups that provide mutual support and replace the collateral or guarantor requirements of conventional banks, fitting the credit delivery system to the needs of the poor; properly priced credit services (for example, interest charged at market rates); self-selected income-generating activities; assurance of bigger subsequent loans upon repayment of old loans; effective savings mobilization; adequate and appropriate training and preparation of borrowers; accountability and effective management information system; and appropriate implementing institution.

The chapter concludes that credit is one of the most potent instruments for alleviating poverty and can be made viable, sustainable, and effective if appropriately delivered by programs that are well designed, managed, and implemented. However, credit programs for the alleviation of poverty have their built-in limits, such as the small scale of projects undertaken by poor borrowers, technology limitations, and the limited size of the market.

The way to alleviate and eventually eradicate poverty may actually be to create a conducive economic and sociopolitical environment that promotes equitable growth through labor-intensive productive employment policies; pro-poor fiscal, monetary, trade, exchange rate, price, and sectoral policies; and through social development expenditures that enhance the human capital of the poor by improving their education, health, and nutrition; and through investment in rural infrastructures, as the experience of the newly industrializing economies has clearly demonstrated.
Introduction

Over the years, many countries in Asia have instituted various programs aimed at improving the condition of the poor, partly in recognition of the failure of inequitable growth to pull the poor up the socioeconomic ladder, or simply to compensate for their disadvantaged position in society. The provision of credit to the poor has been a leading component of many of these programs because the lack of access to productive capital is thought to be one of the main factors preventing the poor from breaking away from the "poverty trap." This trap, it is argued, makes it extremely difficult for the poor to overcome poverty without outside intervention. In its simplest form, this trap can be viewed in terms of the poor person's low capacity to generate income, savings, and investment in an economic environment that offers limited employment opportunities, which thus leaves the poor in perpetual poverty. It is argued that providing the poor with credit can break this barrier to economic emancipation by giving them access to resources, in particular, to income-producing or enhancing assets for the small-scale farmers and fishermen in rural areas, the small artisans, petty traders, and microentrepreneurs in urban areas. With their labor largely underemployed or employed in unremunerative work, the poor can make more productive use of their labor through credit and in the process, progressively increase their income, savings, and investments through self-employment and thus cross the poverty line over time.

Credit Programs for the Poor

Most governments in Asia have allocated considerable amounts of resources in the form of subsidized credit for the alleviation of poverty, especially in rural areas. The rationale for subsidizing this credit is that the poor have limited capacity to repay because they have limited investment opportunities and providing them with credit services entails high transaction costs. Subsidized credit often takes the form of government-sponsored rural cooperatives, agricultural credit for the small farmers, and specialized programs like the integrated rural development programs common in South Asia. The number of poor who have crossed the poverty line as a result of these programs is difficult to ascertain. The undifferentiated impact of many of these programs (for example, in terms of value added or returns on investment) is often positive and significant. But according to many studies that have evaluated these programs, their benefits have largely accrued to the rural elites who have been attracted by the credit subsidies and used their influence over the administration of the credit delivery system to "corner" most of the credit resources at the expense of the rural poor (Islam 1985; Mukhopadhyay, 1985). Even the cooperative approach to credit, which had earlier been so successfully tried in Europe and North America in reaching the small farmers, and much later quickly and widely implemented in Asia largely through government initiatives, floundered badly with few exceptions (for example, the cooperatives in Japan, Korea, and Taiwan [China] and some NGO-initiated cooperatives elsewhere). Even the highly acclaimed Comilla cooperative model, which attained considerable success during its early years when it restricted itself to a limited geographical coverage, on the whole failed to reach the intended beneficiaries—the small farmers—and suffered serious repayment and viability problems when the government replicated it nationwide.

In the case of some other credit programs, the failure is not so much in reaching the target group but in the low repayment rates and the failure of the programs to sustain the significant positive impact of credit through the provision of a follow-up credit to deserving borrowers. A good example is that of India's Integrated Rural Development Programme (IDRP),
probably the most massive credit program of its kind targeted exclusively at the poor. Since its inception in 1978, IRDP has channeled more than Rs 71 billion in credit and Rs 27 million in subsidies to mostly poor households. A World Bank study (Pulley 1989) showed that 97 percent of the IRDP beneficiaries were poor, many of whom were very poor to extremely poor. However, default rates in the program have been high (68 percent in 1984) and it was able to provide only 1 percent of its beneficiaries with a second loan. In the absence of an effective mechanism for providing follow-up credit to sustain capital requirements of their income-generating projects, the initial gains in income by the beneficiaries were lost after two to four years, and their assets gradually decapitalized to meet consumption and emergency needs.

Other programs showed much promise during the early stages, but could not sustain their high level of performance, as can be seen in the Small Farmers Development Program introduced in Nepal in 1976. The SFDP is a "package type" credit program based on the guidelines developed by the Food and Agriculture Organization (FAO) whereby credit is channeled through farmers' organizations and supplemented by support services such as extension and technical assistance. Aside from Nepal, SFDP-type programs were initiated in Thailand, the Philippines, and India. The SFDA program in Nepal had gained more prominence than others because of its initial success in reaching a large number of small farmers while maintaining a high repayment rate (more than 90 percent). As it expanded, however, credit leakages to the nonpoor and the default rates increased. By 1989, SFDP's repayment rate was only 48 percent (Holt and Ribe 1990).

Governments trying to provide poor farmers with access to credit often require conventional banks to earmark a certain percentage of their outstanding loans at subsidized interest rates for poor borrowers for whom collateral requirement is waived. Loan guarantees are normally provided for by the government to reduce the high risks borne by the banks in lending to the poor. This arrangement often fails to achieve its goals. The almost universal response of banks to such a program is either to ignore it where the program implementation mechanism allows it to circumvent the regulations, or to keep its involvement to a minimum, just enough to give the appearance of compliance as a gesture of support. The Differential Interest Rate (DIR) Program in India, another massive credit subsidy program for the poor, is a good example of this. While DIR has reached a relatively large number of poor borrowers, this accounted for only a small proportion of the potential borrowers it was designed to reach, and its repayment rates have been low.

Reasons for the Failure of Credit Programs

What went wrong with the credit programs that failed? Could they have performed better if they had incorporated the appropriate changes. Or is it that the poor are not bankable because providing credit to them entails uneconomically high transaction costs and risks? It is difficult to pinpoint the reasons for the failure of many credit programs, because is as much as a host of interrelated factors that often come into play. However, it is possible to identify some of the underlying factors that contributed to failure. Much of the failure of past credit programs sponsored by governments stems from shortcomings in the design, management, and administration of the credit delivery system. One of the most serious design flaws, for example, was the lack of a targeting mechanism, such as realistic landholding and income ceilings, so that only the truly poor could qualify for credit under the program. This permitted the entry of non-poor borrowers who were attracted by the generally low interest rates charged by these programs. With their greater socioeconomic and political power, the non-poor were able to get access to
credit delivered in this manner much more easily than their poor counterparts, thus crowding out the latter. General credit programs for agriculture and rural development often fall under this trap. But even some specialized credit programs for the poor (for example, the Special Agricultural Credit Program in Bangladesh and the Differential Interest Rate Scheme of India) have also suffered because of this weakness (McGregor 1988; Berger 1989).

In the case of many credit cooperatives that failed, a host of contributing factors acting together brought about their demise. Often cited are inadequate preparation of members, control and domination of the cooperatives by powerful local elites who often borrowed an inordinate proportion of the loan funds, weak management, the top-down manner in which the cooperatives had been set up and run by the government, and overdependence on outside funds rather than on local savings mobilization (Huppi and Feder 1989; Mukhopadhyay 1985).

Programs that have attempted to tap the resources of conventional banks to provide credit to poor borrowers through some form of arrangement with the government, often in the form of directives, have generally failed because they did not provide adequate incentives for the banks to make adequate profit from their loans to the poor. The primary objective of conventional banks is to make a profit on their loans. But providing credit to the poor is staff-intensive and entails high transaction costs and risks that must be covered by interest earnings from lending and service fees. Since these programs often put a ceiling on the interest rates the banks are allowed to charge, the banks are unable to make sufficient profit from this program comparable what they can obtain in alternative capital outlets. Understandably, most banks would not be willing participants in such programs and would accordingly try to avoid it or cut down their losses or opportunity costs by minimizing their involvement.

The lack of an appropriate credit delivery mechanism that clearly specifies the procedures and requirements for personnel and support services and provides for effective enforcement mechanisms also contributes to the ineffectiveness of the credit-for-poor programs of conventional banks. For example, the commercial banks through which the Special Agricultural Credit Program in Bangladesh channeled its loans took the easy way out by abdicating its responsibility to implement the program, letting the rural elites and politicians identify and recommend borrowers. It also insisted on a collateral requirement despite the program’s directive to waive it, as also happened with cooperating commercial banks in India’s DIR programs (McGregor 1988; Singh and Kelles-Viitanen 1987).

At the level of the bank staff assigned to implement the credit-for-poor programs, there is generally no provision for incentives to compensate for the more difficult nature of their work. Often, this work is added on or mixed with their regular work with nonpoor borrowers. As a result, bank officers have low motivation and morale and prefer to concentrate on the nonpoor borrowers, who are less difficult to service. This helps to explain their poor performance in servicing the poor borrowers.

Any credit program that experiences sustained low repayment rates will eventually become insolvent and collapse. Repayment rates are therefore, the most important and simplest indicator of the program’s viability and sustainability, provided the interest charged is high enough to cover cost and a reasonable margin of profit. It reflects the borrower’s capacity and willingness to pay back the loan. The borrower’s capacity to repay is, in turn, a function of the productivity of investment for which the loan is utilized.

It is now well documented that the poor have the capability to use credit productively using the skills and knowledge they have and that they can generate rates of return comparable with, and often exceeding, those earned on much bigger investments by the nonpoor in the formal sector. Therefore, the most important factor affecting repayment rates in a credit-for-poor
The role of credit in poverty alleviation

The willingness of the borrower to pay back. This in turn is affected by many factors. An important element is the incentive system built into the program that rewards the borrowers for prompt repayment of loans. One of the most important incentives to poor borrowers is the assurance of a follow-up loan upon repayment of an outstanding loan. This incentive is missing in many programs and is one of the main reasons for the low repayment rates, as in the case of the IRDP and DIR in India and BIMAS in Indonesia. The effect of such an incentive on repayment is apparent when one considers that the poor, by virtue of their extremely weak and vulnerable economic security, need credit support to be sustained long enough to allow their assets and income to become stable. Second, very often, the credit-for-poor program is the only access to credit available to the program participants. Even their access to the village moneylender is very limited and credit often available only at exorbitant rates. A poor borrower becomes even less inclined to pay if a follow-up credit facility is closed because these poverty-oriented credit programs often do not require collateral, which the borrower would stand to lose if he defaulted. As discussed later, most successful credit programs have assured borrowers of a subsequent loan upon repayment of the previous debt.

Even when a program is appropriately designed, it can still flounder over time if the rigor in implementing the procedures essential to its success (for example, targeting, financial discipline and accountability, and supervision) is relaxed over time. This is one reason for the deterioration in repayment rates of Nepal's Small Farmers Development Program as well as others.

Some Success Stories

In the light of these past failures, many experiments have turned to innovative approaches to credit delivery systems (CDS) for the poor. The resulting CDSs have in large part been highly effective in achieving the major objectives of credit-for-poor programs.

Success Criteria

The success of a credit program designed to alleviate poverty would have to be evaluated in the light of the program objectives. Some of these programs may incorporate a broad set of objectives in addition to credit, such as empowerment, "conscientization," education, and skills training. Five criteria are often used to assess the effectiveness of credit-for-poor programs.

- **Extent to which the program has reached the truly poor.** This can be measured both in terms of the proportion of beneficiaries who are truly poor and the number of poor borrowers reached.

- **Loan recovery.** This is measured by the repayment rate. Sustained high loan recovery represents the simplest and clearest indicator of a program's success as it reflects the productivity or profitability of the loan, as well as the borrower's satisfaction and support of the program.

- **Productivity of the loan.** This measures the viability of the investment into which the loan was applied by the borrower. It is normally measured in terms of returns on investment or capital-output ratio. This criterion is often difficult to measure accurately when applied to the small-scale investments of poor borrowers because part of the income
leaks into consumption and thereby introduces a downward bias on the estimated returns on investment. Thus, a less precise but easy-to-measure proxy, asset retention by the borrower, is often used.

- **Impact on borrower’s income.** This impact refers to the extent to which the borrower’s real income has increased as a result of the credit provided. As the income base of the poor borrowers is very low, the increase in absolute income arising from very small investments (generally less than US$100, and some as low as US$20) is almost universally small. For this reason, it may be more meaningful as a measure of progress to use the relative increase in income, in respect of the pre-credit income base or the poverty line to be crossed. This criterion is probably the most difficult to measure by conventional "before-after" or "with-without" techniques. This difficulty stems from the problem of isolating the effect of credit from many intervening variables (in the case of "before-after") and the comparability between the experimental and control group and the impossibility of determining the counterfactual (in the case of "with-without").

- **Sustainability.** Here it is useful to distinguish sustainability at the individual borrower level in contrast to sustainability at the program level. The former can be measured in terms of project viability as discussed earlier, whereas the latter relates to the ability of the credit program to be self-reliant in terms of resources, leadership, and so on. Specifically, it refers to its capacity to become institutionalized into a financially self-supporting program, able to cover all costs and to generate sufficient profits from its operations. Thus it is affected by such variables as interest rate charged on loans, repayment rate, and transaction costs. Sustainability also refers to the ability of the institution to carry on in the absence of the dynamic charismatic leaders that are often behind many of these programs (for example, Grameen Bank, Aga Khan Rural Support Program, the Self-Employed Working Women’s Association, Working Women’s Forum).

- **Noneconomic criteria.** Perhaps, the most difficult task of all is to develop success criteria for the noneconomic objectives of a credit program—for example, the empowerment of poor rural women, increasing their status in the family and the community, developing their self-confidence, and so on. These, however, are legitimate objectives that must also be considered in assessing the effectiveness of programs, especially those targeted at poor women borrowers.

A number of successful credit programs for alleviating poverty can be identified by applying the above criteria. It is not possible in this brief chapter, however, to provide detailed information on all of these criteria, for the various sources reviewed have not applied them consistently. Nevertheless, a number of studies have examined many of these innovative credit programs in Asia and elsewhere and assessed their effectiveness on the basis of these criteria. Some of these programs, along with their essential characteristics, are listed in Table 6.1.

**Typology**

Most of the programs listed in Table 6.1 could be classified under the following
The Role of Credit in Poverty Alleviation

Type A. Intermediary
Type B. Specialized programs of formal-sector banks
Type C. Specialized banks for the poor
Type D. "Package" program.

INTERMEDIARY. An Intermediary-type credit program is one that plays the role of a broker between the formal lending institution and the poor beneficiaries who do not have access to these institutions when left on their own. There are many variations of this way of playing the brokering role. The most common is for the intermediary to simply facilitate accessing credit facilities that commercial banks provide, by government mandate, for poor borrowers (for example, SEWA and WWF in their early years). In this type of program, responsibility is often divided between the intermediary and the banks to enable them to take advantage of each other's strengths and minimize their weaknesses: the bank administers the loan disbursements and repayments while the program assists in processing the loan, collecting repayments, following up on defaulters, and the like. In this way, the bank is able to minimize the transaction costs associated with lending to poor borrowers, while the intermediary—whose strength lies in familiarity with the borrowers and grass roots organizations—is able to handle the transactions involved much more efficiently than the bank's own personnel could. In one variant of this model, the intermediary mobilizes savings from the beneficiaries, which are then deposited in a commercial bank. The commercial banks open a revolving credit account, guaranteed by the beneficiaries' savings, which can then be loaned out either directly to the beneficiaries or indirectly via the intermediary administering the loan.

SPECIALIZED CREDIT PROGRAM OF FORMAL-SECTOR BANKS. Programs under this category are administered directly by banks in the formal sector without the use of intermediaries. This form of CDS recognizes that conventional commercial banking procedures are not suitable for servicing poor borrowers as they are designed primarily for well-off clients. CDS therefore adjusts its requirements and procedures to make it more effective in both mobilizing the savings of poor beneficiaries and providing small amounts of credit to them. The credit-for-poor part of their operation, however, constitutes only a small proportion of their banking operation in the formal sector. One of the best-known examples of this is the BKK, KUPEDES, and SIMPEDES programs of Bank Rakyat Indonesia.

SPECIALIZED BANKS FOR THE POOR. This kind of credit delivery system is still very rare, perhaps because it poses the most difficult challenge of all. It goes beyond adjustments within existing formal-sector banking institutions to rectify the inadequacy of their conventional practices to service credit needs of the poor, by setting up an entirely new banking institution that caters exclusively to the poor. It recognizes that the poor have unique needs arising from their socioeconomic-political disadvantaged position in society, and thus requires an alternative credit delivery system designed specifically for them.
### Table 6.1 Selected Credit Programs Directed at the Poor in Asia

<table>
<thead>
<tr>
<th>Program</th>
<th>Country</th>
<th>Type</th>
<th>Year of Reference</th>
<th>Year of Operation</th>
<th>Total Number of Beneficiaries</th>
<th>Percent Women</th>
<th>Average Loan Size (US$)</th>
<th>Repayment Rate (%)</th>
<th>Percentage of Loan Funds in Arrears</th>
</tr>
</thead>
<tbody>
<tr>
<td>BKK</td>
<td>Indonesia</td>
<td>BKK</td>
<td>1982</td>
<td>10</td>
<td>2,700,000</td>
<td>60</td>
<td>527</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KUPEDES</td>
<td>Indonesia</td>
<td>KUPEDES</td>
<td>1989</td>
<td>5</td>
<td>1,380,000</td>
<td>25</td>
<td>426</td>
<td>95</td>
<td>5.4</td>
</tr>
<tr>
<td>MBM</td>
<td>Indonesia</td>
<td>NGO</td>
<td>1987</td>
<td>10</td>
<td>3,500</td>
<td>80</td>
<td>207</td>
<td>80-90</td>
<td></td>
</tr>
<tr>
<td>YIS</td>
<td>Indonesia</td>
<td>NGO</td>
<td>1988</td>
<td>16</td>
<td>5,700</td>
<td>--</td>
<td>170*</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>BRAC</td>
<td>Bangladesh</td>
<td>NGO</td>
<td>1987</td>
<td>18</td>
<td>169,000</td>
<td>93</td>
<td>31</td>
<td>92.3</td>
<td></td>
</tr>
<tr>
<td>Grameen Bank</td>
<td>Bangladesh</td>
<td>NGO</td>
<td>1990</td>
<td>9</td>
<td>852,000</td>
<td>91</td>
<td>58</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>PCRW</td>
<td>Nepal</td>
<td>Government</td>
<td>1989</td>
<td>8</td>
<td>6,640</td>
<td>100</td>
<td>59</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>SEWA</td>
<td>India</td>
<td>NGO</td>
<td>1982</td>
<td>14</td>
<td>40,000</td>
<td>100</td>
<td>72</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>WWF</td>
<td>India</td>
<td>NGO</td>
<td>1989</td>
<td>12</td>
<td>50,000</td>
<td>100</td>
<td>90-95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Vision</td>
<td>Sri Lanka</td>
<td>NGO</td>
<td>1987</td>
<td>--</td>
<td>700 Village</td>
<td>--</td>
<td>20</td>
<td>98</td>
<td>--</td>
</tr>
</tbody>
</table>

Note: The abbreviated names stand for the following: BKK, Badan Kredit Kecamatan; MBM, Maha Bohoga Marga; YIS, Yayasan Indonesia Seyahtera; BRAC, Bangladesh Rural Action Committee; PCRW, Production Credit for Rural Women; SEWA, Self-Employed Women's Association; WWF, Working Women's Forum.

a. Per group of 30 members.

The central concern in this approach is to determine the conditions under which the poor live and the nature of their credit needs. The resulting information is then used to design a credit delivery system to meet those needs, subject of course to certain norms to ensure that the institution is viable and sustainable and complies with legal requirements. Unlike the specialized credit-for-poor programs of the formal-sector banks, a specialized bank for the poor is completely unfettered by the inertia of conventional rules and procedures that the former has to grapple with, creating instead innovative ones that have a good fit with the needs of poor borrowers. And because it caters exclusively for poor clientele, it is able to focus all its resources and energies on just one challenge—how to make banking for the poor work. The Grameen Bank of Bangladesh is probably the only major CDS of this kind in Asia, and perhaps in the world.

**PACKAGE PROGRAM**. This is a very common approach that has been tried by most countries in Asia. It became popular when the so-called integrated development program was in vogue among donors and development agencies. Credit is just one of several components in this package, which often includes any combination of the following: infrastructure development (for example, irrigation and drainage canals), technology (for example, improved crop varieties and practices), training and extension, and market information and facilities (transport and processing). The track record of this approach in terms of reaching the poor and sustaining a viable credit program is rather dismal. It has a high default rate and a large proportion of the benefits have accrued to nonpoor beneficiaries. A notable exception is the Aga Khan Rural Support Program in northern Pakistan. BRAC of Bangladesh and SFDP in several countries also fall under this category.

**Credit-for-Poor Programs: Some Cases**

For lack of data and space, we shall limit our discussion to only four credit-for-poor programs, one for each of the four general types just discussed. Three of these are rural-based because there are more credit-for-poor programs in rural areas. The Working Women’s Forum and SEWA of India are two of the better-known examples of urban programs with a strong credit component. Credit-for-poor programs in urban areas are not as well documented as those that cater to the rural areas.

**The Intermediary: Working Women’s Forum (India)**

The Working Women’s Forum (WWF) began in 1977 as an experiment on financial intermediation on behalf of urban poor women who were petty traders in a slum area of Madras. The catalyst in this case was a political and social female activist who wanted to find a mechanism by which to enable poor self-employed women to take advantage of the Differential Interest Rate (DIR) scheme of the Indian government, which mandated that the nationalized banks were to extend subsidized credit at 4 percent interest rate to the poor but had not effectively reached poor women borrowers. WWF organizes women workers into neighborhood groups and helps them apply for loans for income-generating activities from the nationalized banks.

**PERFORMANCE.** Since 1978, the WWF has mobilized 50,000 poor women borrowers into groups that have been able to access small loans averaging US$40. It has maintained repayment rates of 90–95 percent for its credit intermediation programs, compared with 30 percent for the nonintermediated loans of DIR for all of India. The WWF loans have had a significant positive impact on employment and income. An in-depth study of WWF borrowers in Madras has shown
that 34 percent of them have been able to initiate a new business activity as a result of the loan (Noponen 1987). Increases in income have been brought about by shifting from low-paid piece-rate work to more remunerative self-employment, or through increases in the daily earnings of women traders by freeing themselves from the exploitative practices of the moneylenders and middlemen. The increase in income experienced by WWF borrowers arising from the loan varies between categories of work: more than 150 percent for women who moved up from being seasonal agricultural laborers to self-employed members of dairy cooperatives; 100 percent for agarbati workers in Bangalore and 36 percent for beedi rollers in Vellore who were enabled by the loan to bypass the middlemen. No figures were available for the entire WWF credit program but these bits of evidence clearly indicate that the impact on the borrower's income is significant.

While the WWF-assisted poor borrowers have demonstrated the viability of their enterprises as reflected in their high repayment rate and increases in income, the long-run viability of WWF itself as a program is less clear since it is not earning enough to cover the cost of operation. The difficulties it experienced in being a pure credit intermediary prompted the WWF to set up its own Women's Cooperative and Credit Service Society in 1981. A similar strategy was adopted by another credit intermediary for poor women, the Self-Employed Women's Association of Ahmedabad, which has also set up a cooperative bank for the poor, enabling it to mobilize saving from its members and making a profit on its lending operation at market rates of interest (17 percent in 1989).

**Design of Credit Delivery System**

**TARGETING.** The credit intermediation activities of WWF focus on the urban, self-employed poor women engaged in petty trading, small-scale home-based production, and low-paid workers and microentrepreneurs, most of whom live in slum areas. By choosing to work with these groups, the WWF did not find it necessary to scrutinize the income and asset base of its member-borrowers to ascertain their poverty status. Furthermore, the small size of the loans that must be paid frequently and the membership eligibility that requires regular attendance of group meetings, consistent loan repayment, and serving as a mutual guarantor for the loans of all group members would probably be sufficient to deter the nonpoor from participating. Therefore almost all the women beneficiaries of the WWF credit intermediation are likely to be poor.

**GRASS ROOTS ORGANIZATION.** The beneficiaries of WWF are organized into a group of ten to twenty members. The group selects its own members but they must live in the same neighborhood. Groups are normally formed by a potential group leader who has become familiar with the WWF program and calls together a number of potential members to explain how the WWF works. Once a sufficient number have agreed to join, the group elects its leader and registers with WWF. The group convenes frequent meetings to discuss its problems and provides mutual support to overcome them. The group leader plays a critical role, being responsible for assessing each member before recommending her to the WWF and for collecting and depositing repayments. It is through these groups that the WWF facilitates the application for and processing of loans as well as prompt repayment. This form of grass roots organization has contributed to the high repayment rate of the loans through peer pressure and mutual support.

**LOAN CONDITION.** Loans provided by the nationalized banks under the DIR scheme are mandated to be collateral and guarantee-free at 4 percent interest. The loans are given in cash for income-generating activities that the borrower herself selects. WWF requires its beneficiaries to repay the loan in ten monthly installments.

**LOAN PROCEDURE.** Being just an intermediary, WWF has to conform to the standard
requirements of the bank for loans to poor borrowers. This means borrowers must fill out application and loan disbursement forms, which can be a very time-consuming and complex process for the poor, who are usually illiterate women borrowers on their own. The administrative intermediation of WWF is particularly valuable at this stage for it provides assistance in filling out the application form, following up on the loan application, and accompanying the beneficiary to the bank to fill in the forms required during loan disbursement.

**Incentives and Penalty System.** WWF assists its members in obtaining a subsequent loan following the complete repayment of the previous one.

**Control and Supervision.** The WWF loan groups are essentially self-policing. The group leader’s responsibility is to collect and deposit the monthly repayments from the members. Only in cases of default is a WWF staff member involved in ensuring compliance with the repayment obligation. As a result, the continued viability of the group depends on the leadership quality of the person heading it. Again, it is peer pressure and the familiarity of the group members with the activities of the others that form the basis of control and supervision in WWF.

**Ancillary and Support Activities.** WWF considers credit simply an entry point for organizing poor women to improve their economic condition. It believes in gradually moving into the broader social and political obstacles that working women face in India. WWF is involved in social service projects of high value to its members. These include the setting up of day care centers, night classes, skills training, health and family planning, and social action such as lobbying government officials to make public goods and services more equitable and accessible to poor women. In 1982 it also organized the National Union of Women Workers to support the union-oriented work of WWF.

**Leadership.** A strong and effective leader has been instrumental in the founding and growth of WWF since its inception in 1978. It is not clear whether WWF could sustain its dynamism and performance in the absence of its founder-president.

**Specialized Program of Formal-Sector Bank: The KUPEDES Program in Indonesia**

KUPEDES is an interesting example of how formal lending institutions could respond, with some adaptation in the design of their CDS, to the challenge of banking with the poor. It is a specialized rural credit program designed to provide credit and savings facilities to small borrowers, but not the smallest ones. It is administered by the largest national banking system in Indonesia, the People’s Bank or Bank Rakyat Indonesia (BRI), with 300 branches and 2,850 village-based sub-branches spread throughout the country. It has demonstrated the tremendous potential of commercial banks with an established network of branches distributed nationwide to make a quick and substantial impact on small borrowers.

**Performance.** Since its inception in 1984, KUPEDES has grown rapidly. By the end of 1989 it was providing US$470 million in outstanding loans to some 1.5 million borrowers, 25 percent of these being women. This group may not represent the poorest, say, 20 percent of the country because the average loan given amount to US$426. Although this is very small by commercial banking standards, it tends to be much bigger than the loans provided by the programs targeted at the poorest levels. A survey by Bank Rakyat Indonesia in 1989, however, showed that 70 percent of the KUPEDES borrowers owned less than half an acre of rice land, which suggests that they are likely to be relatively poor, but not the bottom poor.

KUPEDES has also succeeded in maintaining a high repayment rate, over 95 percent in 1989, and this has contributed to its viability as a program. Indeed, it started to make a profit within eighteen months of operation and since then has consistently made a healthy and growing
profit every year. Therefore, KUPEDES is a financially sustainable credit program with the potential to reach a large number of small borrowers that other credit-for-poor programs are not likely to cover.

SUCCESS FACTORS. A number of factors have contributed to the impressive performance of KUPEDES. Most of these relate to design, management, and implementation aspects of the program.

It's success has been attributed to the following factors (Biggs, Snodgrass, and Srivastava 1991):

1. A strong institutional foundation. The large number of well established branches and village units of BRI through which KUPEDES has operated enabled the program to spread rapidly once it gained confidence in its CDS. Overhead costs have also been kept to a minimum as KUPEDES did not have to set up its own separate branches and village unit.

2. Firm rules and a system-wide set of incentives to the implementing staff.

3. Decentralized decisionmaking at the local level.

4. An efficient management information system to monitor performance of branch and unit managers.

5. Suitable loan terms and conditions. KUPEDES has had the advantage of learning from the earlier highly successful credit program of Badan Kredit Kecamatan (BKK), a specialized CDS under the supervision of a government-owned provincial ban in Central Java, which is targeted at the poor, including the poorest. Many of the features that contributed to the success of BKK have been incorporated by KUPEDES. These include such things as charging interest (about 23–31 percent annually), which covers transaction costs (thereby ensuring financial sustainability), assurance of a bigger subsequent loan upon complete repayment of the previous one, frequent and small repayments, cash loans, lending for a wide range of borrower-selected, fast-turnover and mostly nonagricultural income-generating activities. Furthermore, it does not get involved in providing other support services like extension, training, and market information, which raises transaction costs. Unlike the BKK, however, which did not require collateral, KUPEDES requires its borrowers to put up collateral but in a form that most small farmers can afford, such as houses and house lots.

6. Savings mobilization. The secure and convenient savings program (SIMPEDES) that KUPEDES has set up alongside its credit services attracted potential rural savers as well as borrowers to the program. The huge amount of savings thus mobilized enabled KUPEDES to rely on internally generated sources of funds for on-lending to their rural clientele.

7. Requiring a collateral. The fear of losing collateral may have worked as a deterrent to wilful default and contributed to the high payment rate enjoyed by the program.
Specialized Bank for the Poor: The Grameen Bank (Bangladesh)

Grameen Bank started as an experiment in 1976 by an economics professor in Chittagong to see if a credit delivery system adapted to the needs and conditions of poor basket weavers and, subsequently, other microentrepreneurs was feasible. In its early years, it tried its unique approach to credit for the poor as a specialized window of nationalized commercial banks, using the bank’s facilities and manpower, but this did not go well for various reasons. So it became a specialized credit program for the poor with funding support largely by the Bangladesh Bank, as well as from donor agencies, notably the Ford Foundation and the International Fund for Agricultural Development. It became a bank in 1983 and has since spread its branches throughout Bangladesh. In December 1990, Grameen Bank operated in 19,240 villages in ten out of twenty-one districts in the country, providing small loans (the average is US$58) to very poor borrowers (Table 6.2).

Performance. In November 1990, Grameen Bank was serving more than 850,000 borrowers, of whom 91 percent were women. Almost all of the Grameen Bank beneficiaries are poor. Eligibility requirements in respect to land assets and annual income is strictly enforced, thus ruling out entry by the nonpoor. The bank has consistently maintained a repayment rate of over 98 percent from the start. Studies conducted by the Bangladesh Institute of Development Studies and others showed that the investments of its borrowers have yielded high rates of returns, enabling them to repay their loans and earn a reasonable profit (Hossain 1988). Impact studies by the World Bank from a sample of 800 borrowers showed an increase in income of 28 percent as a result of the loan (Remenyi 1991).

The sustainability of Grameen Bank is less clear and more difficult to assess, partly because of its rapid growth, which tends to make operating costs rise (new branches take about five years to become profitable) and on account of substantial funds channeled to it from the donor agencies at highly concessory interest rates. However, bank estimates show that it can operate at a profit within a few years if it stops expanding even if interest subsidies are removed. Transaction costs of a Grameen Bank branch show a marked decline as it approaches maturity, diminishing from 16 to 25 percent of total loans outstanding for new branches (less than a year) to 6 percent for older branches (three 3 years or more) (Holt 1990). Older branches operate at a profit, so as a whole the bank has the potential to operate profitably, when most of its branches reach the mature stage.

Design Features of Grameen Bank. Among the more important design features that have contributed to the bank’s excellent performance are its method of targeting, grass roots organization, loan conditions, incentives/penalty system, insistence on accountability, nature of investments and support services, savings mobilization, autonomy, and leadership and institutional support (see Gibbons and Kabim 1990).
Table 6.2 Consolidated Cumulative Statement of Grameen Bank as of November 1990 (in Taka 100,000)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Amount disbursed</td>
<td>13,571.48</td>
<td>60,285.35</td>
<td>73,856.83</td>
</tr>
<tr>
<td>2. Amount repaid</td>
<td>12,172.40</td>
<td>49,182.70</td>
<td>61,355.10</td>
</tr>
<tr>
<td>3. Amount unrepaid after one year (%)</td>
<td>—</td>
<td>—</td>
<td>3.19</td>
</tr>
<tr>
<td>4. Amount overdue (%)</td>
<td>—</td>
<td>—</td>
<td>1.24</td>
</tr>
<tr>
<td>5. Group fund savings</td>
<td>1,186.01</td>
<td>4,995.32</td>
<td>6,181.33</td>
</tr>
<tr>
<td>6. Emergency fund savings</td>
<td>297.08</td>
<td>926.29</td>
<td>1,223.37</td>
</tr>
<tr>
<td>7. Loans from group fund</td>
<td>997.78</td>
<td>2,487.89</td>
<td>3,485.68</td>
</tr>
<tr>
<td>8. Number of members</td>
<td>77,075.00</td>
<td>775,547.00</td>
<td>852,622.00</td>
</tr>
<tr>
<td>9. Number of centers</td>
<td>3,133.00</td>
<td>30,572.00</td>
<td>33,705.00</td>
</tr>
<tr>
<td>10. Number of villages covered</td>
<td>—</td>
<td>—</td>
<td>19,240.00</td>
</tr>
<tr>
<td>11. Number of branches in operation (unites)</td>
<td>—</td>
<td>—</td>
<td>770.00</td>
</tr>
</tbody>
</table>

--- Not available.

a. This figure does not include Tk 7,821.65 Lakh and Tk 9,779.36 Lakh (total Tk 17,601.02 Lakh) disbursed so far as housing loans and loans for activities involving higher technology.

b. Overdue means amount remaining unrepaid after two years.

c. A group member can borrow from the group fund with the consent of remaining group members. Loans from this fund can be used for both consumption and investment purposes.

d. This is a sort of insurance fund. This fund, when operational, will cover the members in case of accident, death, and disaster.

Source: Grameen Bank.

**Targeting.** Grameen uses an unambiguous eligibility criterion that ensures that only the poor and very poor can participate. Thus, to be eligible to borrow from the bank, a borrower’s land asset must not exceed 0.50 of an acre and his income must be less than the market value of one acre of arable land. Grameen’s bank workers make a thorough investigation of the potential borrower’s asset and income status by visiting his or her home and making inquiries in the community.

**Grass roots organization.** When Grameen Bank establishes a new branch, its bank workers first undertake an information dissemination campaign among potential borrowers and motivate them to organize themselves into groups of five like-minded members and to make one in each group the group leader. The groups then form themselves into a "center," which comprises six groups. A center serves as the basic operating unit of Grameen Bank, conducting weekly meetings to discuss loan proposals openly and accept weekly repayments and compulsory
The Role of Credit in Poverty Alleviation

savings deposits. While the loans are made to individual members, the group assumes collective responsibility for the regular repayment of the loan of each member and promotes mutual support among its members. Because the groups and centers are small, the members know each other’s activities intimately, and this reduces any chance of misconduct. This form of grass roots organization promotes solidarity and participation among the members at the group and center level; it also encourages mutual support and peer pressure to ensure that the loans are properly utilized and repayments made promptly. Grouping the borrowers into a center that meets weekly also facilitates the process of loan processing and reduces transaction costs, thereby contributing to the bank’s viability.

Loan conditions. Grameen’s loans charge market rates of interest (16 percent) and are strictly restricted to self-selected income-generating activity. The loan requires no collateral or guarantor, removing one of the biggest obstacles to institutional credit and enabling even the poorest to borrow. The amount given is determined by the requirements of the investment selected, tends to be small, is given in the form of cash, and is payable in equal weekly installments over a one-year period. The small weekly repayment contributes to the high repayment rate enjoyed by the bank.

The application and processing procedure of Grameen Bank loans is very simple and straightforward once the loan proposal is endorsed at the center meeting. The borrowers are not asked to fill out complicated forms because there are no collateral or guarantor requirements. Illiterate borrowers, especially women, are not handicapped by the bank’s requirements and thus it is open to an even greater number of poor borrowers.

Incentives/penalty system. The bank’s most powerful incentive/penalty feature is the assurance of a bigger subsequent loan upon complete repayment of the loan, and the denial of further loans to any defaulting member and his group. Because borrowers highly value this access to a reliable and sustained source of reasonably priced credit, they go out of their way to make sure that they pay their loans on time.

This is specially true for poor women borrowers who have no alternative access to credit, often not even to the money lenders. By belonging to Grameen’s grass roots organization, borrowers not only enjoy mutual support and solidarity, but also socially beneficial activities like preschool services, which are therefore an added incentive for them to remain in good standing with the group and center. A new incentive the bank introduced in recent years is the provision of a housing loan to the older members who have proven their creditworthiness.

Accountability. The structure of Grameen Bank clearly delineates everyone’s responsibility and accountability, all the way from borrowers to bank workers; to the staff at the branch, zone, and headquarters offices; and to the managing director and the Board of Management. The board consists mostly of democratically elected representatives of borrowers who are able to articulate the needs and views of their fellow borrowers. This not only empowers the poor borrowers but also helps the bank keep its operations efficient and free of corruption in an environment in which corruption is pervasive.

Nature of investments and support services. The investments that Grameen Bank loans finance characteristically go toward labor-intensive small businesses in trade, processing, manufacture, and services with a fast turnover. Only a few investments go into small-scale agriculture. Almost all the activities are ones that the borrowers are already familiar with in terms of the skills required and the market for its inputs and products. As a result, there is little concern about support services such as training, market information, and extension and Grameen is able to concentrate on just its credit operation and keep its costs lower than would otherwise be the case. Furthermore, the risk of failure is minimized when the borrower is already experienced in
Ismael Geubig, Jr.

operating his small enterprise, so there is less chance of default.

**Savings mobilization.** A compulsory savings requirement is a key feature of Grameen. An automatic deduction of 5 percent of the loan amount is made at the outset which goes into the group’s savings account. Thereafter, each member of the group is required to pay one taka (or US$0.03) at each weekly meeting. This group fund is intended to provide ready access to cash by members of the group, with the group’s approval, for consumption or investment. The group fund, along with the emergency fund to which members also contribute, thus serves as a kind of insurance against illness, accidents and other unpredictable events (for example, the death of a credit-financed milchcow). In this way, the members not only learn the discipline of saving but also enhance their stake and sense of ownership of Grameen, all of which strengthens their support of the bank. Three years after Grameen became a bank in 1983, the borrowers increased their equity participation from 40 to 87.5 percent, the remaining share being held by the Bangladesh Bank.

**Autonomy.** While Grameen is largely funded by the government of Bangladesh and donor agencies, it has operated almost autonomously, and these two sponsors have made no effort to interfere in the way it administers its credit operation, as described above. Over the years, this autonomy has enabled Grameen Bank to experiment with various methods of carrying out its operations, discarding what did not work and improving on those that did. Thus, the autonomy enabled bank to be flexible and to develop key design features of its credit delivery system that have been most effective in providing a viable banking service suitable for the poor.

**Leadership and institutional support.** Another factor that has contributed to the bank’s success is the leadership provided by its founder and current managing director. Under less able hands, it is doubtful that Grameen Bank could have evolved into its present form. But now that its credit delivery system has become institutionalized into a bank with a legal personality of its own it is probably now also capable of surviving even without its founder.

The sustained support provided by the Bangladesh Bank through loan funds and its willingness to allow GB to operate freely have also helped see the bank through its various phases of evolution. The considerable financial resources of the Bangladesh Bank has also been a big factor in the rapid expansion of Grameen Bank in the past eight years.

"Package" Program: The Aga Khan Rural Support Program (AKRSP) of Pakistan

AKRSP is a rural development program with a strong poverty focus. Unlike the other credit programs discussed here, it looks at the poverty problem from a holistic viewpoint, taking into consideration the organizational, institutional, technical, capital and social needs of the entire community. For this reason, AKRSP has adopted a "package" approach, which entails setting up village-level organizations (VOS), developing productive physical infrastructure (PPI) such as irrigation canals and village roads, and the provision of support services such as credit, training, extension and agricultural inputs (Table 6.3). Started in late 1982 as a private entity with support from the Aga Khan Foundation, the government of Pakistan and, later, a number of international donors, by 1989 it had reached some 216,707 largely poor beneficiaries in 53,000 households living in impoverished mountainous areas of the provinces of Gilgit, Chitral, and Baltistan in northern Pakistan.

**Performance.** A report by the World Bank in 1990 evaluating the AKRSP program shows that it has been highly effective in its goals of poverty alleviation, institution building, and
The Role of Credit in Poverty Alleviation

infrastructure development. The credit delivery system of AKRSP is particularly interesting.

In 1986 the program provided Rs 8 million (US$0.34 million) to 10,666 very poor farmers in the project area in short-term loans for fertilizer, seeds, marketing, and so on. In 1989 it provided medium-term loans totaling Rs 46.58 million (US$1.97 million) to 21,428 borrowers, mostly for land development and the purchase of machinery. The program was also able to mobilize Rs.60.2 million (US$2.54 million) in savings deposits from the participating farmers in 1989. The default rates on these loans have been exemplary, standing at less than 2 percent for short-term loans and only 1 percent for medium-term loans. It is extremely difficult to determine the impact of the credit program on account of the "package" nature of the services provided by AKRSP. However, its overall impact in alleviating poverty can be inferred from increases in productivity and income from the participating farmers' lands with the introduction of irrigation, fertilizer, high-yielding and disease-resistant crop varieties, and better access to the markets. Since the beneficiaries are economically homogeneous—that is, they are equally poor—it is probably safe to assume that the benefits are equitably distributed among them.

The program is designed to become redundant after a period of time (initially set at ten years). The hope is that the village organizations that AKRSP helps establish will be able to keep the development momentum going on their own.

SUCCESS FACTORS. A 1987 evaluation of AKRSP by the World Bank attributes the success of the program to its appropriate design, which has matched the development activities of the program to the needs of the communities serviced, as well as to effective management style and implementation procedures. Also, the emphasis on establishing PPIs in an area where these were lacking but valued highly by the community, and the setting up of highly participatory and democratically run VOs through agreements between the villagers and AKRSP in program-assisted activities have greatly encouraged the villagers to participate in a sustained way. The participatory, give-and-take approach used by AKRSP in dealing with the VOs—for example, villagers select the PPI themselves, and villagers are asked to "pay" for their share of the cost of the PPI by contributing free labor and are expected to manage these themselves—has also contributed to the program's success. Other contributing factors include a flexible, decentralized management style with clearly identified objectives and procedures; an effective management information system that enables the program to respond to needs and problems quickly; close contact between the program and the VOs; and highly committed and strong leadership at the top.

The VO form of grass roots organization also plays an important role in ensuring that credit is properly used and repaid. The tremendous social pressure exerted by the VO on defaulting members and the fact that the savings of the VO are required as collateral must have contributed to the high repayment rate of AKSRP credit.
### Table 6.3 Summary Data on AKRSP Program Performance, 1983 to June 1989 (cumulative, unless stated).  

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<tr>
<td>Village organizations established</td>
<td>131</td>
<td>379</td>
<td>477</td>
<td>571</td>
<td>762</td>
<td>993</td>
<td>1,087*</td>
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<tr>
<td>Women's organizations established</td>
<td>10</td>
<td>72</td>
<td>100</td>
<td>133</td>
<td>174</td>
<td>248</td>
<td>271</td>
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<td><strong>Productive physical infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Projects identified</td>
<td>363</td>
<td>706</td>
<td>826</td>
<td>1,045</td>
<td>1,249</td>
<td>1,346</td>
<td>1,426</td>
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<tr>
<td>Projects completed</td>
<td>23</td>
<td>114</td>
<td>195</td>
<td>256</td>
<td>375</td>
<td>514</td>
<td>560</td>
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<tr>
<td><strong>Savings and credit (Rs millions)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits by village and women's organizations</td>
<td>0.8</td>
<td>6.4</td>
<td>11.9</td>
<td>18.0</td>
<td>34.3</td>
<td>51.3</td>
<td>66.1</td>
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<tr>
<td>Credit disbursed/year</td>
<td>1.0</td>
<td>3.2</td>
<td>8.3</td>
<td>12.5</td>
<td>25.7</td>
<td>34.6</td>
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<td><strong>Marketing</strong></td>
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<td>Village organizations</td>
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<td>23</td>
<td>45</td>
<td>164</td>
<td>191</td>
<td>215</td>
<td>73</td>
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<td>Participating/year training</td>
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<td></td>
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<tr>
<td>Number of courses/year</td>
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<td>8</td>
<td>14</td>
<td>16</td>
<td>24</td>
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<tr>
<td><strong>Beneficiaries</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Village organization</td>
<td>12.1</td>
<td>31.0</td>
<td>35.8</td>
<td>40.0</td>
<td>45.2</td>
<td>51.3</td>
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<td><strong>Members/infrastructure project</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Percentage of rural households</td>
<td>12</td>
<td>32</td>
<td>36</td>
<td>40</td>
<td>46</td>
<td>52</td>
<td>54</td>
</tr>
<tr>
<td>Average members per group</td>
<td>92</td>
<td>82</td>
<td>75</td>
<td>70</td>
<td>59</td>
<td>52</td>
<td>49</td>
</tr>
<tr>
<td>Women's organization</td>
<td>.6</td>
<td>4.2</td>
<td>5.4</td>
<td>6.8</td>
<td>8.3</td>
<td>9.7</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>Membership (thousands)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average members per group</td>
<td>60</td>
<td>58</td>
<td>54</td>
<td>51</td>
<td>48</td>
<td>39</td>
<td>38</td>
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<tr>
<td>Agricultural credit/year (thousand households)</td>
<td>4.7</td>
<td>13.1</td>
<td>12.2</td>
<td>39.4</td>
<td>40.3</td>
<td>61.0</td>
<td>36.1</td>
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<tr>
<td>Marketing/year (thousand households)</td>
<td>0.5</td>
<td>0.3</td>
<td>1.1</td>
<td>4.4</td>
<td>6.6</td>
<td>8.5</td>
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<tr>
<td>First-time trainees/year</td>
<td>91</td>
<td>179</td>
<td>275</td>
<td>347</td>
<td>401</td>
<td>770</td>
<td>370</td>
</tr>
</tbody>
</table>

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a. To June 30.  
b. Includes fifty village organizations in Gilgit formed since 1987 by members splitting off from existing village organizations.  
c. Includes women's sections of village organizations.  
d. Short and medium term.  
e. Includes repeat participation of village organizations.  
f. Also, fifty-seven refresher courses have been held, making a total of 179 courses and 2,433 trainees attending.  
g. Total number of rural households is 96,200.  
h. Includes double counting of short- and medium-term lending to VOs.  

*Source: World Bank (1990).*
Factors Contributing to Success: A Synthesis

What lessons can be drawn from the failure of the past credit-for-poor programs and the success of many innovative credit approaches to poverty alleviation, such as the four described above? To begin with, there is no single model of credit delivery system most suitable for poverty alleviation. It all depends on the characteristics of the target poverty groups and the economic, social, political, and physical environments in which these groups reside. Developing a suitable CDS that has a good fit with the intended beneficiaries requires some experimentation with what is perceived to be desirable features in the design, management, and implementation of a credit-for-poor program. What is striking about the four examples described above is that they have all evolved through trial and error. AKRSP, for example, has drawn much from the experience of successful cooperatives in Europe and East Asia, and the Comilla program in Bangladesh from which it directly evolved; the KUPEDES can be seen to have evolved from the BKK established much earlier; and Grameen Bank grew out of a pilot project/program of long standing). This suggests that these successful credit innovations may not easily lend themselves to replication, in the sense of blind imitation. However, certain underlying lessons or "principles" pertaining to the design, management and, implementation of a CDS could be gleaned from the experience of effective credit programs. The essential elements of the Grameen Bank approach, for example, have been successfully replicated with minimal changes in Malaysia (Amanah Ikhtiar Malaysia), the Philippines (Ahon sa Hirap) and Indonesia (Karya Usaha Mandiri). Amanah Ikhtiar Malaysia has now become a full-fledged Grameen-Bank-type credit program for the poor covering all the country's thirteen states. It has successfully maintained a repayment rate of 99 percent since its inception as a pilot project in 1986.

Effective Targeting

If a CDS is meant to benefit the poor exclusively, an unambiguous method needs to be incorporated in program design. This was done by using income and asset criteria in the case of Grameen Bank, by confining itself to petty female traders and producers in the case of WWF, and by working with poor villages in the case of AKRSP. KUPEDES has done this in a limited way by focusing on the small farmers, although its program was not designed to cater exclusively to the poor.

Fitting CDS to the Needs of the Poor

CDS attends to the needs of the poor by replacing conventional collateral and guarantor with nonconventional ones like mutual guarantee of solidarity groups; simplified loan application and processing; small loans, small and frequent repayments; providing loans in cash, rather than in kind; and arranging a convenient time and place for the loan transaction.

Organizing Borrowers into Groups

When programs organize borrowers into groups, they promote solidarity and mutual support among the borrowers and there is also more peer pressure to perform well. KUPEDES borrowers are not organized into groups but the program requires collateral as a deterrent to default.
 Properly Pricing Credit Services

Interest on loans should cover transaction costs if the program is to be viable, self-reliant, and sustainable.

Appropriate Types of Investments Financed

Projects undertaken by poor borrowers are more likely to be viable if they are self-selected, designed strictly for income-generating purposes, and have a fast turnover.

Providing Effective Incentive/Penalty Structure

One of the most powerful incentives to the borrower to remain in good standing is to offer the chance of obtaining a larger subsequent loan. The formation of grass roots organizations that provide valuable social and/or economic services is also an effective incentive.

Effective Savings Mobilization

Poor borrowers are capable of saving and can be induced to do so with appropriate savings mechanisms that safeguard the deposit and also let interest build on it. This also helps the credit program earn more profit and become more self-reliant in generating its loan funds.

Adequate and Appropriate Training and Preparation

Program staff and borrowers both need to be appropriately trained and prepared to pursue their objectives, procedures, and responsibility. Financial and other forms of incentives for the staff are often effective in motivating them to do a good job, but it is equally important is to instill in them a strong sense of dedication and social concern by exposing them early on during training to the plight of the poor and giving them an opportunity to do something about it through the program, as Grameen Bank has done.

Accountability and Effective Management Information System

Accountability ensures that the program is responsive, the staff performs efficiently, morale is high, and there is no misallocation of resources. Accountability with respect to the borrowers will ensure prompt use and repayment of the loan.

Appropriate Implementing Institutions

The institution established to oversee the credit program must be able to carry out the credit delivery system that embodies the desired design, management, and implementation features. As mentioned earlier, this can take many forms, and no one blueprint should be followed.
Conclusion

Despite the apparent lack of success of past credit programs for the poor in Asia, many innovative programs have emerged in the region and elsewhere in recent years that have reached a large number of truly poor beneficiaries, have been economically viable in their loan investments, and have produced income. These programs show that giving the poor access to credit at reasonable terms can help them become economically more productive, and thereby increase their incomes quickly. The manner in which credit is provided to the poor, however, is a critical factor that determines the success, or failure, of the credit program. To be sustainable and to ensure long-term impact, credit should be directed to viable income-generating activities that enable the poor to increase their income and pay back the loan. At the program level, sustainability depends on proper pricing of the credit services, such as the loan interest and service fees so that the program will recover the cost of delivering the services. In addition, the program needs to have a suitable and stable institution through which it could be implemented in a sustained manner.

Different types of institutions have been successful in delivering credit services to the poor, as exemplified by the four programs described in this chapter. Their effectiveness has much to do with the design of the credit delivery system and how this is managed and implemented by the program staff. Some of the key elements in the design, management, and implementation of an effective program will be the targeting employed, beneficiary organization, incentives and penalty structure, the manner in which the program staff and beneficiaries are prepared for their roles, the management information system, pricing of services provided, leadership, and institutional support.

The creditworthiness of the poor and the fact that only a tiny proportion of them have access to credit at reasonable terms make it extremely important to find ways for most of them to obtain credit in a way that is economically sustainable and that encourages them to eventually become self-reliant. In short, access to credit, rather than credit subsidy, is what the poor need most. What is the scope for bringing this about?

It appears that the two most promising models for helping a maximum number of poor obtain credit are the (a) specialized and autonomous credit program targeted exclusively at the poor, such as the Grameen Bank, and (b) a specialized credit program implemented by a commercial bank with a widespread network of branches, typified by KUPEDES and BKK of Indonesia. Programs like that of the Grameen Bank represent an alternative that is exclusively a credit delivery system having a very flexible delivery system and having its management and implementation tailored to the special needs and circumstances of the poor. But it takes a long time to establish such an institution nationwide, as the Grameen Bank experience shows. The KUPEDES-BKK model represents the structural reform of commercial lending institutions, through a specialized credit delivery system for that part of its operation targeted at small, low-income borrowers. Having countrywide branches through which to channel its credit program for the poor, it is more cost-effective and is able to scale up its outreach much more rapidly than the Grameen-type programs (at least in the short run). Finally, it is likely to be easier for borrowers of specialized programs of commercial banks to "graduate" toward borrowing bigger amounts from the banks' normal lending programs once the borrowers establish their creditworthiness under the specialized program. Indeed, one of the frustrations of Grameen Bank is the difficulty it has encountered in getting its borrowers with impeccable repayment records to borrow from commercial banks. This may not be a problem with KUPEDES-type programs, since the "graduation" process is confined within the same bank.
References


GENDER ISSUES IN ANTIPOVERTY PROGRAMS IN ASIA: EXPERIENCES AND ISSUES

Noeleen Heyzer

Summary

Although poverty is common to both men and women, it is more acute among women because of gender-based discrimination. The leading gender-based problems of the poor are unequal sharing of food; inadequate medical care and the resulting illness and health hazards; underpayment; long hours and tedious and hazardous work; loss of employment or lower productivity due to illness, which forces the poor to sell or pawn their meager belongings; shelter, fuel, and security problems; no land or property, particularly among a large percentage of female-headed families; a standard of living below the poverty line; and persistent verbal and physical abuse of women, often ending in suicides.

Many measures have been proposed to remedy these problems: divert women to nonagricultural pursuits outside the women-oriented areas, shift emphasis from cash to food crops, provide improved technologies and train women in their use, provide credit facilities and extension services, establish cooperatives and marketing outlets, and develop cottage industries. New technology has some adverse effects, however. It may increase the workload and thus affect the welfare of women and children, may force girls to withdraw from school, and may deprive women of their traditional means of livelihood.

To be of real benefit to women, the measures for them must be designed as a package covering the entire process of production and marketing. Special institutions like cooperatives for women would avoid subordinating women’s interests and prevent a loss of female leadership. Cash income may not raise women’s standing at home by itself; a great deal also depends on the size of income, mode of control of the family budget, and cultural constraints. At the same time, increasing employment of women may affect the employment position of men and may give rise to conflicts at home. The success of these measures depends on the influence of women’s organizations and the will of women to strive to improve their lives.

Asia is still predominantly rural, but there is a growing trend toward urbanization, mainly because of the influx of rural migrants. Contrary to the traditional male-dominated migrants, women migrants are now outnumbering men and their numbers are substantial, particularly in the fifteen to twenty-four age group. The international migration of young girls seeking jobs as domestic helpers is developing into a big business.

Hierarchical differences exist in the employment of women: (a) there is a labor aristocracy of small groups of educated women; (b) a large group of skilled young women is now working in export industries; (c) the informal sector is the main avenue of employment created by the growth of a large middle class. The informal sector offers three types of employment: self-employment, which absorbs two-thirds of migrants; outwork, which is mainly done by women and children; and domestic work, which is like an extension of work at home.
Assistance to women may take the form of skill upgrading, higher prices for products, easier credit, among other measures. Nonformal banking institutions, family and kinship systems, newly created aid networks, and patron-client relationships can assist, particularly in times of great hardship.

Basic services like water supply, sanitation and health care, and rural energy are primarily of benefit to women. Still women are not getting their full benefits because their views and needs are not considered.

The sustainability of development programs would be greatly improved if the field experience of women was made known, if their views and needs were ascertained, and if they were given greater control over such programs. Only then can women influence and really benefit from these programs.

Introduction

After more than four decades of development effort in Asia and a high rate of growth in many of its regions, a large number of its people continue to live in poverty. The number is estimated at more than 500 million. The several anti-poverty programs implemented so far have without doubt alleviated poverty to some extent, but they have also created new inequalities or reinforced the existing ones. There is increasing evidence that women do not automatically benefit from anti-poverty programs, and that many growth strategies may make the conditions of significant numbers of women in poverty groups worse, if certain adjustments are not made in planning assumptions and implementation methodologies. In almost every Asian country, women make up a disproportionately large percentage of the poor and the very poor. There are proportionately more female casual workers than male. For example, in India, according to the 1981 census, half of all rural female workers, against one-fourth of all rural male workers, belong to this category. The reason for this disproportionately large percentage needs to be fully understood and measures taken to overcome them.

Women’s experience of poverty may be different and even more acute than that of men because of gender-based forms of exclusion. Women may become impoverished in three distinct ways. First, women may become poor (or conversely, improve their economic situation) together with the rest of the household. Second, they may become poorer through a worsening of the household access to resources. In this case their interests are interdependent with the collective interests of the household. Third, they can also become poorer with the breakdown of the family unit itself or their loss of male support. At the same time, women’s lives are governed by more complex social constraints, roles, and responsibilities and are focused more on the nonmonetized sector of society than those of men.

For this reason, policies and programs to reduce poverty need to be sensitive to gender issues within and among households. Within households, efforts to provide the fulfillment of basic needs must take into account the intrahousehold structures and dynamics that affect the use of income and decisions over resource allocation along gender lines. Among households, those headed by women and that have young children tend to be among the poorest in the rural areas. Very often country data on poverty conceals these differences and overlooks reality at the local level. Policies and programs must begin taking these structures more seriously. They must also recognize that women and men experience the state of poverty differently and often unequally and that sometimes—but not always—they become impoverished for different reasons. Indicators need to be found that are capable of addressing the different life circumstances of women and men such as the different effects of marriage and child-bearing in their lives, the greater social
constraints on women's mobility, women's unpaid contributions in income-replacing activities, and their role as managers of meager resources of poorer households.

Main Gender-Based Problems Affecting Poor Families

In general, the poor appear to lack the basic means by which to ensure their physical well-being. They suffer from severe malnutrition and illness and their life expectancy at birth is among the lowest in the world. Physical survival and well-being is at the core of the poverty phenomenon and the struggle to stay alive, the overriding priority of the poor. Concern with the main problems of physical well-being must therefore be central to any attempt to deal with poverty. Once physical survival is ensured, other basic needs come to the fore—the need for shelter, fuel, clothing, security, and self-respect. At the extreme levels of deprivation, the main concern is likely to be for survival and security, so that such needs as autonomy and self-respect will often take a secondary place in the coping strategies of the very poor. In fact, the former set of needs can often only be ensured at the expense of the latter and this explains why poor families seek to become clients of powerful local patrons and why first wives are often forced to accept their husbands' remarriages. Poverty is indeed generally associated with powerlessness, manifested in random violence, harassment, and uncertainties that characterize the lives of the poor and reinforce their exclusion from the decisionmaking structures of society. The major problems facing the poor can be identified as physical weakness, powerlessness, vulnerability, physical and psychological isolation, lack of access to and control over development resources like credit, skills, education, land, new opportunities, channels of decisionmaking, as well as the lack of access to the more secure sections of the segmented urban labor market. It is vital to look at these problems through the gender perspective in order to design more effective policies and programs. Hence, this chapter examines in greater detail the burden of poverty between male and female household members in the context of male-headed households, and the nature of poverty in female-headed households.

Unequal Sharing of Food and Women's Economic Worth

While the burden of poverty relates first and foremost to the problems of basic physical well-being, it is also affected by relationships and social structures within and outside the family. Food is the most important item of consumption in poor households. Data on the intrahousehold sharing of food provide some evidence of the inequality in food intake relative to requirements. A number of studies from several regions of Asia indicate that female members get a much lower share than male members in food quality and quantity, after adjustments are made for height, weight, age, activity level and, for the female, whether she is pregnant or lactating.

The most pressing concern in dealing with widespread malnutrition is simply that people do not have enough food. The interpretation of the unequal sharing of female food intake is complicated by the interaction between gender and economic factors. Practices that lead to the inequitable gender sharing of food in the family include feeding males first, particularly adult males, and giving them the choicest and largest servings. The norms and values justifying such practices are ascribed to by women as well as men.

The main items in the daily household diet are another indication of the economic situation. Food occupies an important role in the social life of many societies and there is a distinct hierarchy in the value attached to different items of food. In many parts of Asia, rice, especially the finer grain variety, is usually preferred to all flour-based bread and represents the
most satisfactory basis of the daily diet. Most other items can be ranked on a scale ranging from status food to famine or poverty food. Meat and certain large varieties of fish, for instance, can only be afforded by the affluent. Poverty diets, on the other hand, include meals such as rice, chili and salt only, a gruel made of rice and water, and rice cooked only with lentils. In poor households it is not uncommon for younger women and girls to subsist on poverty diets while reserving better-quality food for the males and the elderly.

Studies of landless and landed households indicate that in general girls from landed households are less undernourished than those from landless households (Agarwal 1986). Also, female infants are breast-fed for a shorter time and given less supplementary milk and solid foods. The discrimination against female children sharpens in times of economic distress. The extent of these practices against females is due to historical, cultural, and economic practices. Historically, for instance, female infanticide was practiced in several parts of South Asia and East Asia. The explanations commonly given for this practice are heavy dowry expenditures, the preference for sons, and the interaction between economic and cultural forces. Several researchers (Bardhan 1984; Miller 1981) have argued that the earning capacity of females affects the economic value placed on women and female children in the household. Many writers have hypothesized that the differential survival chances of a female child would relate to the expected employment or earning opportunities of female adults. The actual economic worth of working would depend on the existing economic contribution of women to the household income. For a rise in women’s employment to make an impact on the survival chances of female children in relation to male children there would need to be a distinct increase in employment and income opportunities such that the advantages are clearly perceived and can affect the behavior and attitude toward girls.

The perceived economic worth of females to the household is likely to be related not merely to whether or not they work in productive tasks but whether or not they earn, which would make their worth more economically visible. The physical visibility of women’s work, whether field-based or home-based, should also be important insofar as this affects the social recognition accorded to it. In households where both men and women are earning, the differentials in their earnings are also likely to infringe on the relative valuation of males to females in the household.

Health and Women’s Life Chances

There is indeed a link between health and poverty. Inasmuch as health care requires time, financial resources, and information, the poor are at a disadvantage. Chambers (Chambers 1983), for instance, points to sickness in situations of poverty where costs entailed in dealing with ill health lead to the loss or sale of assets. Illness can thus have profound effects on the lives of the poor, both immediate and over the longer term. Several studies have pointed out that illness is a normal part of life for people who are very poor, rather than an exceptional circumstance. The unsanitary conditions in which the poor attempt to regain their health combine with the inability to pay for adequate treatment and exacerbate what might have been relatively minor illnesses. Furthermore, in households where the main source of income is the physical labor of members, days of employment lost or productivity lowered by illness often mean the starting point of the household’s gradual descent into greater poverty. Many have to sell off the family’s land, pawn their jewelry or the livestock to pay for an illness and are unable to recover their property because the illness has undermined the household total earning potential.
Many studies have suggested that there is a strong gender discrimination in access to health care. A study relating to Bangladesh (Chen, Huq, and D'Souza 1981) has shown that even in an area where free clinical care is available, males may be more likely to be brought to the clinic and hospitalized than women. Other studies in Bangladesh also showed that among an equal number of boys and girls who were afflicted with diarrhoea, 66 percent more boys than girls were taken to health facilities for treatment. In a study of child mortality rates, it was demonstrated that female biological advantage is only evident in the first month after birth when it may be assumed that social discrimination has not yet had its effect. By the end of the first year the biological pattern is reversed. In the first four years of life, half as many more girls are likely to die as boys. In fact, apart from death by drowning, UNICEF notes that young girls tend to account for a larger number of deaths from all other causes.

Because women's work is undervalued either in the household or workplace, women are expected to work longer hours than men and to do tedious, hazardous jobs using less technologically advanced equipment. The concept of women as mothers, producers, and rearers of children leads to expectations that women should continue to bear children even when their bodies are exhausted or their health is at risk.

Apart from the lack of facilities, women face other problems that limit their access to health services. Some of the obstacles documented are lack of information about the actual health services available, difficulty in attending clinics due to employment, housework and child care, inappropriate clinic scheduling, reluctance to be examined or treated by men, lack of privacy in clinics, lack of money for transportation costs, clinic and drug fees.

The actual state of health of women's bodies is reflected indirectly in the health of the babies they bear. The malnourishment of women in Bangladesh (Asian and Pacific Development Centre 1990), for example, has been blamed for the fact that 50 percent of all babies born are of low birth weight—below 2.5 kilograms—which in turn can increase the chances of infant death or of serious illness. A baby with low birth weight is thirty times more likely to die before the age of six weeks than a baby of normal weight. South Asia has the highest percentage of low birth-weight babies in the world—31 percent. About 10 million low birth-weight babies are born annually in Bangladesh, India, and Pakistan. Women who give birth to babies of insufficient weight are often those who themselves were underweight and poorly nourished before pregnancy. During pregnancy, they did not consume enough calories for both themselves and the fetus. This condition can even be traced back to childhood and adolescence when discriminatory food practices in the family meant less food for girls. Because the extent of women's work in the field, workplace, and the home has gone unrecognized, the myth that women spend less energy in work and therefore need less food than men has come to be widely accepted.

The health problems of agricultural workers, particularly the hazards that affect women, have been a neglected area of study and action. The use of pesticides is a widespread danger to women workers and can cause cancer, miscarriage, and genetic defects. Dust from rice husks can cause asthma and eye growths. Since women in agriculture are the lowest-paid workers, they could end up with jobs that no-one else would do and often are the most hazardous, such as pesticide-spraying. A health project by the Foundation for Research in Community Health in India in the early 1980s (Asian and Pacific Development Centre, 1990) found, unexpectedly, a high incidence of stillbirths, premature births, and deaths during the peak rice cultivation season. At this time, when rice is being transplanted, everyone, including women whose pregnancies are almost full-term, are in the fields the whole day. Their work involves squatting and bending for hours. Such physical strains and pressure in the uterus can lead to premature labor as well as stillbirths.
Women working in plantations face many situations that can endanger their health. And many women sprayers still complain of sore eyes, rashes, burnt fingernails, and disruptions in their menstruation period. The Malaysian Ministry of Health in 1988 (Asian and Pacific Development Centre 1990) attributed incidents of pesticide poisoning to unsafe working practices such as mixing pesticides with their hands, blowing the nozzle of the sprayer with the mouth to remove blockage, and carrying out spraying operations without regard to basic safety precautions for handling toxic pesticides.

Shelter, Fuel, and Security

Since shelter and fuel are joint forms of consumption, gender disadvantage is less likely to be discernible in intrahousehold comparisons and more likely to show up in comparisons for male- and female-headed households. The housing enjoyed by a family determines not only the degree of shelter provided from the natural elements but is also a mark of social status. The homes of the poor tend to be precarious structures constructed with flimsy materials—walls of mud and jute sticks and roofs thatched with rice straw that have to be repaired constantly and are extremely vulnerable to adverse climatic conditions.

Recent studies have shown the growing scarcity of fuel sources and its implications for the well-being of the poor. Access to a patron’s land or to common ecological reserves—the traditional source of fuel for the poor—are drying up, and women as well as children spend a great deal of time seeking new sources (Howes and Jabbar 1986; Douglas 1982). In the face of growing scarcity, the poor often take steps to achieve economies in fuel consumption—by cutting down on the number of times a fire is lighted, eating half-cooked or warmed food, storing dried dung cakes and leaves and twigs under their beds for monsoon days. The poverty of a household can be deduced from the kind of fuel it uses since there appears to be a fairly well recognized order of preferences among villagers, ranked roughly according to comfort and convenience of use, the effort required in the collection process or in storage, and whether or not the fuel has some value to nonfuel end use.

Another area of concern is personal security and self-esteem. The main problems faced by the poor are closely intertwined. Some aspects of the basic needs discussed earlier touch on the questions of security enjoyed by the household. The problem discussed here relates to another dimension of well-being—the security of the person, that is, vulnerability to violence and harassment, which appears to be endemic to the condition of poverty in many parts of Asia. The intense competition for dwindling resources among the very poor as well as the struggle by the elite to defend their place in the existing power structures result in random and systematic intimidation, police harassment, false evictions, violent assaults, and murder, and it is the poor who are most frequently the victims.

Gender violence has been less researched, although it is referred to again and again by women’s groups. Verbal and physical intimidation of women is a common domestic phenomenon, part of a strategy by male family members to maintain their authority within kin-based hierarchies. Husbands, brothers, and fathers figure most frequently as being responsible for violence. When violence and ill treatment are persistent features of a woman’s life, suicide represents the final escape and the tragic revenge. Many development workers can confirm that the lists of suicide or incidental death through drinking poison in many parts of Asia are predominantly female. Violence against women may be an aspect of class-based violence as well, since women, particularly poor women without male protection, are among the most vulnerable groups in poor communities. Sexual harassment and physical violence, together with the ability
to manipulate community norms and customs, are further weapons in the hands of those who already enjoy power and privilege in the community.

Violence, both systematic and random, is part of the condition of poverty inasmuch as poverty is associated with relative powerlessness, and the poor are least able to defend themselves or to remove themselves from threatening situations. Poor women are often forced to stay with violent husbands or to accept sexual abuse at the hands of powerful landlords because they have no other options.

**Female-Headed Households and Poverty**

Another major problem is the poverty proneness of female-headed households (FHH), especially those with young children. Several studies have shown that female-headed households in relation to male-headed households either have no land or a nominal amount of land per capita and have a higher child-dependency ratio, that is, those fourteen years or younger in relation to those in the fifteen to fifty-nine age groups (Visaria 1980). A significantly higher percentage of female heads of households in relation to male heads are in a higher age group, especially those over sixty. They are dependent on wage labor, self-employment in nonagricultural activities, and contract work. Usually FHHs report no full participation in the labor force. Instead they are employed on a short-term basis (for example, weekly), they are unemployed, or are unable to find work on days when they seek work, they have a low level of education and high illiteracy rate.

The picture that emerges from several studies (Parthasarathy 1982; Youssef and Hatler 1981) indicates that female-headed households have poorer survival chances than male-headed ones, given that they have less control over land resources and depend more on wage income, they have higher rates of involuntary unemployment, and as households heads have lower levels of education and literacy. Also many female heads are over the working age of thirty-nine. Although the smaller size of female-headed households is an advantage in that it makes for a higher per capita income, it also implies a lower availability of household labor and overall less labor at the command of female households heads. This can negatively affect the ability of female heads to be successful in self-employment ventures.

All these aspects, when viewed in connection with the observation that a higher percentage of female-headed households are in the lower-income deciles, indicate that female-headed households are more poverty prone. A study by Parthasarathy carried out in 1980 in the District of Andhra Pradesh (Parthasarathy 1982), notes that the percentage of female-headed households in the lowest income group of less than Rs 175, which the author terms the "poorest of the poor," is higher than that of male-headed households. This is the case for every caste where the data are cross-classified by caste groups. A much higher percentage of households among the scheduled castes has female heads than do other caste groups. Among households in the bottom-most decile, 57.5 percent of female-headed households are dependent on wage labor for a livelihood, 37.7 percent of them depend on agricultural wage labor, while only 36 percent of all heads, male plus female, are so dependent. In other words, female-headed households in this area constitute a much more marginalized group even among the poorest of the poor.
Anti-poverty Programs from the Perspective of Women

In this section the strategies most commonly followed by anti-poverty programs are evaluated from the perspective of women. The strategies most commonly followed are integrated rural development programs that aim to generate income and employment opportunities for the poor; area development programs for impoverished and remote areas; special credit programs for target groups, for example, small farmers, small business, and the landless; decentralized administrative systems to encourage bottom-up planning and better coordination among government agencies that deliver resources and services to disadvantaged groups; land and tenure reforms requiring the redistribution of land or the establishment of more secure tenancy rights; the provision of basic needs; relief or dole especially in the wake of natural disasters; development of household economies and small industries; and large-scale land-settlement schemes.

These programs have some serious shortcomings from the perspective of women. Women’s interests are assumed to be included in the various groups that governments plan for, such as farmers and the poor. Yet a closer examination reveals that these groups are differentiated and that the lives of men and women within each group are structured in fundamentally different ways. A sexual division of labor exists that allocates to women the most tedious and labor-intensive work and limits women’s access to control over development resources. The generation of employment tends to build on this existing division of labor and may even intensify it. Even the most sympathetic thinking on women’s position still focuses on remedial action after the crucial resource allocation decisions have been taken and the direction of economic development has been laid down. There are many untested assumptions that guide anti-poverty programs that can work to the detriment of women’s position.

The first of these assumptions is about the social responsibilities of men and women. Governments plan as though men support poor families when, in reality, it is men together with women who do so, and frequently it is women who do so alone.

The fact that most male wage workers are paid less than subsistence wages has been amply demonstrated. In these situations women’s income is essential to the survival of the household. It is also essential in migrant male households in which the women are left behind to care for the family. Female-supported households are clearly on the increase and the poorer the household, the greater the reliance on the earning capacity of women. Even with the most effective economic development policies, most poor families would not be able to survive without a major contribution from their female members.

As a first step in remedying this situation, planners should stop using the term "household" alone as the preferred unit of analysis, but should also use "household members." By emphasizing the household planners tend to ignore the economic and social behavior that occurs both within and without the household. Whether planners like it or not, there are gender differences in the interhousehold allocation of production and consumption. These gender complexities and the handling of income affect the quality of family life as well as the quality of food intake to children, their education and employment, and household stability (conflicts about income are one of the primary sources of household tension). If the household is made the unit for planning, no attention is paid to bargaining, power relations, and the possibility of conflict between members or to the interests of those women who are less articulate. In order to capture intrahousehold differences it is essential to complement household data with data on household members.
A closely related problem concerns the concept of work. In the analysis of work and its reward, sharp distinctions are made between domestic and nondomestic spheres of activity. Yet, for many groups of women the boundaries of the two are not so clearly defined. For women in the subsistence sector and nonwage sectors of society, the domestic and nondomestic spheres form a single system and it is often difficult to separate work directed at household members and work meant for the market.

Gender Equity and Poverty Alleviation in Sectoral Programs

This section deals with the effect of sectoral programs on gender issues and poverty.

Agricultural Development

Major Approaches and Assumptions. Rural women began receiving more attention in the early 1970s, when there was widespread disenchantment with the effects of development policies on the agrarian sectors of developing countries. In some countries, many of these policies allowed food production to stagnate, nutrition to decline, and rural communities to become destructured, with a consequent massive migration from rural to urban regions. The problems of absolute poverty and of rural and urban unemployment and underemployment then began gaining more attention. As the emphasis in policymaking shifted from modernization to the provision of the poorest people's basic needs—food, shelter, health—distributional issues increasingly appeared on the agenda but failed to take into account the effects of gender inequality beyond those of class membership. Meanwhile, a growing body of research documented the counterproductive efforts of ignoring rural women's contribution and their specific needs both from the point of view of agricultural productivity and of the overall welfare of rural families, as policy proposals related to rural women became intimately linked to an ongoing assessment of strategies of agricultural development.

This section provides an overview of the most commonly held assumptions about the desirability of making rural women the target of direct policy measures. It also examines the primary goals of such endeavors and the means advocated to achieve these goals. The approaches can be evaluated in terms of which of women's triple roles—that of producer, child-rearer, or homemaker—they emphasize and which gender need is met.

Since the 1950s various interventions have been formulated reflecting changes in national economic and social policy approaches to development. The approach toward women has shifted from welfare to equity to anti-poverty and recently, efficiency and empowerment (Moser 1989). Different institutions may favor different approaches and even a particular agency may use different strategies simultaneously to meet the needs of different constituencies.

In many countries the welfare approach is the oldest and still the most popular method of helping women achieve social development. The programs generated were specifically targeted for "vulnerable groups" and would come into play when the normal structure of supply, the family, and the market break down. The welfare approach is based on two assumptions: first, that women are passive recipients of development, rather than participants in the development process; second, that the main roles that women play are those of homemaker and child-rearer. Welfare is provided in the form of top-down handouts of free goods and services. By the 1970s, there was widespread dissatisfaction with the welfare approach. Many women professionals and researchers had become concerned about the increasing evidence that development projects for developing countries were having a negative effect on women. These criticisms resulted in the United
Nations Decade for Women in 1976, which formally "put women on the development agenda" and gave impetus to a diversity of women groups in both the developed and the developing world. During the decade, women's groups and the agencies they influenced shifted the emphasis in the approach to women to equity, anti-poverty, efficiency, and empowerment.

Several studies in the mid-1970s showed that although women were often producers of development, particularly in agriculture, their economic contribution was ignored in national statistics and in the planning and implementation of development projects. At the same time, new modernization projects, with innovative agricultural methods and sophisticated technologies, were negatively affecting women, displacing them from their traditional productive functions and diminishing their income, status, and power. The equity approach grew out of these studies and sought to integrate women into the development processes of their country through equal access to employment and the marketplace. This approach recognizes that women are active participants in the development process and focuses on reducing the lost ground of women compared to men in the development process. It makes the economic independence of women synonymous with equity. It argues that women should be given their fair share of the benefits of development. However, the equity approach encountered problems from the outset because many thought it interfered with country's traditions of male-female relations. Nevertheless, its official endorsement in 1975 ensured that it would continue to provide an important framework for those working in government to improve the status of women through official legislation, particularly in areas such as divorce rights, custody of children, property, and credit.

More acceptable has been the efficiency approach, which shifts the emphasis away from women toward development on the grounds that women's economic participation in development links efficiency and equity.

The approach has been formulated by several rural development programs as simply how best to tap the economic resources represented by rural women in developing countries, and rural women themselves have been defined as resources in the rural sector. The assumption here is that there are vast human resources lying idle and untapped.

An equally prominent but somewhat contradictory view is that women are already overburdened with work and that the most pressing need is to alleviate the drudgery involved in providing the basic necessities of life such as fetching water from long distances, time-consuming food processing, firewood collection, and so on.

An ILO report (Kandiyati undated) suggests that most women in developing countries, especially in rural areas, are overworked rather than underemployed and they need to incorporate a more productive technology in the tasks they perform to save on labor. The objective here is to improve the quality of their employment rather than create employment.

Policy interventions aimed at rural women have gained relatively widespread acceptance. Some of the concrete areas in which such interventions are expected to produce beneficial results are fertility control, health, food production, and the alleviation of absolute rural poverty through expanded opportunities for generating income. It is said that the most promising way to break the circle of rural poverty and high fertility is to upgrade women's productive activities from the household and subsistence sectors to income-generating employment outside the home. The argument here is that nonagricultural employment for women may, at one and the same time, promote rural development, raise the status of women, and alter reproductive behavior. Many writers also believe the solution to world hunger is to place appropriate technology for subsistence agriculture where it properly belongs—in the hands of women.
These views gave rise to the anti-poverty approach based on the concept that many rural women are "the poorest of the poor." Low-income women were identified as a particular target group to be assisted in escaping absolute deprivation. Women's poverty and inequality with men are attributed to their lack of access to ownership of land and capital, and to sexual discrimination in the labor market. Consequently, the goal of this approach is to increase the employment and income-generating option of low-income women through better access to productive resources such as credit, markets, raw materials, and new opportunities and skills.

The three main strategies for meeting the world's food crisis are to increase production, increase income-producing activities, and reduce postharvest food losses. These coincide with strategies for helping poor rural women. The introduction of new technologies, many writers have argued, has so far been geared to producing to cash crops, thereby drawing off land and labor from food crops. Hence the level of food intake has tended to fall even where cash incomes have increased. If the food crisis strategies are to achieve their goal of feeding the world, women must not only be included in planning, they must be central to it. In the introduction of new technologies, women must be consulted in the selection of these new technologies, trained in their use, and given the means to control those technologies most related to their spheres of economic activities. Assisting poor rural women is a crucial element in guaranteeing both development equity and food in the developing world.

Women are food producers in many developing countries. The main constraints on their productivity are related to the labor time involved in their daily household maintenance tasks, which limits the amount of time women have to invest in income-generating activities. A growing number of time-budget studies indicate that tasks such as fetching water, collecting fuel, preparing and processing food can account for the better part of an adult woman's extremely long working day. Allocating resources to better sanitation, easy access to water points, cheap sources of fuel, improved means of porterage and transportation would have immediate beneficial consequences, as would the reduction of laborious food-processing operations through the introduction of appropriate labor- and time-saving technologies. Better access to productive resources, improved techniques and tools for cultivation, access to agricultural extension services, and the provision of farm credit to women are some of the measures envisaged in the area of agricultural production. As far as nonfarm income-generating activities are concerned, interventions may cover a myriad of rural-based cottage industries from food canning and textile manufacture to soap- and brickmaking, depending on local skills and resources. Again, education and training, as well as the establishment of women's organizations such as cooperatives to help them obtain credit and find marketing outlets are considered desirable and realistic objectives.

In short, the evidence pointing to increasing levels of female poverty and the implications for community welfare have undoubtedly been instrumental in promoting a wide-ranging reassessment of rural women's access to resources, access to land and water, to agricultural inputs, credits and services, to education, training and extension, and to institutions and organizations. Ensuring that women will have greater rights of appropriation over resources and their own labor has emerged as an important policy objective for which a variety of measures have been advocated. These measures may be roughly summarized as follows: (a) protect women's existing sources of livelihood; (b) eliminate discriminatory laws on the ownership and control of productive assets; (c) promote equitable access to agricultural inputs, credit, extension services, and education; (d) support extra household forms of organization of women's labor; and (e) help increase women's capacity for political empowerment and organization.
The fifth policy approach to women is called the empowerment approach. This approach questions the fundamental assumptions concerning the interrelationship between power and development that underlie previous approaches. It is argued that women should be able to increase their internal strength and right to make their own choices in life and to influence the direction of change through control over crucial material and nonmaterial resources. Long-term strategies are needed to break down the inequality between genders, classes, and nations. Empowerment is seen as a slow process that can only move ahead if women develop diverse organizations, movements, networks, and alliances to promote the necessary changes. These changes lie in the cultural sphere as much as the economic and social one and are aimed at eradicating specific forms of women's subordination. Hence, besides focusing on issues of access and productivity, the empowerment approach also emphasizes legal changes, mobilization, consciousness-raising and popular education.

Factors Affecting the Success and Failure of Programs

Each of these apparently straightforward measures presents policymakers with important choices and dilemmas. First, governments and planners must become more wary of development measures that actually result in the loss of female control over earnings that were traditionally theirs. There are numerous examples of the displacement of female labor and a consequent loss of income in agriculture, manufacturing, and trading. A case in point is the introduction of motorized rice hullers and modern rice mills, which are seen as more commercially viable. The problem here is that the people who used to hand-pound the rice are not the ones to receive subsidized credit for the purchase of the hullers. If this were the case, they would not only retain their employment opportunities but would be freed from drudgery and long hours of work and would have improved their income. Instead, it is the wealthier villagers and urban traders with money to invest who benefited most from the subsidized rice hullers and commercialized rice mills. The new system has made the women who were formerly involved in the hand-pounding of rice redundant and forced them to subsist by subdividing available jobs by making them labor-intensive and by lowering their wage level further.

The spiral of rural change in the regions has increased the labor intensity of work and drudgery of some of the poorest rural women without necessarily increasing their income. Thus it is particularly important to provide women with the necessary training, organizational skills, and credit resources to retain activities over which they already have some control.

Second, a move must be made to eliminate legislation barring women from access to productive assets in terms of rights of inheritance, the ownership and control of property, and the adoption of positive measures to ensure their equitable access to land, livestock and other productive resources. Legal access to resources is a vital step in this direction, but it does not in itself ensure control. Piecemeal legal measures, especially if they are confined to title ownership, may create new possibilities but will tend to have a limited impact unless they are backed up by a package of measures covering every stage of the production process, including marketing.

Third, the inequality of women's access to agricultural inputs, credit, and services, as well as to extension and education, has been well documented. Access to credit and to favorable terms of credit is a problem for all economically and politically disadvantaged groups. In the case of rural women, it is compounded by the fact that in many places women are not yet recognized as legal adults. In some societies women do have traditional credit arrangements among themselves, but the collective resources they are able to pool are meager and often tend to be more of a crisis fund. The measures proposed to enhance rural women's access to credit range
from the support of grass roots self-help networks to the foundation of cooperatives and the introduction of supportive government legal systems. There is a growing awareness that measures designed to enhance women's options as producers, access to resources, credit, extensions, education, and services must be matched with parallel efforts to reduce their domestic responsibilities. An important factor to consider in this respect is that the creation of new opportunities for one category of women in a household should not work to the detriment of others. In other words, it is essential to look at the household as a total system and to evaluate the impact of changes in the life options of any member in terms of their effect on others. When, for example, opportunities arise for women to earn and control cash income, their daughters should not have to withdraw from school to take care of household tasks and their younger siblings.

It is not difficult to imagine other situations in which the intensification of women's productive labor makes the mother-daughter relationship a central labor relation in the household. The spread of schooling has the opposite effect, in that it increasingly removes children, especially female children who are mothers' helpers, from the household and makes their labor unavailable to women, whose burden therefore increases. It may sometimes be in women's interests to hold their daughters back, and they in fact do.

Given their subordinate position within the household, women have little control over labor other than their own, and the only area of latitude they have might be in relation to their daughters, daughters-in-law, mothers, and other female relatives living with them. Policies that are geared to the abstract category of women but that do not consider their current responsibilities within the household and how these are going to be substituted for, run the risk of merely sharing certain burdens differently in each group. When new demands are made on women's time, something has to be given up, and more often than not that something is another woman's time.

Yet another factor affecting the success of a program is whether specific institutions are established to organize rural women's work. A strong case is made, for instance, for having separate women's organizations such as cooperatives for women only. The choice is justified on several grounds: such institutions build on already existing female networks or modes of cooperation, avoid confrontation with cultural patterns that oppose the mixing of unrelated men and women, and do not submerge women's interests and loss of leadership to men, as occurs all too frequently in cooperatives with household membership.

There may still be an act of faith involved in the notion that providing women with a cash income will automatically ensure a significant improvement in their standing within the household. Admittedly, this may hardly be relevant when women's added income barely ensures survival. In other cases it will greatly depend on the nature of the work; the regularity, security, and amount of the wage earned; and the nature of domestic arrangements, including modes of budget control and the cultural constraints on women. Another issue that merits further investigation is whether in situations of male dominance in which cultural systems emphasize male responsibilities there are short-term or long-term increases in domestic violence as well as other manifestations of stress and conflict when employment opportunities are created for women, especially in the context of male unemployment or underemployment. Conversely, where men's opportunities for earning wages are far ahead of those of women and women are perceived to be an economic liability, they may suffer great abuse, as in the case of India where soaring dowry rates have been related to the increasing incidence of dowry deaths and even to female infanticide.
On the whole, there is relatively little detailed information about the effects of changes in women's options on sexual dynamics in the household and the workplace in different cultural settings. These effects should not be expected to be uniform or unilateral but should be explored in their own right since they may spell the difference between increasing levels of harassment and abuse, or on the contrary, greater autonomy and well-being.

Yet another important factor to consider concerns rural women's organizational capacity. It is useless to hope for significant advances in the rights of appropriation and access to services without a certain measure of political empowerment and participation. Many cultures today have an array of women's organizations and solidarity networks outside the home. The extent to which women's networks have been used to help them survive, to maintain existing privileges, to resist unfair treatment or to create political change is also being increasingly documented. Several studies, however, have shown that class, caste, and ethnic divisions may introduce strong competing loyalties as well as different interests. In conclusion, policies and programs for rural women have come from international development agencies as well as governments and there have been successes and failures as well as ambiguities and contradictions. This is partly due to the fact that many of the programs proposed to assist rural women are, at the same time, stop-gap measures to tackle some of the more visible outcomes of underdevelopment, such as rural poverty and marginalization, the food crisis, rural-to-urban migration. The need to persuade economic planners of the certainty of payoffs involved in assisting rural women on their own terms and within their own frame of reference reinforces the image of women as instruments of development rather than social and political subjects in their own right. Although the package of target group approach to rural women might produce effects in the short-term, it can be no substitute for development strategies with a serious commitment to tackling the mechanisms responsible for inequality and poverty. These strategies need to be informed by an acute awareness of the culturally and historically specific forms that women's subordination takes and animated by the will to struggle of the women themselves.

**Urban Development**

Although the majority of the population still live in the rural areas, urbanization has greatly increased in the Asian and Pacific region during the past three decades. Figures charting this growth both globally and regionally are staggering. In the thirty-five years since 1959, the number of people living in cities almost tripled, increasing by 1.25 billion (World Commission on Environment and Development 1987). While the urban population in the more developed world doubled in those thirty-five years, that of the developing world quadrupled during the same time frame. By 2025, the world's population is expected to reach about 8.5 billion, and much of this will be in cities of the developing world; of this projected population, an estimated 60 percent will be urban (World Commission on Environment and Development 1987).

In Asia, increasingly larger proportions of the total population live in cities and urban settings. For example, the population of Jakarta, Indonesia, which had a population of 1.5 million in 1950, is expected to increase to 12.8 million by the year 2000, while Manila, Philippines, with a population of 1.78 million in 1950 is expected to reach 11.1 million by the same year (World Commission on Environment and Development 1987). This is the growing trend throughout Asia, with the exception of China and India whose urban populations only make up 32 and 24 percent, respectively, of the total population (Brown and others 1987).
Owing to the speed of urbanization, Asian cities are experiencing overcrowding, uncontrolled growth in their slums; an increase in urban poverty, traffic congestion, inadequate sanitation, water, and waste management; and a proliferation of disease and crime. More than half of this growth in urban populations is due to natural urban growth and nearly half to rural-urban migration. There has been a marked increase in female migrants. In fact, the rural-urban migration rate for women in the fifteen to twenty-four age group has increased substantially so that there are more women than men migrating in this age group for many countries in South East Asia. This pattern of migration is a break from traditional male-dominated migration in the Asian region. A new trend is also that of the international migration of young women seeking work as domestic helpers. This has become big business.

It is commonly argued that poor urban women are better off than poor rural women because it is assumed that they migrate from free choice and there is a free labor market in operation. In reality, to understand the migration process it is important to consider the structural forces that shape the organization of production as well as the dynamics of the household and kinship networks in influencing the choice of young women to migrate. It is well-known that within asymmetrical power relations of households and kinship networks, young girls and young women are among the least powerful. They are usually controlled by family rules, the family development cycle, and kinship obligations. Research on the importance of young rural women to the cities has shown that the changing production structure and the poverty that follows such changes lead families to send their daughters and young women to town to earn extra money to support the family or household unit. The earnings of these young women are often crucial to the survival of the family. There is sufficient evidence to indicate that female migration is not only related to factors of production but, equally important, to social relations to gender. Male violence, breakdowns in marriage, and polygamy are all pressures that have driven women into migration.

**FACTORS AFFECTING WOMEN'S WORK IN URBAN AREAS.** The work that women do in the urban areas depends on the wider economic situation, which determines differential labor absorption in the urban areas as well as dependence on the stage of the women's life cycle and their educational background. The economies of many Asian countries are at a stage of development in which the growth of stable wage employment is insufficient to absorb the high growth in population so that certain groups, particularly women who are migrants, are incorporated at the margins of the urban economy. It has often been argued that in such a situation hierarchical differences are used to organize the conditions of production and accumulation.

To understand the major problems faced by women in the urban areas, it is necessary to look at some of these hierarchical differences and how they contribute to the concentration of women in the low-income nonwage sector. First, a labor aristocracy has developed in many Asian countries with high wages for small numbers of workers in the face of an excess labor supply. The labor market thus becomes highly segmented, for the labor force is separated into submarkets with different employment conditions and wages. This segmentation is not a passing phenomenon that will disappear "as economic growth trickles down." Urban poverty will continue to coexist with protected labor markets and will continue to be the life experience of many urban women and migrant women.

The issue of schooling and skills in bargaining takes on a new significance with the growth of a protected labor market, particularly for employment in international, manufacturing, and clerical jobs in newly created bureaucracies. In these labor markets, schooling and the credentials it provides are used as selective mechanisms and as a measure of labor-strainability.
and discipline. Access to high-wage jobs depends not only being competent in certain skills but also on the protection and bargaining power of organized labor.

Second, consideration should be given to the creation of an age-specific female work force. In several Asian countries the international fragmentation of the labor process has led to the differential labor selection of women in different stages of their life cycle, that is, to the creation of an age-specific labor force. There has been an overwhelming concentration of young women in world market factories, that is, in factories that export to the international market. The women who are selectively absorbed in stable wage employment in urban areas are those with educational qualifications and those who possess the characteristics demanded by modern sector employment. These are usually male and young female workers. For many women this employment has brought about a break with the past, an opportunity for earning cash income and greater independence. However, in terms of working conditions, many of the intricate mechanisms of gender-based subordination continue to operate, even though the framework is more heterogeneous and complex. The group most discriminated against were the older, often married, women with few educational qualifications or formal documents.

ASSISTING WOMEN IN THE URBAN INFORMAL SECTOR. In many Asian countries the main avenue of employment for these women lies in the urban informal sector. Even for informal sector employment, competition is intense and most of the women are employed in activities that take specific forms. In designing policies and programs to assist women in the urban informal sector, it is important to determine why the economic participation of these women takes its specific form. In many Asian countries whether women participate in the informal sector depends on their ability to manage multiple roles. Women's work in this sector differs from that of men in a variety of ways. First, they are concentrated in areas of the nonwage sector that are compatible with their reproductive role, particularly, child rearing, and often extensions of their domestic responsibilities within the household. Second, they are, with few exceptions, concentrated in areas that require little capital outlay and in areas with less growth potential.

Studies that have been done on the sexual division of labor in a number of informal sector activities in urban centers of Asia found that the kind of nonwage labor in which low-income women are concentrated are those that have involved skills developed within the households. The task entailed in unpaid domestic labor, that is, work carried out mainly by women in the home, are transferred to the wider economy where production is for exchange. Men, on the other hand, do work that tends to involve new skills, new to the traditional Asian village society learned in the formal or informal educational systems, or on the fringes of the modern industrial economy, for example, machine repairing. In addition a higher capital investment is required for men's economic activities in the informal sector, such as owning a small shop, or owning a taxi or van. Women are mainly found in the domestic services, in petty trading (selling fruits and vegetables or cooked food), as well as in the textile and tailoring sector. Most of this work can be carried out by women in their own homes and be part of family consumption. Many women cook within their own premises and hence the trading of cooked food is a frequent choice for women, particularly if they are heads of their households. It requires very little initial capital outlay, makes use of traditional skills, allows a woman to combine her livelihood with her child-raising functions, and is more lucrative than many of the jobs open to women with little formal education.

If we compare the marketing activities of women with those of men, there is a tendency for women to concentrate in areas that provide lower returns. In many parts of Asia women are concentrated in small-scale trading and small businesses while men are involved with large-scale trading and larger businesses. The main reason for this is not only the lack of access to market
and capital, trading concepts and transportation but also the fact that large-scale trading and businesses require a level of flexibility and mobility that women will not have unless they are freed from their household chores. While a rigid sexual division of labor does not exist in small-scale marketing and trading, it is the women who usually help out in the husband's small retail shop as the unpaid family worker together with her children.

Three major forms of employment can be identified in the informal sector: self-employment, wage or contract labor, and family labor (which is often unrecognized). Nearly two-thirds of women in Asia in the urban and informal sector are self-employed. In fact, in many countries, urbanization may help women escape some traditional social barriers to employment and even weaken patriarchal control in their daily lives. However, new problems emerge. Many of these women trade on pavements, indicating both the high degree of uncertainty of location as well as inability on their part to make structural and technological improvement. They are also the group most vulnerable to police harassment.

Women in outwork forms another very large percentage of women in the informal sector. Outwork involves putting out all or part of the production process from a central point to several small units. This process is part of the strategy to cut labor costs, to overcome problems of capital investment, and to survive in a competitive market. By putting out its work, the central enterprises take advantage not only of low wages, insecurity of employment, and lack of social benefits but also of long working hours. Outworkers in Asia are predominantly women and children.

Domestic service is another form of work that is a complete extension of tasks performed by women within the household. This form of employment is one in which women are already skilled as a result of task allocation by the sexual division of labor within the household. The tasks are practically the same ones women perform as unpaid workers within the family—cleaning, washing, ironing, and taking care of children. Although domestic service is a relatively stable wage employment and cannot be strictly described as informal sector employment, it has some features similar to most informal sector jobs. For instance, it is work that is often done without a contract and therefore the employee may be subjected to instant dismissal. It is work that is seldom protected by any government regulations. Domestic service is a frequent job choice for female migrants, and poor urban women are readily available because of the growth of a large middle class.

In developing programs and strategies to help women in the informal sector, an important question is why some men in the informal sector manage to be self-employed and even be small-scale employers, whereas women seldom achieve the status of independent producers despite their skills. In order to assist women, the current strategies have focused on strengthening women's existing economic activities by skill upgrading; improving productivity; obtaining better selling prices, lower costs of production, and easier terms of credit; and providing support services like space, equipment, health care, child care, and introducing completely new activities that have a relatively high economic return.

An important intervention is providing access to credit. This means understanding and removing constraints on access to banks and other credit systems. This applies not only to fixed capital but also to working capital. It is in this area that nonformal banking systems can step in to help these women. To encourage the expansion of small business, daily or weekly systems of lending for working capital could be evolved in collaboration with non-governmental organizations to prevent the misuse of funds. Structural and technological changes are also important. Both of these require access to credit as much as access to a fixed location.
WOMEN’S NETWORKS AS A SURVIVAL STRATEGY. This section deals with how life goes on for households in urban poverty. The reproduction of life is precarious in these households. Besides turning to income-generating activities, women—especially those in crisis situations—turn to complex networks of kin and neighbors as a survival strategy. It may be that some women in extremely impoverished conditions are still able to raise healthy children while others are not, mainly because the former group has access to various survival networks while the second group does not.

In South Asia, three patterns appear to be at work:

1. Although the family system has frequently been a system of sexual inequality and many women have sought to escape from oppressive family relationships, it is often the family and kinship systems that are recreated by women in their attempts to deal with the problems of poverty and survival.

2. Besides the family and kinship system, new social groups are created for mutual support. These social groups take various forms. They may be neighborhood groupings of supportive households; they may be people joined together by a shared, newly created ideology; they may be people who are linked together by a common religion.

3. Vertical links may be established with social groups that are financially more stable. The most common form is the patron-client relationship.

A number of studies have shown that relationships are activated and used for acts of exchange. The urban poor, as a survival strategy, organize their relationships as social capital that also substitutes for the credentials and organized careers of the formal economy. In a situation of poverty, where life is extremely insecure, it is important to have automatic support in times of crisis. Family and kinship systems have commonly been used as clear indications of who had the right to assistance in times of need. These systems have not been without conflict, domination, and violence, but they at least provide their members with some social insurance.

These survival strategies are especially created in times of economic crisis and adjustment, when the increased inability of the modern sector to absorb the large supply of available labor means a further reduction in the generation of employment and a fall in the standard of living of the poor because of price increases, a reduction of services, and a drastic reduction in real income. This has often been accompanied by a parallel reorganization of daily life and the emergence of various coping mechanisms by women to deal with conditions of precarious living in resource-poor situations. Many women in poor households are forced to make drastic adjustments in the household consumption patterns, reduce the quantity and quality of food intake and basic services, and go into debt. In the absence of a welfare state it is at the level of the household where the fierce struggle of survival of the poor takes place and women, as immediate managers of household resources, are at the center of this process. Pressures are set up to concentrate only on the most urgent needs and to neglect others such as home upkeep and repairs, as well as to look for lower food prices in markets. This often means the coordination of shopping with other family members, including the use of extended family networks, especially women members of their networks. These networks are also relied upon as a result of the intensification of domestic work from daily shopping due to more restrictive budgets, to increased cleaning, fixing, mending, and sewing done at home—all of which has increased the workload of women and the time they use. In other words, in the absence of a welfare state and the
decrease in governmental services and subsidies, the family and kinship networks are often the only source of support and of alternative strategies.

The informal sector is able to provide a basic minimum standard of living to at least a section of poor women in the urban areas. Although the kinds of work available to them are governed by structural and sexual divisions of labor, women are seldom passive agents of these forces. Their economic behavior in response to these forces takes different forms. They interpret and organize their social experience and a resistance to larger processes, which may range from highly individualistic competitive solutions—for example, individual small-scale traders and fruit sellers competing in the marketplace—to solutions that are managed and controlled in a collective manner, such as the setting up of cooperatives and the organization of self-employed workers.

Most common are privately created systems. These range from family and kinship systems and newly created mutual-aid networks of different sorts to patron-client relationships. Although these networks do not bring about any long-term fundamental changes in emancipation problems and even poverty, in the short-term they at least provide some guarantee of survival, particularly during periods of great hardship.

Programs designed to protect women in the informal sector could build on these networks side by side with ways to provide women with training, credit, and other support required to diversify production to improve their productivity and income.

Conclusions: Toward Social Sustainability

The development of basic services is without doubt of benefit to women. Local water supplies, sanitation, roads, rural energy programs, and family health care can all do much to reduce women’s work and improve the health conditions of women and children. The available data suggests, however, that in the planning of these basic services women’s needs and perspectives have been excluded, although women are the prime users of such services. As a result, these services may not be used by those for whom they are intended. More and more decisions are taken by bureaucracies, and women have little, if any, control over the direction that planning takes within these organizations.

In the discussion of larger issues of sustainability, it is important not to forget the need for social sustainability. In the final analysis, the best guarantee for sustainability of development programs is greater self-reliance, in this case, women’s. This means allowing women to have control or to gain greater control, have a say, and be listened to, be able to define and respond to their needs and perspectives, be able to influence social choices and decisions affecting the program, and be recognized and respected as equal citizens with a contribution to make.

Programs can provide these opportunities for women if they examine the ways in which they are working with women in the planning and implementation stages. Planners and implementors need to ask how the relationship with decisionmakers in the program can be changed to allow women to act as definers or creators of the program. This means examining the possible role of women and involvement in given projects to ensure that they have more control and are not just doers. The program should allow women to feed back into the system, instead of receiving instructions or ideas from the system and implementing them on its behalf. The field experience of women who were doing the actual day-to-day implementation and management of the program should be used as a resource by decisionmakers. Their perception of the needs and problems, particularly of women, could go back into the system. Hence, in designing programs, more thought should be given to how women could report back into the program, project implementation, and evaluation process. As a result, the program would be more responsive to
women's input—an important improvement. There will also be a change in the sharing of knowledge within the project. Programs are more likely to be sustainable if they are responsive to the real needs of people. Women could establish lines of communication and feedback on their own during meetings with various program offices by presenting ideas and suggestions. Women should not just be told what the problem is but be able to tell government departments and officials what problems they have found. Women should also help to set priorities.

These are but a few examples of ways in which women can influence and gain more benefits from programs and projects.
References


Part 3

DECENTRALIZATION, TARGETED POVERTY PROJECTS, AND SURVIVAL STRATEGIES OF POOR HOUSEHOLDS: LESSONS FROM KARNATAKA
TARGETED POVERTY PROJECTS FOR THE POOR: LESSONS FROM PROJECT VISITS

Abdul Aziz

Introduction

Disenchantment with the idea that poverty could be alleviated by promoting economic growth gave rise to three new strategies: (a) the target group approach, which aims development projects specifically at the poor and emphasizes employment and income generation; (b) the participatory approach, which is concerned particularly with urban services and with delivering services in a more cost-effective manner—in terms of both time and money—through a government delivery system; and (c) the aided self-help approaches initiated by NGOs, under which the NGOs provide technical, organizational, and other resources to enable the poor to help themselves.

Experience has shown, however, that the benefits and impacts of such programs and projects have been less than expected. There are a number of reasons for this disappointing performance: a mismatch between project design and the national policy environment; inadequate project planning, particularly in regard to assessing project viability and sustainability; inappropriate technologies; inability to develop locally appropriate organizations with provision for people’s participation, which could sustain, manage, and implement programs with a minimum of political interference; leakage of benefits owing to a misidentification of beneficiaries and misuse of resources by the beneficiaries; unproductive nature of the assets acquired/created and nonretention of these assets by the beneficiaries; and a lack of political will and clout to recover loans so as to recycle funds for sustaining the life of the project.

In other words, many projects fail to deliver the intended benefits to the poor because their design and management are inadequate. This problem must be fully understood before corrective measures can be developed. The path to such understanding is firsthand knowledge of the manner in which such projects are designed and implemented at the field level.

Bangalore seminar participants were given an opportunity to gain such knowledge through visits to six projects. They were encouraged to discuss all aspects of the project with planning and implementing personnel and with the beneficiaries. The six projects revolved around rag picking, lacquerware, sericulture, a women’s credit and political education program, sites and services housing and slum upgrading, and nutrition. The first three are located in Karnataka and the last three in Tamil Nadu. The rag pickers and the women’s program are NGO-managed; the others are managed by the government. Each of them provides services to a specific target group.

Seminar participants were divided into three groups on the basis of their field of interest, ascertained by means of a short questionnaire. Each group was led by an ISEC faculty member.

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who had prepared the project profile.\textsuperscript{1} The profile was prepared in advance and highlighted such aspects of the project as its design and management, the nature of the target group, the organizational structure of the project, the nature of the benefits to be delivered, and the delivery system. The profile also provided a brief evaluation of the project. At the project site, the participants held discussions with the planning and implementing agency and with some beneficiaries. Participants then discussed their findings among themselves and presented a report to the other seminar participants.

These exercises produced some interesting findings and useful lessons. This chapter gives a brief account of the projects visited and the lessons drawn from the project visits.

Project Profiles

\textit{Rag-picking Children's Rehabilitation Project}

It is a well-known fact that the urban poor depend on informal economic activities for their livelihood. For a large segment of the migrant population and those unable to find work in the organized sector, the urban informal sector offers unlimited opportunities (although less remunerative). One such activity that has attracted the urban poor, especially the very young and the very old, is rag picking. In towns and cities, it is a common sight to see children swarming around public dust bins day in and day out to scrape and to pick discarded tins, paper, rags, and such other waste material for which there is a secondary market from the junk traders.

The rag-picking activity provides opportunities for children to supplement the family income; but the social (and even the private) cost of such activity is quite high because the children who ought to be in school and in play grounds are engaged in hazardous work. The work is hazardous in the sense that most of the children engaged in rag-picking suffer from skin diseases and respiratory ailments. Being members of poor households, they are also undernourished.

An NGO in Bangalore formulated and implemented a project related to rag picking. The project is funded in part by the Union Ministry of Labour and in part by donations from voluntary agencies. Its operations are periodically shifted from one slum to another where rag-picking children are concentrated. The project objective is to wean the rag-picking children away from this hazardous activity and to rehabilitate them. Toward this end, project staff identify the target group and extend the following benefits: medical aid, nutrition, and recreational facilities for their mental and physical development; nonformal education designed to help them achieve functional literacy; vocational training to enable them to take up alternative job opportunities; and motivation for formal education.

In the first stage of implementation, the staff carries out a household survey in the selected slum and identifies the rag-picking children. Those thirteen to fourteen years of age are then given placements in city hotels, cycle shops, petrol bunks, garages, and workshops. These children are not only taken out of the rag-picking activity, but are also placed in jobs that provide opportunities to build a career.

\textsuperscript{1} The faculty members who prepared and presented the project profiles were M. Prabhadachar, P. Thippiah, S. N. Sangisha, S. A. Pasha, K. G. Gayathri Devi, Shanta Mohan, Samuel Johnson, P. H. Rayappa, and M. Nageshwara Rao. The detailed profiles prepared by these faculty members are presented in summary form here.
Of the children who are younger than thirteen, a few who have an aptitude for vocational jobs are selected for vocational training. At the end of the training period, project management places these children in appropriate organizations. The remaining ones are allowed to pick rags up to 2:00 p.m. everyday but are then required to assemble for three hours at predetermined locations, where they receive nutritious food, instruction in personal hygiene, assistance with functional literacy, orientation about the potential markets for their products, and vocational training. These children are gradually weaned away from the rag-picking trade and admitted into formal schools. Thereafter, they are given books, school uniforms, and some cash—for a total worth of about Rs 150–315 depending on the class they enter.

Project management uses different strategies to motivate children and parents to make the switchover. Video films are one means used to attract children to the program. To persuade parents to agree to the switchover, project staff hold a direct dialogue with the parents in their residential area; hold a fortnightly "mothers' meeting"; and during the vocational training period when the family loses the child's income, the opportunity cost incurred by the parents is compensated by a payment of Rs 100 per month—half of which is given to the parents and the other half deposited in a bank account for the child, who may use this amount after the training ends to purchase the equipment and tools needed to carry out an independent business.

The project also combats some of the exploitative mechanisms characteristic of the junk trade. The dire poverty in which rag-picking children and their parents live forces them to sell each day’s collection of material to the junk traders on the latter’s terms. The junk traders also preempt the children’s right to sell elsewhere using tactics like advance payment and facility of petty loan. In order to extricate the beneficiary children from the clutches of such exploitation, the project staff settles children’s dues with traders and provides facilities for stocking their picked material in the project go down. Arrangements are also made to sell the material in the open market for a better price.

In the beginning the project was mainly concerned with improving the living and health conditions of the target group while they continued working in the same trade. Subsequently the focus shifted to imparting vocational training so that the children would be prepared for taking up better jobs. This change is said to have been initiated in response to demand from the target group.

Those of the rag-picking children who were earmarked and prepared for formal education began going to schools regularly and completely disassociated themselves from rag picking—much to the satisfaction to the project staff.

Drawing on their experience and encouraged by the success, the project staff have replicated the program in four more areas and are planning to extend their area of operations. These plans are being held up, however, by delays in getting government grants and inadequate funds, all of which is causing severe strain on the human and financial resources of the project.

Lacquerware Handicrafts Project

Traditional handicraft artisans are regarded as one of the poorest sections of Indian society. One such group consists of the lacquerware artisans in Karnataka, who are concentrated in the Channapatna block of Bangalore rural district. They are engaged in producing lacquerware products such as toys, flower vases, bangles, smoking pipes, beads made out of the locally available special wood known as Haale and exotic chemical colors. There is a good market for these products in India and abroad. But the economic conditions of the lacquerware artisans deteriorated recently because the main input, Haale wood, became scarce when the forest
area where it is grown became depleted. Lac, which is imported, had also become expensive. The artisans had barely enough financial resources to buy and stock these expensive raw materials. The skills of the artisans and the production technology employed were not in tune with the tastes of the modern-day consumers. Moreover, they had to depend on the exploitative middlemen both for the purchase of raw materials and the sale of their products.

To improve the socioeconomic conditions of the poor artisans the government of India and the government of Karnataka recently intervened in the production and marketing spheres through a comprehensive development program for the poor artisans. One of the first steps taken under this program was to establish separate lacquerware training institutes for boys and girls with a view to upgrading the skills of artisans. The Regional Design and Technology Development Institute established at Bangalore develops and supplies tools and equipment to the artisans and thereby helps propagate new technologies. The commercial banks have been directed to advance loans to the needy artisans under the Differential Interest Rate Scheme; government subsidies are also available to the poor artisans. Through a depot in Channapatana the Karnataka State Handicrafts Development Corporation (KSHDC) in Bangalore supplies scarce raw materials like Hale wood, lac, and colors at reasonable prices. Also under a separate scheme, the state provides common service facilities and house-cum-workshops on terms that are easy and attractive.

Project implementation also includes periodic artisan household surveys carried out to ascertain problems relating to skills, technologies, tools and equipments, the supply of raw material, credit, and product market conditions. These data are used as inputs to work out artisan development strategies.

The first point of intervention is the training of youth. Trainees are identified through open application from boys and girls belonging largely to weaker sections. The training period lasts six to twelve months, and during this time the trainees are paid a stipend ranging from Rs 150 to 250 per month. The training curricula and teaching methods are designed to impart both practical and theoretical knowledge. In addition to technical skills of production, the trainees are taught managerial and entrepreneurial skills. Along with such regular training programs, these institutes offer short duration training courses for the practicing artisans and master craftsmen with a view to demonstrating new technologies and designs developed in the national laboratories and design institutes.

The trained candidates are linked to programs eligible for subsidized credit from the commercial banks to enable them to start their own enterprises. The required raw material is supplied by KSHDC. The common facilities center offers services for processing wood and manufacturing and coloring the articles at reasonable charges. The finished product is purchased by KSHDC and sold through its network of depots and showrooms. The house-cum-workshops built in 1988 with assistance from the Netherlands Development Agency are available to poor artisans. Each unit costs Rs 30,000 of which 10 percent is subsidized by the government of Karnataka. The cost of the house is recovered from proceeds on the sale of their products through the KSHDC.

The project is designed to provide a package of benefits to the artisans. As such, it offers the artisan ample time and energy to devote himself to the production of this product. Second, the proceeds from the sale of his products are linked to loan repayment and recovery of the cost of materials supplied and service rendered, all of which ensures that the project is sustained.

The available data suggest that the training facilities have been taken advantage of by the weaker sections and minorities. More than 50 percent of the trainees were scheduled castes (SCs) and scheduled tribes (STs), and a quarter were muslims. Half of the trainees were women.
Lessons From Project Visits

However, only a small number of artisans interviewed had obtained bank assistance (the rest having borrowed from private sources); only a small proportion of total output produced had been bought by KSHDC, leaving the artisans at the mercy of middlemen; because of fixed working hours and frequent interruption of electricity, the common facilities center could not ensure the required service and the artisans were forced to go to private landowners. The small number of house-cum-worksheds (126) built was inadequate. In addition, there were complaints that ineligible persons—artisans having their own houses and persons who were not in lacquerware trade—had been allotted sheds.

Karnataka Sericulture Project

Modern sericulture has a history of 200 years in Karnataka. Thanks to the patronage of Tipu Sultan, ruler of Mysore State at that time. Today, sericulture is an important economic activity of rural Karnataka. Although the fortunes of the Indian silk industry in the international market have been fluctuating owing to competition from China, Japan, and Italy, India ranks second only to China in silk production. Among the leading sericulture states in India, Karnataka is number one in the production of cocoons and raw silk.

Although Karnataka has great potential for sericulture development—because of its favorable climatic and soil conditions, skilled farmers, cocoon rearers, and silk reellers—sericulture has been confined to a few pockets in the state and mostly to big landowning classes. Its high employment potential and its scale-neutral production would certainly have opened up possibilities for using sericulture as an instrument for alleviating poverty. But sericulture in Karnataka was still too backward for this to happen. It lacked the technology, infrastructure, soil conditions, and administrative structure needed to develop sericulture to its full potential. In order to remove these obstacles, the government of Karnataka in 1980 launched the massive Karnataka Sericulture Project with the World Bank’s assistance. The project was initially planned for a five-year period, but subsequently its terms were extended up to 1988. The project objectives were to increase raw silk production by 1,600 tonnes a year; to bring 14,000 hectares of irrigated land under mulberry in new areas (this was subsequently revised to upward of 18,500 hectares); to introduce modern processing facilities and methods that would upgrade raw and spun silk to export quality; and to introduce the latest technologies from leading silk-producing countries, to expand local research, and to introduce regular teaching programs in the universities.

To achieve these objectives, the government undertook a massive effort to establish and strengthen infrastructure facilities. For example, it established the Karnataka State Sericulture Development Institute to carry out applied research, and it also established additional grainages that were to produce disease-free laying. This would permit private grainages to develop, and would provide more extension and infrastructural support for silkworm rearing by establishing community hatcheries (known as Chawki rearing centers) and technical service centers, and would thereby strengthen the existing markets and establish regulated cocoon markets. It would also start common facility centers for the benefit of reellers, establish silk exchanges to facilitate exploitation—through the free purchase and sale of silk yarn—and would designate certain cooperative banks, rural banks, and commercial banks to finance sericulture activities.

Although the project is considered an agricultural development project, it has an implicit antipoverty thrust. The project is supposed to generate incomes and employment opportunities for the poorer sections such as small and marginal farmers, landless agricultural laborers, women, and the SC-ST population. The project seeks to reach these sections by providing them credit, extension, and common service facilities. On-farm credit for the construction of sheds and
purchase of rearing equipment is provided under IRDP to all categories of poor sericulturists and under Special Component Plan to SC-ST sericulturists. The latter also are entitled to a free supply of disinfectants, trays, and chandrikes (bamboo containers where the silk worms weave cocoons around themselves). In addition, the bivoltine rearers are entitled to some cash incentives. Extension service is provided to all categories of sericulturists. In some areas community development centers have been established to provide rearing accommodation exclusively to SC-ST sericulturists.

The main benefit of the project is that land under mulberry cultivation has been extended and there has been a substantial increase in cocoon production. Sericulture activity has spread beyond the five districts to which it was confined and is now practiced in all the districts of Karnataka.

The project has increased employment opportunities and income generation, particularly in the weaker sections. Mulberry has become a popular crop to cultivate among small and marginal farmers and is giving them an opportunity to earn higher incomes. A high proportion of participants come from disadvantaged groups such as women, minorities, and SC-ST populations in sericulture activity.

As evaluations of the project point out, however, there have also been some failures. Crop losses have been frequent owing to silkworm disease. In addition, credit has been misused, loan repayment is poor, and cocoon markets opened in new areas have not attracted sufficient quantities of high-quality cocoons.

*Working Women's Forum (WWF)*

Women's earnings, however small, contribute significantly to the needs of their families. Female participation in the labor force is also high. In reality, however, women are among the most disadvantaged and oppressed groups, in addition to being victims of the existing caste and class oppression. Their caste affiliation restricts their mobility, members of their class have limited access to productive resources, and because of their gender role they are unable to participate in many profitable economic activities.

Consequently, a large proportion of women belonging to poorer sections end up working in low-paying informal sector jobs. In cities like Madras they are engaged in preparing and selling raw and processed foodstuffs, they serve in households as maid servants, tend animals, sew and clean, keep small shops and work as small contract manufacturers of beedies (local cigarettes), incense sticks, paper bags, and the like.

Because these women cannot obtain credit support from formal institutions, they are highly dependent on informal sources of credit sources and are therefore continuously indebted to moneylenders, landlords, and middlemen who charge exorbitant rates of interest. They do not even have basic amenities available to them, like drinking water, sanitation, health care, schooling, and electricity. In short, their living conditions are miserable. Harassment by petty officials, policemen, and local strongmen is a daily feature of their lives. The wayward drunkard and indebted husbands add to their burdens.

The Working Women's Forum was founded in Madras in 1978 by a social worker of repute in an effort to rescue women from such exploitation and oppression. The basic objectives of this organization are to provide organizational support to women workers on trade union lines, to raise their level of political consciousness, to defend their rights for equal opportunities, to fight discrimination and harassment by petty officials and local strongmen, to improve their income levels and enhance their access to basic development resources, and to provide an
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intensive health and family planning program with a view to strengthening women's productive role and restricting their reproductive role.

To help organize women and sustain group initiatives, the forum has created neighborhood credit groups and has encouraged beneficiaries to repay their loans through peer group pressure. Initially, the WWF acted as an intermediary to obtain credit from nationalized commercial banks for its members under the differential rate of interest scheme by standing guarantee and ensuring repayment. Subsequently, it established its own Working Women's Credit Cooperative Society in 1981. The society helped women cope with a variety of problems, such as delays in the processing of loans, cumbersome procedures, and the red-tape characteristic of the nationalized banking system. The society is managed by the women members and over the ten years since it was founded, it has disbursed Rs 9.63 million in the Madras branch alone. The loan recovery rate is said to be about 95 percent. The WWF workers carry out surveys of slums and shanties where informal sector working women are concentrated and identify those women who are poor, exploited, illiterate, and powerless and those who lack access to resources and opportunities and belong to lower castes. In the selection process, priority is given to those who are victims of ignorance, natural disasters, and physical incapacities. Using the participatory method, role playing, and pictorial charts, the WWF makes prospective beneficiaries aware not only of the dangers of exploitation, but also informs them about activities that can have a positive impact on their life, such as cooperation, family planning, literacy, hygiene, and financial self-reliance. By the time the woman member is trained, made politically aware, and linked with the credit cooperative society, she has transformed herself into a self-reliant small entrepreneur who can manage her own affairs with confidence and courage.

The WWF has extended its activities from Tamil Nadu to Karnataka and Andhra Pradesh, and from urban informal sector activities such as vegetable vending, the preparation and sale of foodstuffs, beedi rolling, and agarbathi manufacturing to nonfarm sectors in rural areas such as fisheries. In all these cases, the entry point is the provision of low-interest credit with a view to starting and strengthening self-employment opportunities for its members. Subsequently, health services and civic and political activities are introduced to make the members better citizens.

This organization helped women achieve a better quality of life and have their basic needs met, such as children's education, housing and health, and asset building. With credit readily available to them, women's enterprises have gained economic independence. Thus it has allowed them to stop pawning household articles to moneylenders and has freed them from continuous indebtedness to informal sector financiers. On the intangible side, these women have strengthened their position in the family by participating in decisionmaking, improving relations with other family members, and increasing their social consciousness. They have learned to operate through group processes, and have thereby increased their solidarity and clout in fighting for their rights. This has enabled them to obtain better civic facilities, and helped protect them from people who harass, exploit, and victimize women. With their newly won bargaining power, they have succeeded in securing markets for their work and toilet facilities both in the home and the workplace.

The Tamil Nadu Integrated Nutrition Project (TINP)

Because of their extreme poverty, populations in developing countries have lower intakes of food than those in more developed countries. Within countries nutritional status varies from region to region. In Tamil Nadu the food intake is lower than the national average. In such conditions, the sharing of food within the household may be inequitable and the children may be
particularly hard hit. The Tamil Nadu Food Habits Survey found severe deficits in food consumption among children between six and thirty months of age. It is therefore not surprising that many young children there suffer from malnutrition and related health problems, including a wide range of diseases. Malnutrition and ill-health reinforce each other and cause irreversible damage to the physical and psychological development of the child. Under the circumstances, the state has taken responsibility for controlling malnutrition by introducing supplementary feeding programs for children and may include pregnant and lactating mothers.

At least the political commitment to nutrition has always been strong in Tamil Nadu. Three projects are being implemented at present. For the seminar field visit we selected TINP which is distinctive in several respects. Apart from being rural-oriented, this project selects its beneficiaries with cost-effectiveness in mind; for example, it plans to admit undernourished children into the program and then to exclude them from supplementary feeding once their nutritional status has improved. The project also integrates nutrition and health delivery services and seeks to improve knowledge, attitudes, and practice of women in areas of nutrition and health so as to generate benefits on a sustainable basis. In addition, it has a mechanism for close monitoring and evaluation throughout the life of the project so that corrections can be made in midcourse.

The project has three components: nutrition, health, and communication. Under the first component, children aged six to thirty-six months are periodically weighed by the community nutrition worker and those who are underweight are enrolled for the supplementary feeding program. Those whose weight returns to normal are phased out and those showing no response are referred to the village health worker or medical officer at the primary health center. Pregnant and nursing women are also selected for feeding on the basis of objective criteria such as family income and their health status. The health care delivery system, which is the second component of the project, involves periodic house-to-house visits by the health worker for immunizing the pregnant women and young children and for distributing iron and folic acid tablets to the expectant women and nursing mothers. The health worker also assists in deliveries. The third component, communication, entails propagating nutrition and health practices among the rural community through interpersonal contacts and elements of the mass media, such as posters, films, cassettes, and hoardings. In this way, project workers motivate rural community members to bestow better nutrition care on six- to thirty-six-month old children and expectant and nursing mothers.

The evaluations conducted have shown that there has been a steep reduction in severe malnutrition, improvement in the nutritional status of beneficiary children, a reduction in infant mortality rates, better coverage under immunization programs, and better integration of nutrition and health components. However, the field visits revealed some drawbacks in project management. There was lack of adequate coordination with other ongoing nutrition programs. The result was that children in some age groups were left out. Even where different agencies worked for the same age group, there were some gaps in coordination, particularly between the nutrition- and health-administering agencies. Some difficult questions concerning targeting were also brought to our attention: Is it appropriate to exclude those children who are slightly (not substantially) above the cut-off weight point? If the weight of a child coming out of the program later goes down, would that not have some adverse impact on its health? If laddus (enriched biscuits) are given to the pregnant mother and if she shares them with her children, would that amount to misuse of benefits? Should one take action to prevent such misuse?
Sites and Services, and Slum Upgrading Project

With the rapid urbanization initiated by rural immigrants, the demand for housing in the urban areas tends to grow at a much faster rate than housing supply. Many immigrant workers tend to live on pavements and vacant lands and to put up makeshift shelters, huts, and the like and create slums and shanties where extremely unhygienic conditions prevail. Although it is the responsibility of the state to provide shelter meeting minimum living standards, this responsibility puts a heavy strain on state resources. Given the constraints on the state's financial resources, it is difficult to expect it to provide free housing even to the poor. Hence there is need to develop a housing scheme with cost recovery. The cost recovery approach to housing for the poor is justified on the principles of replicability, affordability (that is, willingness and ability of the beneficiary to pay for shelter), and the feeling of ownership of the house.

In keeping with the above housing philosophy, authorities have developed a series of housing projects. With the financial and technical support of the World Bank, the Madras Metropolitan Development Authority (MMDA) initiated the Madras Urban Development Projects consisting of (1) a sites and services program and (2) a program for upgrading slums. Both programs proposed to improve housing of the urban poor and slum dwellers.

The sites and services program started in 1977 in the Arumbakkam area of Madras city, where it provided 2,804 sites, of which 74 percent went to economically weaker sections and the rest to low- and middle-income groups. The program provided a package of services consisting of (a) infrastructure such as water supply, sewerage and electric connection, street lighting, storm water drains, roads, paved paths, and (b) amenities such as community halls, schools, medicare centers, shops-cum-residences, service industries, bus terminals, workshops, and so on. Sites were allotted by means of a lottery system. The beneficiaries also received material loans, house building loans, municipal development approval, and technical advice. The cost of the site was to be recovered through an initial block payment and a monthly installment payment spread over fifteen to twenty years.

The response to the scheme was good: houses were put up promptly and loan repayment was impressive. Subsequently, however, it was estimated that nearly half of these houses had been rented out as they fetched attractive rents and that with the rise in land prices in the area, the proportion of sites/houses being sold had increased significantly in recent times. In one sense, poor families certainly benefited from the project as it brought them capital gains (when they sold houses) and regular income (when they rented houses). Although this is helpful from a purely economic point of view, it may be less positive with regard to social development. The poor are expected to live in the houses allotted to them and to upgrade their living conditions. If, however, they use the proceeds to acquire new income-yielding assets or to form human capital, that is a different matter. A second problem noticed was that as soon as middle-income groups purchased houses and moved in, the roads laid out earlier proved to be too narrow to meet the growing volume of traffic. This fact suggests a lack of foresight on the part of the project designing agency.

At the same time that the above program was initiated, the scheme for upgrading slums was initiated in a slum in the Annanagar area. The Tamil Nadu Slum Clearance Board decided to improve works such as land leveling, road and street formation, drainage, water supply, provision of street lights, and other amenities. The hut dwellers—the original residents—who had been shifted to a nearby area were then given lease-cum-sale deeds for their sites; they were expected to make an initial deposit and a monthly installment payment for twenty years. They
were also provided with "home improvement loans" that would be released in the stages of house construction.

There was a good response to the scheme, and loan recovery was said to be satisfactory. Encouraged by the success of the scheme, the MMDA later undertook 322 slum upgrading programs, which benefited about 75,000 households. The problem with the "home improvement loan" was that not many persons came forward to use it. The reason was that under the scheme the amount advanced was very low and was given in stages of house construction. As a result, many preferred to raise funds by selling jewelry rather than going through the cumbersome procedures required to obtain a loan.

Some Lessons

Effective design and management of a poverty alleviation project is achieved through (a) effective targeting and (b) attention to ensuring project sustainability and replication. Targeting should fulfill the following conditions: the project beneficiary should be clearly and appropriately defined, cost-effective systems for identifying the target group should be developed, an effective system of benefit delivery should be in place and monitoring should be carried out to check on who is actually receiving benefits as the project is implemented. Project sustainability and replication are ensured if benefits continue to be delivered to the intended target groups through the delivery mechanism evolved and if the life of the project is prolonged through the generation of internal finance and its recycling. This means assets must be created and retained, and that the cost of the project must be recovered from the beneficiary.

According to these conditions, the projects studied yield the following lessons:

1. Policymakers must pay particular attention to defining poor households. Household income has traditionally been the most widely used indicator of poverty, but experience indicates that it is more difficult to measure the income of urban than rural households in view of the varied sources of income obtained by the former. Since the sources of income are restricted and specific to land size in rural areas, it is easier to estimate income there. For example, a rough estimate of income can be made from information on the size of a landholding.

2. With information about the nature and quantity of assets held or occupation engaged in, it should be possible to obtain a better estimate of the economic position of a given urban household. Therefore, while household income can continue to be an important basis for defining the poverty groups, the activity engaged in (rag-picking or lacquerware, for example) and caste could also become a basis for defining these groups. Nutritional levels, health condition, and oppressive social conditions faced by the groups in question could also form a basis for determining target groups. Such supplementary measures are important because income alone does not determine the quality of life. It is important to take into consideration access to social services such as health, education, nutrition, and housing.

3. Beneficiaries are most likely to be misidentified where subsidies are high, as in the case of the sites and services project and lacquerware development project. Rigorously planned and executed household surveys by independent or voluntary agencies (rag-picker project) will certainly reduce the misidentification, but the cost of such procedures may prove unduly high.
A better alternative is perhaps to involve community members, especially the neighborhood members (WWF), in identifying beneficiaries.

4. While designing the projects and identifying the benefits for targeting, undoubtedly local resource availability, household human resource stock, skills, and managerial capabilities must be kept in mind. At the same time, certain social imperatives ought not to be overlooked. Thus, high-rise housing projects may not be acceptable to the poor for they will not be able to keep animals there or have a workshop or a small shop with which to obtain supplementary income (as they would with sites and services and slum up-grading projects). Similarly, if benefits like nutritional supplements are prepared by low-caste nutrition workers, this may not be acceptable to high-caste beneficiaries (TINP) on account of the social stigma attached to low-caste workers. Perhaps workers belonging to this category should be posted to villages that have predominantly the same category of population. This may go against the government's anticaste policy but may be justified by practical considerations.

5. Several basic economic imperatives need to be considered as well. Wherever the project tends to interfere with the family earning potential (rag pickers), resistance and protests from the heads of families are likely to be encountered. This difficulty can be overcome by compensating for the family opportunity cost. Even here, a purely business approach to evaluating the opportunity cost does not work unless parents are educated about the future increase in their children's earning potential through schooling and training.

6. The income- and employment-generating intervention alone—say, credit for self-employment or work under wage employment scheme—is not likely to alleviate poverty. This measure should be complemented by a package of benefits that includes training, schooling, placement (as in the case of rag pickers), training, input supply, marketing of the product (as in the case of lacquerware and sericulture projects), infrastructure, and amenities (as in sites and services). A simultaneous attack on the symptomatic condition, such as malnutrition and disease (TNIP), appears to be a more appropriate strategy of targeting the benefits than tackling them individually and sequentially.

7. NGOs appear to be more willing to, and effective in, transforming a given government assistance such as a grant into an integrated, multiservice, poverty alleviation program (rag-pickers project) than a government organization. In such cases the cost-effectiveness of the projects is always high. But a problem faced by the NGOs (as in the rag-pickers project) is that they work under financial constraints. Under these circumstances, there is, perhaps, a strong case for NGO-government cooperation in poverty alleviation programs so that each can complement the other.

8. The integrated multiservice projects seem to have better potential for developing a cost-effective delivery system. Where even one single service is provided (for example, credit), it could still be made more cost-effective if community members were involved in the identification of beneficiaries and administration of the delivery system (WWF). Even under the bureaucracy-managed programs like lacquerware, this objective can be achieved if there is better coordination between the agencies involved (such as KSHDC, the commercial banks, and Artisan Training Institute).
9. Project implementation can be monitored more effectively by the peer group (WWF) and by people's representatives (lacquerware) than by the bureaucracy.

10. When the assets created under the project bring a high rent income and generate capital gains, it is difficult to expect the beneficiaries to both use the asset and to retain it (sites and services). Some kind of legal restriction that applies more stringently against the transfer of the asset should be devised and enforced. Otherwise, benefits would reach the target groups at the start of the project and then fall into the hands of the better-off individuals after a lapse of time.

11. Providing benefits free of cost inevitably affects the life span of a project and, therefore, the project authorities will find it difficult to sustain and replicate the project (rag pickers). Where cost recovery is found to be very high (WWF and sites and services), project sustainability and its replication have also been high. The sustainability of some kinds of projects can also be ensured by having a continual stream of beneficiaries entering into and graduating from the scheme (TINP).

12. Linking the sale of the product through government channels to loan recovery (lacquerware) would be a more effective way of ensuring cost recovery and project sustainability. Such is the case when peer group pressure is used to encourage the beneficiaries to repay loans (WWF). Perhaps a more enduring way is to establish a conducive policy environment that would enable the authorities to enforce loan recovery and collect user charges, but this approach calls for political will and clout on the part of the government.
DECENTRALIZED PLANNING AND POVERTY ALLEVIATION: THE KARNATAKA (INDIA) EXPERIENCE

Abdul Aziz

Summary

Decentralized governance is believed by many to be an effective means of planning and implementing poverty alleviation programs. Insofar as it is undertaken at the grass roots level (in the village or village clusters) and by the people or their representatives, decentralized planning is likely to be more responsive to people's needs and more effective in managing programs, delivering benefits, and mobilizing resources. Planning for poverty alleviation carried out by decentralized governments is therefore expected to reap the advantages of decentralized planning. This chapter examines the Karnataka experience with decentralized planning for poverty alleviation in the above perspective.

The district and the village cluster governments (zilla parishad and mandal panchayats, respectively) were constituted in 1987 with elected people's representatives (including representation of weaker sections like women, SCs and STs, and backward classes through reservations). These local bodies are in charge of planning for poverty alleviation.

All three types of poverty alleviation strategies listed in Chapter 1—namely, promotion of labor intensive economic growth, broadening access to social services, and specific poverty alleviation projects—have been handled by the decentralized governments under study.

An analysis of the pattern of resource allocation among mandal panchayats shows that social and economic infrastructure, which is more employment than production oriented, has received high priority. The on-site employment opportunities generated, the strengthening of social services such as health and education, the provision of drinking water, and sanitary facilities have improved the living conditions of the poorer sections of the area.

The Union government's program for creating wage employment (Jawahar Rozgar Yojana, JRY), the self-employment supporting Integrated Rural Development Program (IRDP), and the central- and state-financed Special Component Plan exclusively for SCs and STs are managed by the mandal panchayats. From their own funds, the mandal panchayats also plan and implement the 18 percent scheme exclusively for the benefit of SCs and STs. In addition they handle specific projects such as those that provide bullocks and carts, lighting, irrigation wells, smokeless stoves, and the like, for poor households.

Projects for the socially depressed classes like SCs and STs suffer little leakage and misidentification because of the self-selection process that is implied in such programs. In JRY and IRDP, leakages have been kept to a minimum because beneficiaries are identified systematically in open village assembly meetings to which all the citizens are invited.

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Introduction

Over the years two approaches have been sequentially followed in India to alleviate poverty. First, the national approach of growth maximization, which was followed until the early 1970s, sought to allocate more and more resources to those sectors, regions, and sections of the community that were well-endowed and thus had higher productive potential than others. When this development strategy produced growth of the enclave type—that is, growth was only achieved in some areas—and when it caused regional, sectoral, and sectional disparities and did not reduce the incidence of poverty and unemployment, an alternative strategy was developed. That was the target group approach, which sought to provide direct succor to the poor. Under the target group approach, projects were designed and managed to either increase the poor man's ownership of physical assets such as land; or to raise the productivity of assets owned such as land and livestock; develop human resources through health care, training and education, improved living conditions through better housing, disease control, and family planning; or endow him with income yielding new assets through bank finance and government subsidy.

The target group approach to poverty alleviation, which sought to provide self- and wage-employment opportunities to the poorer sections, dominated the Indian scene during the late 1970s and the whole of the 1980s. A detailed study (Rao and Aziz 1990) of the relevance and impact of these projects on community asset formation and on income and employment generation at the household level of the poor pointed to the following gaps:

1. The schemes applied to poor households do not coincide with the skills available there or with the infrastructure in the villages.

2. Owing to the kind of power structure in the rural areas, beneficiaries have not been correctly identified, with the result that in many cases nonpoor households have obtained benefits under the antipoverty programs.

3. Benefits and assets have leaked out of the program because of corruption among the bureaucracy and local leaders. Furthermore, loans have had a low recovery rate, with the result that project sustainability has been poor.

This state of affairs is blamed in part on the fact that planning for poverty alleviation is primarily done by bureaucrats sitting at the center of power, remote from the people, and that neither people nor their representatives participate in designing and managing such projects.

Decentralized planning of poverty alleviation projects has recently emerged as an alternative to these other two strategies. Decentralized planning is said to have several advantages: it is more responsive to the needs and aspirations of the people; local problems are better understood and resolved by utilizing local resources; people, particularly the beneficiaries, are involved in the design of the projects and thus there is less likelihood of the mismatch problem; since the people are involved in implementation, beneficiaries are less likely to be misidentified; with better monitoring of the program, asset retention and loan recovery will be more satisfactory and hence sustainability of the project will be ensured; and most important, overhead costs will be kept to a minimum and thus the delivery system will be more cost-effective.

This chapter examines the effectiveness of decentralized planning as a strategy for alleviating poverty and illustrates at least some of the above propositions in the light of field information gathered from a study of the Karnataka case. Since the decentralized method of planning has been
in use for only a limited period and not much literature is available on the subject, the impact of such a plan strategy cannot be discussed in depth. Nevertheless, our field observations have given rise to some distinct impressions.

**Decentralized Planning: Concept and Logistics**

Many would agree that planning carried out below the state level could be treated as decentralized plan process, as against the macro planning carried out at the national and state levels. Below the state level, planning is done at district, block, and village cluster levels, although in some states either the block or the village cluster is skipped for operational reasons. The Working Group on District Planning, in its report submitted to the Planning Commission, noted that decentralized plan strategies arise from the need to supplement the national and state plans with a more detailed examination of the resources, problems, and potential of local areas, so that investment programs can be tailored to the particular needs of each of the lower spatial units (Working Group on District Planning 1984:22). From this broad definition, the following implications for decentralized plan formulation process may be drawn:

First, the methodology used in planning for the lower spatial units should consist of developing a mechanism that (a) identifies the local needs of the people, (b) ascertains the growth potential of the area on the basis of an assessment of the available local resources and budgetary allocations from the state, (c) draws up priorities for the programs and schemes, and (d) helps in formulating a strategy for maximizing the outcome.

Second, before the decentralized approach can be applied, authorities must set up decentralized data-collecting machinery, a decentralized political institution that can articulate people's needs and aspirations, and a decentralized administrative structure to formulate and implement the decentralized plans.

Third, since decentralized planning is seen as a subsystem of the multilevel plan process, local plans must be dovetailed with the plans at higher levels, so that integrated planning is promoted in the state economy.

**Decentralized Planning in Karnataka**

Although decentralized planning has been practiced in almost all the states of India, the case of Karnataka is looked upon as a unique and interesting one for the following reasons: Karnataka had a good start in decentralized planning, thanks to the keen interest of the government of Karnataka, which in the early 1970s created a Department of Planning manned largely by economists and supervised by the economic advisor to the government. To impart professionalism to the decentralized plan exercises, the university and college teachers who were specially trained for the purpose were associated with the district bureaucracy in the preparation of district plan documents. Although this arrangement has since been discontinued, subsequently qualified persons were drawn from different departments to fill the positions of district planning officers who provided professional input to the district plan exercises. Second, Karnataka has a good record with respect to political decentralization, manifested first in the village panchayat system and now in zilla parishad and mandal panchayats, which ensures an institutional arrangement for articulating people's needs and aspirations. It is this association of professionalism with plan formulation and of political decentralization which makes decentralized planning an appropriate alternative for poverty alleviation projects.
With the passing of the Karnataka Zilla Parishads, Taluk Panchayat Samithis, Mandal Panchayats and Nyaya Panchayats Act in July 1985, the earlier three-tier panchayat raj (PR) institutional structure was replaced by a system comprising zilla parishads, taluk panchayat samithis, and mandal panchayats. These institutions came into being following the elections of January 1987. The members of the zilla parishads and mandal panchayats are directly elected, as was the case with the erstwhile Taluk Development Board and the village panchayats. Of these members, 25 percent and 18 percent are elected from constituencies reserved respectively for women and for scheduled castes (SCs) and scheduled tribes (STs). The taluk panchayat samiti, like the earlier district development council, has ex-officio members and is only an advisory body. The zilla parishad has, in addition to elected members, nominated members consisting of the local MPs, MLAs, and MLCs with voting rights.

As the apex body of rural self-government, the zilla parishad (ZP) is expected to supervise, coordinate, and integrate development schemes at taluk and district levels and to prepare and implement the district development plan; promote measures for increasing agricultural production and strengthening animal husbandry; promote the welfare of Schedule Castes (SC) and Scheduled Tribes (ST); undertake the construction, repair and maintenance of district roads and buildings; manage hospitals and dispensaries; promote a land-propagating cooperative effort; foster general and social education; develop fisheries and animal husbandry; distribute essential commodities; and pursue the scheme of rural electrification. These functions are carried out under the supervision and control of the elected president, who enjoys the status of a minister of state, and the elected vice-president, who has the status of a deputy minister.

With the establishment of the new PR institutions, all the development departments and various development agencies of the district formerly involved in formulating and implementing the district plans, have been brought under the control of zilla parishads. The executive head of ZP is the district chief secretary—a senior Indian Administrative Service (IAS) officer, who is assisted by one or two deputy secretaries and four to five subject specialists in the field of planning, statistics, and accounts. The traditional regulatory functions are now performed by a separate district administrative head—the deputy commissioner—who is placed slightly below the position of the district chief secretary. Two important merits of this rearrangement are that it ensures an effective mechanism for identifying and articulating people's needs and aspirations, and it helps coordinate the efforts and resources of the various district development departments. Perhaps even more important, the district chief development officers and other functionaries are now accountable to the elected representative, namely, the president of the ZP, and not to their superiors at the state level, as was the case earlier. The block development officer, who is assisted by the extension officers, is the executive head of the panchayat samiti, and the secretary a nongazetted officer—is his counterpart at the mandal panchayat (MP).

Under the new legislation, the panchayat samiti is established at the taluk level, but it has only a supervisory, review, and coordinating role and not a planning one. It also does not have any direct implementation power and its members are not directly elected, but act in an ex-officio capacity, having been drawn from MPs and ZPs. The samiti is expected to advise MPs about the discharge of their functions, review their work from time to time, provide guidance, and coordinate their work where it relates to more than one mandal. The gram sabha, which constitutes the lowest rung on the ladder, is composed of all persons on the electoral rolls of ZP pertaining to the village. Its functions are to prepare and promote village development schemes, organize village sanitation and drainage schemes, mobilize voluntary labor and contributions in kind or cash for the community welfare programs, and assist the MP in implementing developmental schemes pertaining to the village concerned.
Owing to the nature and composition of the samiti and the gram sabha, these bodies are not given planning and implementation functions. Therefore, for all practical purposes, the planning unit below the district is the mandal-cluster of villages with a population of 10,000 to 15,000. Every 500 persons or less is represented by one elected member in the MP, with reservations in favor of women, backward classes, scheduled castes, and tribes. A pradhan and an upa pradhan are elected from these members to preside over the meeting of the MP. The functions assigned to MPs relate to sanitation and health, public works and amenities, agriculture and animal husbandry, welfare of scheduled castes and tribes and backward classes, the preparation of plans for the development of the Mandal areas, maintenance of records relating to the survey of village sites and public and private properties, and to organizing and mobilizing the village youth for constructive and productive purposes.

A major function of the PR institutions is to formulate and to implement district and mandal plans. Schemes and programs that fall under the jurisdiction of the state and the PR institutions are clearly distinguished. Two criteria are used for identifying the PR institution schemes and programs: they can be planned and implemented at the district and mandal levels, and they must benefit the people living in the district and the mandal concerned. Accordingly, these institutions are given responsibility to plan and implement schemes in sectors such as agriculture, horticulture, animal husbandry, cooperation, irrigation and groundwater resources, public health, education except university education, district and rural roads, small and cottage industries, welfare of SCs and STs, and so on.

The plan process actually starts when the State Planning Department indicates to ZPs and MPs the financial ceiling under which their annual plan should be formulated for the next year. As a first step in this process, the village assembly identifies programs for the development of the village and presents them to the MP. On the basis of this feedback, the latter formulates plans relating to local works such as water supply, sanitation, and rural communication and sends them onto the ZP. The ZP in turn prepares a district plan, including in it the MP plans, and sends it to the state department heads and state planning department. At the State Development Council chaired by the chief minister, to which the ZP presidents and state department heads are invited, the district plans are discussed and an effort is made to ensure that they are consistent with and integrated with the state schemes before they are finalized. The state departments consolidate the district plan schemes and build them into the various state sector programs. The resultant draft annual plan is sent to the national Planning Commission, which is the final authority that determines the state plan outlay for the year. Depending on what changes the Planning Commission makes in the state plan outlay, if any, the district plans and their outlay are changed accordingly. The above description of the district and mandal plan process indicates how the PR institutions are integrated into the state system of planning.

Poverty Alleviation Projects

The data on poverty alleviation projects in Karnataka presented in this section are drawn from a study carried out on planning in eight selected mandal panchayats of Bangalore Rural District (Aziz 1991). As already mentioned, the decentralized governments are charged with planning and implementing development programs in the various sectors such as agriculture, animal husbandry, public health, and education. Together, these programs are likely to promote overall development of the substate regions such as districts and mandals. By promoting sustained growth in subregions, such programs provide employment opportunities and thereby enable the poor to share in the benefits of growth. At the same time, the development of the subregions by itself
cannot alleviate poverty among the various sections of the community. These sections have different socioeconomic characteristics and, as a result, they differ in their access to the benefits of growth. Poverty alleviation projects must therefore be designed to fit the needs of the different groups among the poor. The decentralized governments have seen the merit of tailoring poverty alleviation programs to each of these poverty groups, defined on the basis of economic, social, and gender criteria. Some of these programs are designed by the union/state governments but are implemented by the decentralized governments. There are also some that are exclusively designed and implemented by the decentralized governments.

The poverty alleviation projects that were formerly designed by the union government and managed by the state government but now are managed by the decentralized governments are (a) the wage employment Jawahar Rozgar Yojana; (b) the self-employment Integrated Rural Development Program; (c) the sectoral programs that endow the poor with skills (training) and improve their living conditions by providing houses, lighting, smokeless stoves, and so on; and (d) the special component plan for SC and ST population. The 18 Percent Plan for SCs and STs, and the program of smokeless stoves are designed and managed exclusively by the decentralized governments.

**Jawahar Rozgar Yojana**

The Jawahar Rozgar Yojana scheme introduced in 1989 is sponsored by the government of India. Under this scheme, projects aimed at creating durable assets are taken up in the rural areas to generate wage employment opportunities for the rural poor. This scheme merged the National Rural Employment Program and the Rural Landless Employment Guarantee Program—both of which were meant to provide wage employment to the rural poor during the off-season. The cost of the project is shared by the central and the state governments in the ratio of 80:20. The funds are channeled to ZPs through the state and from there to MPs. The shares going to ZPs and MPs are 20 percent and 80 percent, respectively. Out of the total funds allocated, 10 percent goes to spillover works and 5 percent toward administrative expenses. The remaining funds are meant to be used for implementing new projects.

As for the MPs, they are expected to conform to the following norms while designing the projects and spending the funds: 35 percent of the total allocation goes to the creation of profitable assets such as shops and hotel buildings; 25 percent is for roads, culverts, and school and hospital buildings; 25 percent is for social forestry—for planting saplings and protecting them on roadsides, tank bunds, wastelands, and forestlands; and 15 percent is for residential houses and sites to be given to SC and ST households and for drainage in their colonies.

It is stipulated that the works should be carried out by the block development officer, with the assistance of two junior engineers, and that the wage and the material components should be in the ratio of 60:40. The daily wage rate for both the male and female workers is Rs 12.80, which includes the value of 1½ kilograms of rice (Rs 5.10) that is given to the worker. Each year, the secretary of the mandal panchayat prepares a list of willing workers who could be drawn upon for employment under the scheme, and this list is updated every year. It is stipulated that only the poorest among the poor should be drafted for employment and that of the total workers 50 percent should belong to SC and ST households and 30 percent should be women. The actual works to be carried out are decided on by the members of the mandal panchayat. Each

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2. Since April 1991, the wage rate has been revised upward to Rs 16.
mandal panchayat member is asked to identify the needs of the village or village cluster that he represents and the list of such works, which is usually very long, is placed before the mandal panchayat meeting for discussion and approval. Depending on the availability of funds, works are selected on a priority basis through consultation and negotiation. Those projects that could not be taken up because the funds were lacking, would be deferred to the future years.

The works taken up and completed by the mandal panchayats under study are given in Table 9-1. As the table shows, housing for SCs and STs, school and shop buildings, link roads, bridges, and culverts are the most popular projects under this program. Social forestry and irrigation are of low priority in the mandals under study.

Integrated Rural Development Program

The IRDP was first implemented in 1979 and is meant to assist rural households below the poverty line, which is defined as an annual income of less than Rs 3,500 at 1978-79 prices. The assistance consists of bank loan at 10 percent interest and a government subsidy that ranges from 25 to 50 percent of the assistance, depending on the social and occupational status of the beneficiary. The beneficiary is not given cash; he or she is given an asset equivalent to the value of the assistance. The "subsidy" part of the assistance is equally shared by the center and the states. This amount is channeled to the ZP, which in turn credits it to the service area banks in the district in the ratio of the number of beneficiaries to be assisted in each area. This program was earlier designed and managed by the District Rural Development Society—a government organ functioning under the supervision of the district chief executive. Since formation of the new panchayat raj system, it has been transferred to the mandal panchayats.

Following the allotment of resources under this head of account from the zilla parishad, the mandal panchayat distributes pamphlets informing people about council meetings (gram sabhas) in each village or group of villages to which all the eligible voters, government functionaries, and people’s representatives are invited. The government functionaries are the block development officer or the credit officer, bank manager, and the implementing sectoral department officers. The people’s representatives—such as the pradhan and the members of the mandal panchayat, ZP members, and local leaders—are also invited to the meeting. This meeting is held to consider the list of households identified as living below the poverty line. The list is prepared by the secretary of the mandal panchayat through a formal household survey. The required number of persons are then chosen from among these households for program assistance. Generally speaking, a good deal of discussion and debate takes place before a beneficiary is identified in the open meeting.

Once the beneficiaries are selected, they are asked to indicate the type of asset to be given to them. This decision reached by the village council meeting and is based on the background and skills of the beneficiary, and also on the availability of local infrastructure and market facilities.

Next, the Purchase Committee—consisting of the block veterinary officer, the block agriculture officer, the block development officer or the credit officer, the pradhan or secretary, and the beneficiary—visits marketplaces to purchase the asset. The asset is normally purchased with the full concurrence of the beneficiary. An effort is also made to avoid paying the seller an exorbitant and arbitrary price. The Purchase Committee normally avoids buying the asset in the local market; rather, it goes to a distant marketplace to ensure anonymity and to avoid corrupt practices. Each of the mandals under Bangalore Rural ZP is allotted forty-three units of assistance, of which 50 percent are stipulated be given to SC and ST households and 30 percent to women. The nature of the assets given to the beneficiaries is indicated in Table 9-2. It is evident that the animal husbandry units such as milch animals, sheep, and pigs are high on
Table 9.1 Works Undertaken by Mandal Panchayats under Jawahar Rozgar Yojana

<table>
<thead>
<tr>
<th>Name of the Mandal Panchayat</th>
<th>Nature of Work Taken Up and Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harohalli</td>
<td>Drainage, earthwork, shops, Nazeer Awas houses for SCs and STs, school buildings, and drainage</td>
</tr>
<tr>
<td>Honganur</td>
<td>Shops and hotels, drainage, school building repairs, construction of school building and Nazeer Awas houses for SCs and STs</td>
</tr>
<tr>
<td>Lakshmisagara</td>
<td>Nazeer Awas houses for SCs and STs, school buildings, drainage, link roads, culverts, and laying of streets in ST colony</td>
</tr>
<tr>
<td>Kanaswadi</td>
<td>School buildings, link roads, culverts and bridges, Nazeer Awas houses for SC and ST population, sanitation in their colonies and repair of irrigation tank</td>
</tr>
<tr>
<td>Yentaganahalli</td>
<td>Social forestry, school and office buildings, drainage, village sanitation, Nazeer Awas houses for SCs and STs</td>
</tr>
<tr>
<td>Kudur</td>
<td>Shop buildings, play ground preparation (repair), link roads, drainage, desilting of irrigation tanks</td>
</tr>
<tr>
<td>Nandagudi</td>
<td>Nazeer Awas houses for SC and ST households, Indira Awas for SCs and STs, school buildings, link complex, social forestry, and school buildings</td>
</tr>
<tr>
<td>Avathi</td>
<td>Village sanitation, link roads, school buildings, community center, drainage, culverts, Nazeer Awas houses for SCs and STs, shop buildings, residential quarters, and social forestry</td>
</tr>
</tbody>
</table>

the list, followed by petty business units and artisan-related assets.

*Special Component Plan*

The projects under this program are targeted exclusively for the benefit of SC and ST households. The central government and the state both allocate funds for these schemes. These funds are transferred to ZPs, which then formulate and implement the projects under this program.
Decentralized Planning and Poverty Alleviation: The Karnataka Case

Table 9.2 Assets (Projects) Provided under the Integrated Rural Development Program

<table>
<thead>
<tr>
<th>Name of the Mandal Panchayat</th>
<th>Asset (Project) Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harohalli</td>
<td>Sheep and milch animals</td>
</tr>
<tr>
<td>Honganur</td>
<td>Petty shops, milch animal piggery</td>
</tr>
<tr>
<td>Lakshmisagara</td>
<td>Milch animal</td>
</tr>
<tr>
<td>Kanaswadi</td>
<td>Milch animal, bullock cart, sheep piggery, sewing machine, carpentry and embroidery</td>
</tr>
<tr>
<td>Yentaganahalli</td>
<td>Milch animal, piggery, sheep, petty shop, cycle shop, teashop, and bullock cart</td>
</tr>
<tr>
<td>Kudur</td>
<td>Milch animal, petty shop, cycle shop, and looms</td>
</tr>
<tr>
<td>Nandagudi</td>
<td>Milch animals, bullock carts, sheep, silk charakha, petty shop, and cycle shop</td>
</tr>
<tr>
<td>Avathi</td>
<td>Milch animal and bullock carts</td>
</tr>
</tbody>
</table>

in consultation with the MPs.

The Special Component Plan is a sectoral plan in the sense that the various district sectoral departments design and implement projects that benefit the SC and ST population. The assistance available to them under this program consists of a free supply of agricultural implements; fertilizers; bullocks and carts; fruit and vegetable seedlings; soil conservation assistance; an allotment of sites and houses; a supply of milch animals, sheep, and pigs; a special subsidy on long-term loans for asset creation given by land development banks; individual and community wells; and sheds to be used for living and work.

In the mandals under study, the assistance given consists of community and individual borewells, improved agricultural implements, improved seeds, coconut and mango seedlings, sericulture seedlings, and sheds for cocoon rearing. The role of the MPs is limited to identifying the beneficiaries and recommending their cases to the sectoral department heads.

**Twenty Percent Scheme**

The Twenty Percent scheme is funded purely from the finances of mandal panchayats and is designed to improve the living conditions of the SC and ST population. This scheme is so named because, out of the total resources of the MP, 20 percent is set aside to promote the well-being of the SC and ST population, which incidentally accounts for about 20 percent of the total
Table 9.3 Assistance Given under the 20 Percent Scheme

<table>
<thead>
<tr>
<th>Name of the Mandal Panchayat</th>
<th>Assistance Given</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harohalli</td>
<td>Free lighting, low cost housing, lavatories, drainage and uniforms for school children.</td>
</tr>
<tr>
<td>Honganur</td>
<td>Free lighting and drainage in Harijan Colony</td>
</tr>
<tr>
<td>Lakshmisagara</td>
<td>Free lighting and community building (a portion of the cost was covered by the mandal panchayat)</td>
</tr>
<tr>
<td>Kanaswadi</td>
<td>Mandal jyothi, houses, astra stove, drainage and iron plows</td>
</tr>
<tr>
<td>Yentaganahalli</td>
<td>Astra stove, mandal jyothi, compensation for accidentally burned houses, sites and houses, sarees and dhotis</td>
</tr>
<tr>
<td>Kudur</td>
<td>Street lights, tiles and beams, drainage, agricultural inputs such as seeds and fertilizers, and repair of a drinking-water well platform</td>
</tr>
<tr>
<td>Nandagudi</td>
<td>Mandal jyothi, tiles and beams, and sanitation</td>
</tr>
<tr>
<td>Avathi</td>
<td>Astra stoves, mandal jyothi, tiles and beams, drums on cultural and religious occasions, and house sites</td>
</tr>
</tbody>
</table>

population of the mandals. There is what is called a Mandal Yyothi scheme, under which free electric lighting is provided and the mandal panchayat meets the servicing charges for fixing the light points while the beneficiary meets the recurring electricity charges. Second, there is a low-cost housing scheme under which the beneficiaries who own their own sites can build houses and get the cost reimbursed from the mandal panchayat. Otherwise, the mandal panchayat meets the cost of drainage in the SC/ST colony, the cost of uniforms for school children, and so on. Table 9-3 indicates the assistance given to SCs and STs under this scheme in different mandal panchayats. Free lighting, sites and houses, tiles and beams to enable the beneficiaries to build houses, and astra stoves (that is, smokeless stoves) are the most popular kinds of assistance in the mandals under study.
Other Programs

The local governments also implement other schemes that benefit the rural poor in general. Thus under the Neg-Ilu Bhagya scheme, the poor farmer is given free-of-cost equipment such as iron plows, digging equipment, fertilizers, and the like. Under the 100-Wells scheme, the small and the marginal farmers are given financial assistance for the digging of irrigation wells. Under another scheme, smokeless stoves are given to all categories of poor people free of cost. In this case, although the beneficiary bears the cost of bricks, labor charges, and other material, the mandal panchayat meets the cost of the cement stove and a smoke outlet pipe.

There are also special development programs for women. In these cases, women are given training in tailoring, mushroom cultivation, basketmaking, ropemaking, seed preservation, and poultry and animal management. The trained women are sponsored under the Differential Interest Rate (DIR) scheme or IRDP for assistance in purchasing the required asset. Quite a large number of women have been trained under this scheme in the Honganur mandal panchayat, where the Pradhan is a woman.

Some Observations

The first point to note about the poverty alleviation programs is that some are sponsored by the government of India and some are generated by the zilla parishads and mandal panchayats themselves. In these programs the ZPs and MPs are given broad guidelines as to what types of projects are to be designed and managed for the benefit of the poor. These bodies take into account the local needs, and the people's aspirations are articulated by their representatives, although theoretically it is the people themselves in the annual village council (gram sabha) meetings who should identify their needs and aspirations. The usual procedure is as follows. The mandal panchayat issues notices and pamphlets about the biannual gram sabha meeting indicating the date, time, and venue of the meeting. Apart from the voters, the MP functionaries and people's representatives, the bank and the block development officers (if it is the IRDP) will be present. The development programs for the village or the cluster of villages concerned and the beneficiaries will be identified during this open meeting.

The consolidated list of projects and beneficiaries is discussed in the MP meeting. Normally, the number of projects suggested by the people and the names of beneficiaries identified, in the first instance, is very large. Hence a process of sifting and choosing also takes place. This task is not easy because by now the members of the MP would have committed themselves to some projects and some beneficiaries. There are always complaints of favoritism and of some villages and some beneficiaries being neglected. In such cases a compromise is usually reached giving some projects to each village in the current year and deferring others to a future date, and fixing the quota of beneficiaries to each of the members. Whether or not the projects selected and allotted to villages, and the beneficiaries identified and assisted through this process conform to the norms expected is a moot point. Nevertheless, this appears to be the only satisfactory way of articulating people's needs and aspirations, as the whole exercise takes place within the framework of a political process.

A related question that arises concerns the appropriateness of the priority structure devised by the decentralized governments. Some critics argue that the local governments have given priority to building social and economic infrastructure such as roads and buildings rather than to the production-oriented projects and that such projects and the amount spent on them is overwhelmingly large. Some also point out that since more money goes into these kinds of
projects than in the production-oriented ones, the people’s representatives have an opportunity to make some money from them and to patronize their friends, relatives, and supporters by offering work contracts.

To be fair to the local governments, however, it may be that the people’s representatives favor infrastructure projects because they first want to build the required human and physical capital before a concerted effort is put into building the productive capacities of the production-oriented sectors. It can also be argued that the local pressures may be such that the decentralized governments are, perhaps, forced to provide the people with social and economic infrastructure on a priority basis. Also, it can be seen that in the spending guidelines of specific programs such as Jawahar Rozgar Yojana, projects relating to social and economic infrastructure take the largest share. Hence, it is difficult to conclude that the design of poverty alleviation projects evolved by the decentralized governments is guided solely by the desire of the people’s representatives to make money. Whatever the intention behind the priorities that have evolved, the decentralized governments seem to have provided help to the rural poor by ensuring wage and self-employment projects and also by providing other amenities to make their lives more comfortable.

As for the management of poverty alleviation projects, conceptually, management is a process of translating the program plan into action. Ideally, this process should extend the benefits to the poor in the most cost-effective manner possible. If that is the guiding principle, then the function of the implementation process should be to achieve interdepartmental coordination; avoid mismatching the scheme and the skills of the beneficiaries; avoid misidentifying target groups and misallocating resources; and monitor progress in a way that ensures the asset is retained and not misused and the loan is repaid, so that the poverty alleviation project is sustained.

Implementation is conducted by a series of district departments. Therefore, if implementation is to be effective, there should be some degree of coordination among them. Before the new panchayat raj system was developed in the state, there was little coordination across different district development departments, primarily because each of them was directly under the state heads of departments. In the new system, all the district development departments are under the jurisdiction of the ZP. As a result, the district heads of departments are now answerable to the ZP chief secretary and the ZP president. This arrangement has provided a mechanism for coordinating the activities of the various district development departments. Whenever there is an interdepartmental coordination problem, it is resolved in the monthly meetings held under the auspices of the ZP.

Earlier, the beneficiaries to be assisted under the IRDP were identified under the supervision of the District Rural Development Society. The list of households below the poverty line, identified by the block functionaries and subsequently scrutinized and approved by the gram sabha, formed a data bank from which the beneficiaries would be chosen. In some cases, beneficiaries who were not identified by means of the household survey, were still recommended by the BDO and the bank managers or sponsored by the District Industries Center, especially for industry, service, and business projects. Obviously, the block development functionaries played an important role in beneficiary identification in the earlier system. The general complaint at that time was that the block functionaries, not being in touch with the masses, tended to choose beneficiaries who were either friends and relatives of, or those sponsored by, the village landlords or local MLA. Hence, there was scope for misidentification under that system.

Although the block and bank functionaries still figure in the identification process in the new system, the MP members (people’s representatives) play by far the dominant role. Since there is a member representing almost every village, he will press to get assistance to at least one individual from his village; and in all probability, the beneficiary selected would belong to a poor
household. Because the identification process is carried out in the open village assembly in the presence of voters and other members of the MP, he certainly would not like to take chances when recommending a case for assistance. In other programs such as Jawahar Rozgar Yojana, the Special Component Plan, and the Twenty Percent scheme, it is true that beneficiary identification is done in the MP meetings and not in the open village council meeting. But, here also, the fear of criticism from the opposition party and of losing face in the village community, in case they deviated from the norms, would force the people's representatives to be fair to the extent possible.

Notwithstanding these practices, some still complain that MP members show favoritism to their friends, relatives, and supporters. However, the aggrieved persons today live under the hope and assurance that they will soon have a turn at obtaining assistance. Moreover, today there is a fair chance for all villages to get the projects they merit, in contrast to the earlier arrangement, when it was the benevolence of the local MLAs that brought projects to the villages. There was always a chance that some villages would be left out. Also, it appears that the poor are able to obtain assistance the village community is able to obtain services much faster now. Today the IRDP beneficiaries get their loans and subsidies much faster because of the pressure exerted by the MP members. Similarly, replacement of village street lightbulbs, repairs to drinking water handpumps, and other works are carried out more promptly and people's needs are met without delay. A case in point is the water scarcity following the collapse of the village drinking well in Avathi and the submergence of the pump and motor. The villagers "gheraaoed" (surrounded the MP members) and demanded immediate action. The ZP chief secretary, upon receipt of information at the district headquarters, immediately had a borewell sunk in the village. We were told that such a miracle would not have happened under the earlier system, for few people would have gone to taluk, much less to district headquarters, to press their case.

Normally, beneficiaries tend to misuse the assistance by diverting funds for purposes other than the one prescribed. To discourage such activity, assistance is normally given in kind. Even in such cases, some beneficiaries misuse the assistance by selling the assets. Under the earlier system, the distance factor and lack of personal contact between the beneficiary and the government machinery (usually at the district and taluk levels) made it easier for the beneficiary to get away with this. But under the new system, the beneficiary lives in close proximity to the mandal functionaries and the people's representatives are kept posted about the goings-on in the village. Any move by the beneficiary to sell the asset would easily be detected. On such occasions, beneficiaries have been issued a warning and in some cases police reports have been filed. One beneficiary in Kudur MP is reported to have sold the asset (bullocks and cart) and purchased a television set from the proceeds. The mandal members who got wind of this swung into action immediately and helped the bank manager recover the entire loan that he had made. The fear of detection, especially by the MP members who helped the beneficiaries obtain assistance, is an important deterrent now. Besides, mandals have devised a procedure that makes it difficult to dispose of the asset, as can be illustrated by an episode involving the smokeless stove project. It was found that beneficiaries would either sell the smoke outlet pipe that is provided along with the stove or use it as a water outlet in their paddy fields. To ensure that the asset is not misused, some mandals give the smokeless stove only to those who have just completed constructing a house, and even in these cases the mandal is responsible for fixing the stove and the pipe. The beneficiary would be expected to bear the labor charges and cost of bricks and sand, and the mandal would provide cement and other materials.

In the matter of loan recovery, too, the new system provides some degree of support to bank employees who go around to collect dues from the recipients of loans. More often than not,
MP members accompany the bank recovery officers—a phenomenon unknown under the earlier arrangement—and put pressure on the loanees to pay what is due. Unfortunately, it was found during our field trips that the loan waiver fever had spread to the village, and it had become more difficult for both the bank officers and the MP members to recover dues. The general impression among the public today is that loans from government and semigovernment organizations are not meant to be repaid at all. Although there are always a few cases of conscientious beneficiaries repaying loans, under the new mood, project sustainability through the recycling of funds has become very doubtful.

Nevertheless, the Karnataka experience points to several benefits of using decentralized planning as an instrument of poverty alleviation. In general, a decentralized system pays close attention to people’s needs and aspirations. In Karnataka, these needs tended to be related to the economic and social infrastructure (notably, roads, school and hospital buildings, rural water supply and sanitation) and housing for the SC and ST population. The community assets created in the process by and large meet the basic needs of the poor. Furthermore, the wage employment opportunities generated through the community asset building benefit the poor directly. Therefore, it appears that decentralized planning, generates projects that potentially benefit the poor more than the better-off sectors. Furthermore, the poverty alleviation projects are found to be managed better under decentralized governance than under central bureaucracies. There is also less risk of misidentifying the beneficiary and of the latter misusing the assistance. In addition, the prospects for retaining assets and recovering loans appear to have improved, although there is scope for further improvement. All in all, decentralized planning and local participation could be an effective instrument for alleviating poverty.
SURVIVAL STRATEGIES OF POOR HOUSEHOLDS: A COMPARISON OF KARNATAKA AND TAMIL NADU WITH EXPERIENCE FROM ASIA, LATIN AMERICA, AND AFRICA

Abdul Aziz and Michael Bamberger

Summary

In their effort to improve their lot, the poor adopt several survival strategies. A knowledge of these strategies will help policymakers formulate policies to further improve the survival effort of the poor, frame a comprehensive strategy for poverty alleviation acceptable to the poor, and understand the contexts in which specific strategies are adopted by the poor.

This chapter presents a brief account of the survival strategies of the poor, taken from field experience in Latin America, Africa, South East Asia, and India.

Oscar Lewis refers to a "culture of poverty" among poor households whereby they provide informal credit services and even share food, clothes, furniture, and other items. In Cuidad Guyana, Venezuela, such mutual assistance also includes house-building and maintenance, and water supply. Such economic reciprocities operate among both kin and nonkin households, although they tend to be stronger among the former. Among black households in midwestern North American cities, such mutual assistance tended to be confined to households that had the ability to reciprocate (to give as well as receive assistance).

Marshall Sahlins refers to a "continuum of exchange" or reciprocity and mentions several patterns of reciprocity. In some cases, goods are given free, with no expectation of their return. In others, they are given with no precondition for their return. These are called "generalized reciprocities." When exchange takes place in such a way that each party aims to maximize its gain, it is called "balanced reciprocity." If exchanges are conducted without social or moral considerations, they are called "negative reciprocities."

Larissa Lomnitz found in a shanty town outside Mexico City that people in dire circumstances pooled their resources and provided mutual assistance. She explains these reciprocities with reference to four dimensions of distance, namely, social, economic, psychological, and physical distance and concludes that "the less the distance between households, the greater the chances of reciprocity."

Dani Kaufmann observed a special kind of reciprocity among Salvadoran households called contractarianism. In this case, families with no steady income or not enough for their basic needs agree to cooperate with each other. So there will be constant "givers" and "receivers" among them. Some prudent "givers" may transfer resources even when they themselves are short of them, hoping to get them back in times of greater need. In some cases, the "givers" and "receivers" constantly change places as their fortunes change.
A special form of reciprocity in the Philippines is called Utang na loob, meaning debt of gratitude. The receipt of assistance creates a "social debt," which remains an obligation of the receiving family until it is repaid—sometimes even one or two generations later. If they are not reciprocated, the receiver will suffer higa or shame. Malasakit (or charity) is another form of aid given to indigent persons and therefore need not be returned.

Female-headed households, because they lack a steady income, have limited numbers of wage earners, and lack access to formal credit markets, tend to rely particularly heavily on informal support networks. Assistance and reciprocity involves the exchange of money, food, and clothing, and frequently the transfer of children to households with a higher income or with better access to schools or places of employment.

In India, the survival strategies identified from case studies in Karnataka and Tamil Nadu are of special interest. Examples of these strategies in the market context, at the individual level include casual workers who prefer piecework in order to maximize earnings; poor household workers who desire payment in kind to counter the effects of inflation; and poor workers like maid servants who prefer regular, though low-paid, work. Examples of strategies at the household level are during drought or distress, even women and children offer to work for wages to supplement the low income of the male-earner and migrate to big cities in search of jobs.

Informal networks in the nonmarket context are those built by relatives and friends, neighbors, former employers, political workers, and voluntary agencies. These informal networks are of great importance in underdeveloped countries where governments with limited resources are unable to provide even the minimum level of social welfare to the poor.

Introduction

In his Nobel lecture, T. W. Schultz (1980:37) observed: "Poor people are no less concerned about improving their lot and that of their children than those of us who have incomparably greater advantages. Nor are poor people any less competent in obtaining the maximum benefit from their limited resources."

If the poor are capable of managing their poverty problem, a question that arises is, What are their survival strategies? Understanding the survival strategies of the poor is extremely important to policymaking on three counts. First, it provides feedback to the policymaker who wishes to formulate and orient his policies toward augmenting the capabilities of the poor to survive the way they do. Second, it provides a framework for building a comprehensive strategy of poverty alleviation—a strategy that draws from the experience of the poor themselves, which is most likely to find acceptance among them. Such feedback to policymaking is extremely important and timely, because many poverty alleviation programs implemented so far have not been all that fruitful. Third, it also provides us with the contexts in which the poor seek to follow specific strategies; and these contexts would provide clues to the root causes of poverty—an understanding of which would be a boon to policymaking.

Much of what has been written about poverty talks about the "vicious circle of poverty". It is argued that the poor are incapable of generating their own financial resources to build an income-yielding asset (physical capital), in view of their low income levels. What is more, even with a given level of capital, they cannot generate adequate incomes because of the presence of surplus-extracting individuals or institutions under whom the poor are obliged to work. Therefore, it was thought that any strategy for alleviating poverty ought to help the poor build their own assets to come out from under these forms of exploitation.
Although such a perception about the genesis and alleviation of poverty appears to have some merit, it also misses certain other points that become clear from the experience in the field. Thus, it may be logical to treat poverty among agricultural laborers, tenants, small cultivators, and urban petty traders and hawkers as the product of their low resource-endowment, on the one hand, and the exploitative mechanics of the market, on the other. But poverty and extreme destitution are also found to be the result of noneconomic factors such as death or sickness of the family breadwinner, his involvement in legal cases, imprisonment, addiction to liquor and gambling, exposure to political and communal violence and such other factors that cause households to slide down the poverty line. Here, poverty does not necessarily emerge as the product of a lack of capital or presence of a surplus-extracting system. There are circumstances that cause even those households endowed with a sufficient amount of resources to become poor. Therefore, the mere provision of capital and market regulation in such cases will not always alleviate poverty. The strategy then will have to be different and also specific to each set of cases in point. On the question of what these strategies should be, the answer is that we should understand the strategies evolved by the poor themselves under different circumstances and try to build on these strategies to make them more effective.

This chapter presents a brief account of the survival strategies of the poor drawn from field experience. It opens with a review of the experience of countries in Latin America, Africa, and Southeast Asia and then considers the Indian context to complete the picture. The chapter concludes with a discussion of the implications of these experiences for the formulation and implementation of poverty alleviation policies and programs.

### The Experience of Latin America, Africa, and Asia

**Mutual Assistance**

The importance of social networks for the survival of their individual households has been a topic of interest in the ethnographic literature on the urban poor since the 1950s. Oscar Lewis’s pioneering studies of poor city-dwelling families in Mexico City, Puerto Rico, and New York’s ghettos in the 1950s and 1960s focused on the “culture of poverty” in many underdeveloped areas. In describing the characteristics of this phenomenon, he noted that groups of poor households regularly provided informal credit services for each other’s support. Clothes, food, and furniture in the domestic domain were shared by families acting in collective interest. Lewis noted that the social, economic, and affective ties between kin- and nonkin-based households in urban barrios were extremely meaningful. In the absence of formal support from financial institutions and in the face of irregular remuneration from cycles of employment and unemployment, the extended family or fictive kin ties between households provided insurance for individual households that their basic needs would be met. In his opinion, recourse to relatives for economic, social, and emotional support reduced the risks that households would be subject to dissolution born of poverty, lack of work, and the tensions inhering in these economic crises (Lewis 1965, 1968).

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1. This section draws heavily on *Survival Strategies and Support Networks: An Anthropological Perspective* by Scott Parris (1984). Parris was the anthropologist on the study of survival strategies of low-income households in Cartagena, Colombia, to which frequent reference will be made.
A host of other scholars, while not accepting the notion of a "culture of poverty" as an explanatory device for the socioeconomic characteristics Lewis reported, also documented the occurrence of the network support system in a wide variety of settings. Lisa Peattie (1969) analyzed forms of intensive social cooperation in an urbanizing barrio in Ciudad Guyana, Venezuela. She showed that mutual assistance was not restricted to the domains discussed by Lewis, but embraced tasks in house-building and maintenance, supplying the barrio with water and constructing other infrastructure. Carol Stack (1976) described similar patterns of intense mutual aid among poor black households in North American cities of the Midwest. In both cases, however, households that were unable to sustain expectations for giving and receiving aid such that all parties benefited, were cut off from, or failed to develop, reciprocity networks.

Reciprocity Relationships

About the same time that Oscar Lewis was detailing social, economic, and affective exchange relationships, Marshall Sahlins published a theoretical essay accounting for exchange relationships in general (1968). Sahlins believed that patterns of transfers between households or larger social groups could be expressed along a continuum of exchange, or reciprocity. At one extreme of the continuum, commodities transferred to receiving units are given as donations, with no expectation of return. Such givers are providing the transfers as expressions of altruism. Moving along the continuum away from altruism, some "givers" transfer resources to others with no specifications or schedule for return.

Resources are given with the understanding that if and when they can be repaid in some form, they will be reciprocated. Such exchanges exemplified "generalized reciprocity," typified by the resources parents give children. In exchange for raising them, parents expect their children to help them at a future time.

Moving further along the continuum, exchanges between social units reach a point where each party aims to maximize its own gain or utility from the transaction. Such "market-oriented" exchanges are examples of "balanced reciprocity." Beyond the point of balanced reciprocity, exchanges are no longer limited by social or even moral considerations. Parties attempt to extract commodities or goods from each other by force. These exchanges can be considered instances of "negative reciprocity."

Sahlins's account of patterns of reciprocity influenced a generation of social scientists, who attempted to apply and refine the continuum in particular ethnographic and socioeconomic contexts. Looking primarily at social relationships in Mexican communities, Eric Wolf (1965) agreed that many relations of kinship and friendship, and patron-client tie, could be understood by examining the kinds of reciprocities among them. He believed that economic ties between kin, especially genealogically "close" family members, were reinforced by cultural sanctions binding relatives to help each other on a moral basis. Economic exchanges between nonkin of similar socioeconomic status, especially friends or fictive kin (compadres), were not endowed with the same moral emphasis as those found between blood relations. However useful the ties were between economically cooperating friends and compadres, they were apt to be subject to economic and social pressures not felt to the same degree by kin, and thus more likely to break apart. If or when these nonkin households determined they would be better off economically, socially, or affectively without their exchange partners, they severed ties with them.

A similar pattern occurred with patrons and clients. By virtue of their different hierarchical status, both groups sought to receive and provide services of value to the other. Each group
assessed the value of the services rendered to the other over time, and either strengthened, continued, weakened, or broke off the ties between them.

One of Wolf's followers, Larissa Lomnitz (1977), studied patterns of reciprocity among kin, compadres, and neighbors in the shanty town called Cerrada del Condor outside Mexico City. Like Oscar Lewis, she found that economic necessity prompted many Mexican households to turn to each other for economic and social assistance. Low remuneration from work, which itself was fluctuating owing to high rates of unemployment and underemployment in the formal and informal sectors of the Mexican economy, caused many members of Cerrada del Condor social networks, especially those based on kinship ties, to pool their resources to keep all households involved afloat. The mutual aid provided in cash, goods, services, and emotional support buttressed individual households whose incomes regularly fell short of meeting their basic needs. The primary motivation in this support system was thus to reduce the risk of indigence or household dissolution due to lack of resources. As Lomnitz (1977: 190) puts it,

"These social networks are structures which maximize an important commodity, namely security. . . . Whenever the physical or social survival of a group is threatened, people mobilize their social resources for whatever economic value they may afford. The Spanish saying "Hoy por ti, manana por mi" (your turn today, my turn tomorrow) summarizes the principle of reciprocal exchange in a situation of balanced scarcity assumed to persist indefinitely for both persons."

In accounting for the presence of reciprocity relationships among Cerrada del Condor households, Lomnitz indicated that four dimensions of distance or closeness could help explain whether regular exchanges would take place. These four dimensions are formal social distance, economic distance, psychological distance or confianza (that is, mutual trust), and physical distance. Taken together, the less the "distances are" between households, the greater the chances that the households are cooperating in reciprocal fashion.

Low-income households that are economically "close" in levels of income are more likely to enter into exchange relationships than those of significantly different earning patterns, given the former's need to find partners to help tide them over in difficult periods. Lomnitz notes, as Wolf had previously, that pressures to redistribute income and remain socially and emotionally close can and do become wearing on the households involved. If the households involved are not bound by true kinship, the ties are likely to be subject to suspicion that each is not doing enough to support the other, that is, that the households are concerned more about their own welfare than that of their exchange partners. These affectively loaded relationships, involving drinking partnerships between male household heads, often cannot sustain the initial pattern of intense male spending and subsequently dissipate or dissolve.

Linked to these first two "distance" features is psychological closeness or confianza. This mutual trust must be present to some degree between households, or they will not risk trading resources with each other. Confianza, however, is also subject to strengthening or weakening, depending on the behavior of the exchangers. Finally, Lomnitz suggests that the greater the spatial nearness between households, the more likely they are to reciprocate with each other than with those who are physically distant. As such, neighbors are more likely to engage in some kind of transfer relationships than are people who do not live near each other or in the same barrio.

Lomnitz also found that socioeconomic and affective ties between parents and children and between siblings are often stronger than those between husbands and wives (legally married or not), and other affines (ties based or traced through marriage). While marriages may last for
decades, kin ties last forever, even if these are subject to lapses in frequent or intense social contact. Both because of the closeness of many sibling ties from childhood onward, and because of the patterns of divorce, Cerrada del Condor women are liable to rely on their brothers (and hence, the rest of the extended family) more over time than they do on their husbands for long-term economic and social assistance. Spouses do not have identical relationships with other conjugal pairs in their social networks: men appear to emphasize the importance of ties to their cuates (closest friends, drinking partners, and the like), while women emphasize ties to their own extended family and to female helpmates living near them. The upshot of these differential patterns is that reciprocity networks are subject to change over time, as men and women’s investments of time, money, and support to them changes.

Inspired in part by the redistributive theory of social justice (Rawls 1973), by the findings of Lomnitz (1977), and by World Bank studies on transfer activities among Salvadoran households (Kaufmann and Lindauer 1980), Dani Kaufmann (1982) has expounded a theory on a particular form of reciprocity he terms "contractarianism." In Sahlin’s continuum of reciprocal exchange, Kaufmann’s contractarianism would come between generalized reciprocity and balanced reciprocity.

As Kaufmann sees it, households engage in contractarianism as a strategy to reduce the risk that any participating household will fail to have its basic needs met at any particular point in time. They devise an implicit insurance system against having the income of member households fall below a certain threshold. He does not specify any necessary basis for households to enter into "contractarian" relationships, although it is apparent that segments or the whole of an extended family are likely to compose this form of reciprocity network. Contractarian households, in effect, provide a safety net for each other. In the absence of a secure, steady income from formal sector sources, contractarian units recognize that their fluctuating sources of income, usually from the informal sector sale of homemade goods, resale of other goods, simple household enterprises, or sale of services, are not apt to provide for all their needs or those of their networks over time. As a result, they agree to cooperate to see each other through difficult times. When one or more households have a surplus of resources, they in effect promise to transfer a portion of these to households in their network experiencing shortfalls at that time. These latter households may have helped them through their own financial shortfalls earlier. In return, the latter households will send resources back to the "givers" when their incomes permit or when the "givers" need such resources to secure household necessities.

Put another way, Kaufmann sees poor households acting as constant "givers" and "receivers" of resources among members of their networks. His theory is general enough to include identifiably different types or subtypes of contractarianism. Some households, for example, might serve as constant "givers" to members of their network who are in the position of constant "receivers." The givers in this subtype acquire enough resources to provide for their own household’s needs and part of the needs of others. The givers acknowledge, however, that their incomes might not always cover their needs; thus they are giving to the "receivers" as an investment with the expectation that the receivers will, if able, return transfers to them. In this subtype, contractarian exchange is a kind of generalized reciprocity.

In other instances, "givers" and "receivers" will be constantly changing places. Households giving resources to another in one month may require resources the next and may receive transfers from the "original" receivers. The periods of giving and receiving may last for considerably longer periods of time, however. This subtype of contractarianism appears to embrace the concept in its truest or fullest form, following the Spanish proverb "hoy por ti, manana por mi."
In still other instances, households may give and receive transfers within the same period of time. So frequent are the incoming and outgoing exchanges that the households may be termed transfer "users" (see also Bamberger and Parris 1984:v). Households in this subtype seek to reallocate resources among the network to even out income among the constituent households, and they may be termed practitioners of "balanced contractarianism." This form of reciprocity resembles a redistributive policy among the households in the network.

While Kaufman himself does not identify these subtypes of contractarianism explicitly, he does note that different kinds of social networks will have their own perceptions regarding when and how it is appropriate for them to help, or receive help from, each other. These different perceptions will be related to the networks' demographic composition (numbers of persons in the households, numbers of households with female heads, and so on), their employment and income patterns, and other characteristics such as confianza. Depending on these factors and others such as frequency of visiting, residential closeness, and extent of the day-to-day knowledge of what the others need or want, households will be in a more or less good position to "earmark" transfers for particular uses.

In a sociological study of low-income urban households in the Alagoas District of Salvador, Brazil, William Norris (1977) brought additional ethnographic dimensions to the contributions made by Sahlins, Wolf, and Lomnitz although some of his conclusions differed from theirs. Norris's investigation also confirms that Kaufmann's treatment of contractarianism can be found "on the ground" in various forms among households comprising reciprocity networks. The same was found in social support networks in the Southeast Zone of Cartagena (Bamberger and Parris 1984).

Norris observed that different forms of the reciprocity Sahlins described were in fact in operation in the Alagoas. Some households, among the poorest in the area, are constant, long-term recipients of transfers from other family members, neighbors, or friends. Many of these households were headed by women. As Norris puts it, transfers tended to flow consistently from the less poor to the more poor, often over long periods of time. In the terminology employed above, networks evinced generalized reciprocity.

This pattern does not mean, however, that no form of contractarianism exists among Alagoas households. Reciprocal exchanges occur within segments of household networks, that is, between men or women and transfer partners of the same sex. Patrons and clients, moreover, exchange services of value to each, even if the transactions reflect the differential status between the two groups. The clients in Alagoas are usually women, linked to both female and male patrons. Somewhat contrary to Wolf's and Lomnitz's findings, Norris found that conjugal ties and ties between friends appeared to be more enduring in the Brazilian case than in the Mexican ones. Absent fathers continued to support their estranged children, at least in economic terms; although poorer people in Norris's sample had fewer stable marital-type relationships than better-off Alagoans, this result was as much the product of the death of male partners as it was of the abandonment of women.

Norris documented the extent to which husbands and wives shared their network ties (thereby creating "zones of inclusive density") or pursued these on their own (and thereby generating independent sector zones), and analyzed how these zones of density and independent sectors were shaped by the male- and female-headed households' mode of participation in Salvador's economy. Stratifying the results by income (roughly above, at, or below $40 per month), he proposed the seven types of household-network linkages given in Box 10.1.
As Norris observed, the upper-strata households most closely resemble the traditional working-class pattern found in both developed and developing countries, where a man's steady work and his (and his wife's) predominant kinship and political ties largely determine network activity. In the middle strata, two breadwinners are usually necessary to keep households afloat, again using primarily kinship and this time religious-based ties as links to a network. The bottom strata point to a pattern observed by Lewis, Stack, Rainwater, and numerous other anthropologists and sociologists working with low-income Afro-American and Ibero-American urban communities: Female-headed households, however successful in engaging with others to share resources, still suffer economically by comparison with male-headed households. The worst-off households are those headed by women without the ties to generate reciprocal exchanges with other units.

While Norris does not document how widespread the general "downward" pattern of transfers is from better-off to less-well-off households, his work demonstrates how diverse household network strategies are among the lower strata of urban populations, and how valuable contacts with networks are in themselves and as vehicles for economic, social, and affective security.

Other Forms of Reciprocity and Assistance: utang na loob and malasakit

A different form of reciprocity reported from the Philippines is utang na loob, or debt of gratitude. As Reforma and Obusan (1981) describe it, such social indebtedness occurs when a household receives assistance in the form of goods or services from another linked to it by kinship or by some other form of close social relationship. The recipient is compelled by utang na loob (literally, "a debt inside oneself") to return the assistance or favor with interest, to be sure of not being in the original donor's permanent debt.
As noted above, repaying *utang na loob* can take years. In one case described by Reforma and Obusan, a young man who was taken into the home of his aunt and who received care and educational support while he was studying, many years later sought to raise money himself and from other relatives for a surgical operation his aunt needed. Even though the woman involved had children of her own who were willing to help pay for the operation, the nephew would feel culturally-sanctioned *hiya* or shame if he did not use this opportunity to reciprocate his aunt's help to him.

*Utang na loob* may also be incurred among households not related by kinship. In another instance recounted by Reforma and Obusan, a lawyer helped a couple obtain a residential lot. Years earlier, the wife's father had assisted the lawyer financially in his own educational career. When the father died at a relatively early age, the lawyer went so far as to transfer the *utang na loob* to the man's children, providing both monetary assistance and aid in the form of services.

*Malasakit* in the Philippines resembles the concepts of altruism or charity found in other parts of the world. Donors give malasakit to members of their family or nonkin because of the latter's less fortunate socioeconomic circumstances. Recipients of *malasakit* (literally, "commiseration") are not expected to make restitution to the givers.

In a case of *malasakit* among kin-linked households described by Reforma and Obusan (1981), an extended family regularly provides assistance to one of its member households. The latter household is composed of a marginally employed man, his chronically ill wife, and their children. The wife has always been the "baby" of her family of orientation; though married, her parents and siblings continue to provide her with regular financial aid and services because they recognize that her husband cannot by himself generate all the income needed to support the family. Incapable of returning even small financial favors to his wife's family, the husband suffers *hiya* and avoids his in-laws. As in many other social situations, including those found in developed countries, the acceptance of *malasakit* on a continual basis can foster both dependence and a sense of shame in the receiving household.

**Gender Issues in Social Network Analysis**

A growing number of writers have emphasized the importance of social networks for female-headed households and for women in general. Because women frequently have less access to formal labor-market, political, and financial networks, they frequently rely more on informal networks. Clarke (1993) in her review of household economic strategies and support networks in Kenya, documents the extensive social and economic functions of informal social networks for women (Box 10.2).

A Colombian scholar, Nohra Segura de Camacho, emphasizes the economic struggles that proletarianization and rapid urbanization bring to poor households, whose members must launch daily efforts to provide the resources to reproduce themselves socially. Such households thus turn to others, especially to those linked to them by kinship, to generate the income needed to sustain them collectively. Shared poverty, however, still makes the family unit open to instability:

In general, the low levels of remuneration, the instability of employment, the conditions of work and life associated with poverty oblige (poor urban) sectors to develop economic survival strategies, through, for example, the greater participation of members of the [extended] family in the generation of income; [such] economic precariousness demands a degree of solidarity and confluence of efforts greater than that of other social sectors,
in that (the former) depend upon each one of (their members) as a generation of income with the aim of maintaining the family group, but at the same time these very conditions of poverty act (in such a way as to) make the stability and the internal cohesion of the family groups more vulnerable. (Segura de Camacho 1982:88)

Segura de Camacho argues that women bear the brunt of keeping their own households together as a unit. In her view, both men and children place less priority on their household’s stability than do women. While some of men’s socioeconomic priorities are aimed at productive purposes such as economic support of the extended family, other priorities take the form of extrafamilial personal consumption, such as drinking or gambling. In situations like these, especially where male household heads fail to generate the income need to sustain the household, male control of the domestic domain tends to dissipate. As a result, women often take over the role of household head to keep the unit intact (Segura de Camacho 1982: 87–88).

Other Latin and North American feminists also see women as the principal motivations of interhousehold cooperation for mutual economic sustenance. Citing a host of case studies from all over Latin America, particularly Mexico and Brazil, Marianne Schmink asserts that extra-domestic exchange patterns observed empirically among networks of poor households throughout the continent serve primarily to substitute for goods and services that higher-sector households can afford to purchase outright. Women are the predominant sources of such reciprocity (Schmink 1982:17). There is significant evidence that over time women are obliged to assume greater responsibility for their household’s support owing to the absence of steady male providers (Sandrunii 1982:83). It is in these cases that female-headed households may cooperate economically in the forms observed or reported by Stack (1974), Schmink (1982), and Segura de Camacho (1982).

Interhousehold Transfer of Persons

The above discussion has emphasized forms of transfer of cash, goods, and services through interhousehold networks, but people may also be "transferred" through these networks. Some scholars believe, moreover, that households themselves can be considered the product of antecedent distributions of persons, goods, and services in social networks traced back over time. In other words, households are shifting coalitions providing vital functions for groups of people dispersed in different dwellings, all of whom recognize some form of social and economic responsibility toward the rest of the coalition (Peattie 1981; Nelson 1978).

The reasons for transferring persons temporarily or permanently to different households in social networks have been accounted for in various ways. In one study from El Salvador, children were frequently moved from one household to another both to ensure their proper care by persons able to look after them and to free parents or guardians to pursue remunerative work (Nieves 1979). In Kenya, Nici Nelson has theorized that children are often sent to live with relatives in rural areas so that the children’s mothers might be permitted to work with fewer responsibilities of child care (1978). Bamberger and Parris (1984:40–42) also observed that a redistributive mechanism appeared to be at work among at least some networks in the South East Zone (SEZ) of Cartagena with respect to child care. Household heads or co-heads “adopting” additional children into their homes frequently stated that the children would have suffered neglect if allowed to continue living in their former domiciles. These households did so even though they were raising or had raised children of their own. Those adopted children, however, were a potential source of added domestic labor for the receiving household, as well as representing
BOX 10.2  The Social and Economic Functions of Informal Social Networks for Women in Kenya

- Women beer brewers in Mathare Valley are largely cut off from relatives and rely heavily on networks to provide police protection and child care, to assist in the acquisition of raw material and production, to mobilize credit, and to attract customers (Nelson 1979).

- Women who run a business together sometimes pool their resources to form a household composed of nonkin work mates (Obbo 1980).

- In Mathare Valley in Nairobi, some of the women who head households send their children to live with their maternal grandparents, both to provide help for the grandparents and to ensure that the children have a safe place to grow up. This also frees the mothers from child-care responsibilities so that they can remit more money to the village (Nelson 1978).

- The tradition among many Kenyan tribes is to place children in the families of relatives or tribesmen during times of economic stress.

*Source: Clarke (1993).*

potential wage earners for that household's benefit in the future.

Yet children are not the only persons to come into or leave SEZ households. Some units took in working-age "strangers" because the latter needed a place to live in exchange for performing tasks or earning income for the household. Other households "sent out" members, primarily to work (and thus remit income) and less often to study. On balance, however, persons residing temporarily in SEZ households generated less income for the host households than did members leaving SEZ households for areas with greater employment and income-generating opportunities.

Two trends, in short, appear to be at work in the transfer of persons in and out of SEZ networks. People, especially children, are on the one hand brought into households able to care for them, if not to prepare them for engaging eventually in productive work. There does then seem to be a strong sense of community solidarity in looking after children's welfare. On the other hand, being a zone of few lucrative income-generating enterprises, significant numbers of members of SEZ households leave the area to seek jobs elsewhere. Many go to Venezuela or other parts of Colombia such as Barranquilla, where employment opportunities appear to be better paying than in Cartagena (Bamberger and Parris 1984).

Estimating the Magnitude and Determinants of Network Transfers

Some studies from Asia, Africa, and Latin America have attempted to estimate the magnitude of interhousehold transfers and their quantitative significance for recipient (particularly low-income) households. It is clear from these studies that interhousehold transfers make a
significant contribution to the income of poor households in countries in all regions. For example, in Tanzania (1955) 20 percent of annual cash needs of rural areas in southern Tanzania were covered by cash brought by returning migrants; in Kenya (1974) the poorest 20 percent of families received 41 percent of their income in the form of transfers; in India (1976) remittances represented on average 6.5 percent of the income of rural areas; and in Cartagena, Colombia (1980), 50 percent of the lowest third of households received transfers that represented on average 41 percent of their household income.

The studies are based either on existing national survey data or on specially conducted surveys focusing on particular communities or regions.

Many of the national surveys contain data on income and expenditure patterns of individual households so that statistical analysis can be used to examine relationships between household characteristics such as income, number of breadwinners, number of school-age children, sex of household head, and other such details and the magnitude of transfers given and received. An example of this approach is Cox and Jimenez's (1989) analysis of the Peru Living Standards Survey. After using multivariate analysis to assess the magnitude and determinants of transfers, they then compare the effectiveness of private transfers and government programs as ways of providing security for vulnerable groups such as the old, young children, and the sick. Knowles and Anker’s (1981) study is another example of the use of national survey data. Other studies use more aggregated data, which only permit an estimate of the total amount of transfers between particular regions (or between urban and rural areas).

Most specially designed surveys focus on one particular community or subregion and collect data at one point in time on household social and economic characteristics and on the magnitude, sources and destination, determinants, and utilization of transfers. One of the most comprehensive studies of this kind was conducted in the South East Zone (SEZ) of Cartagena, Colombia. The study was conducted at a time when a large squatter upgrading project was being initiated and its goal was to describe in detail the characteristics and determinants of inter-household transfers and to assess how these transfers might be affected by, and might affect, the implementation of the housing project. The project, which involved upgrading roads, drainage, and water supply in a series of low-income communities required families to invest considerable sums of money (some of which could be obtained through loans from the project) to upgrade their houses.

Approximately 35 percent of all households in the Zona Sur reported having received a monetary transfer during the month prior to the survey. When transfers in-kind are included, almost one-half of the households received some type of transfer. For the lowest income quintile, transfers represented 51.6 percent of total household income for female-headed households and 40.3 percent for male-headed households; and for the second lowest quintile, 32.2 percent and 18.9 percent, respectively.

The Indian Experience

Indian society is the product of a well-knit social and kin-relation organic body with a long and enduring tradition of supporting all social strata. Like other societies, it has developed informal support systems for the survival of the poor. Although there is no special reason to expect India's support systems to be drastically different from those identified in the above paragraphs, it is our intention here to look for some unique cases, if any. As part of this exercise, at the end of the chapter we present some brief case studies of selected households from
Karnataka and Tamil Nadu and draw from them some broad inferences on the nature of the support systems there.  

The area chosen for fieldwork is the slums in Madras City and Bangalore City, and a village in Karnataka. A brief questionnaire especially prepared for the purpose was conducted among the selected households representing the following categories: (1) migrant, (2) female-headed, (3) destitute and old, and (4) normal poor households. Although some quantitative data were collected from the respondents, we felt that it would not be meaningful to carry out rigorous statistical analysis of these data considering the small number of respondents covered. Our research effort was primarily directed at identifying and illustrating the survival strategies of the poor households rather than statistically verifying the tendencies implied in the behavior pattern of these households vis-à-vis poverty.

The case studies presented in the appendix to this chapter point to two broad levels at which the poor would adopt survival strategies: one at the individual level and the other at the household level. Further, at each of these levels the strategies evolved by the poor were deployed both in the market and the nonmarket contexts with a view to augmenting (a) earnings and (b) capacity for earning more. We may now illustrate these strategies by drawing on the evidence provided by the cases presented.

Individual strategies have been defined as those that are employed by the poor in their individual capacity within the constraints imposed by the socioeconomic setting. Given that these constraints cannot be released by the individual poor persons, they nevertheless adopt a course of action that they think will make the best out of the prevailing circumstances. Thus a poor casual worker like Krishna (case 11) may prefer to and insist upon working on a piece-rate basis instead of a time-rate basis and, with intensified effort, he may seek to maximize his earnings. The poor household workers may also like to get in-kind payments at least in part to beat the continually rising prices and falling real incomes. This is more common among women who work as maid-servants. Also, to judge by the preference shown by Jaya (case 9), who wished to work as a maid servant with even lower wages than as a casual worker with higher wages, the poor seem to be interested in maximizing the annual rather than the daily wages. Work throughout the year, the associated nonmonetary benefits like food and used clothes, and the moral support of the employer get into the utility index of the female-headed household worker and induce her to prefer the regular low-paid household work to the uncertain high wage casual work.

Household strategies also evolved within the constraints imposed by the socioeconomic conditions. One important strategy is to vary—albeit increase—the work participation rates of the members of the family, especially of women and children. During times of stress, drought conditions, and emergencies, women and children enter into the labor market as wage earners with a view to supplementing family income. The cases in point are Raju's wife and daughters (case 1), Mary (case 4) and Elisa (case 10), who, when the main breadwinner's wages were found to be inadequate, decided to take up work. Of course, in this process, the burden of earning additional income for the family will undoubtedly fall more severely on females than on males! But the Indian social system seems to work that way, particularly among people belonging to the lower strata. Further, when the going becomes difficult in the birthplace, large numbers of the poor migrate to cities, where more work opportunities are available. This was the strategy followed by many of our respondents. They migrated from rural to metropolitan cities, even

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2. We are grateful to Charles Nelson and Devendra Babu for their research assistance in the preparation of this part of the chapter.
though this meant living in an alien and unhealthy environment like the slums, where work is available, however.

**Survival Strategies in the Nonmarket Context**

The poor also function in a system outside the market context and try to develop survival strategies for the conditions there. This system comprises of a series of informal networks that have come to the rescue of the poor. These networks can be classified into four categories on the basis of the nature of social relations the poor have developed. The network most frequently used for help is, of course, the one built up by relatives and friends. Next in importance is the neighborhood network. The third is that made up of former employers and acquaintances. And the last one, which seems to be gaining ground in Indian Society, is made up of the political workers and the voluntary agencies dedicated to the cause of the poor, disabled, and destitute.

Help received from friends and relatives is in the form of interest-free loans and outright nonreturnable monetary contributions (cases 7, 10, and 11), and clothes on festival occasions (case 4). Sending children to relatives who would assume full responsibility for bringing them up (case 1) is a strategy that the network of friends and relatives has encouraged. Apart from lightening the burden of bearing the expenses of feeding children, this course of action on the part of the poor ensures better care for their children. Coming to neighbors, they contribute cash, interest-free loans, and free transport during emergencies (case 12), and look after the baby when the mother is at work (case 9). The former employers, as in the case of Shobha and Palani, not only extend financial help but also give moral support.

A network that has emerged recently and is as important as that of friends and relatives is the one built by the local politicians and the charitable institutions. Their role in Indian society is likely to expand with the breaking up of the extended families, and the fast-growing rural to urban migration—both of which are causing physical and mental distance to widen among friends and relatives. The fact that the state is now doling out benefits of all conceivable kinds opens up possibilities for the local politicians and social workers to informally link the poor with such benefits, which may not be intended for them anyway. Venkat, on the recommendation of a local councilor, getting free food from a school that runs the midday meal scheme for the school children, is an example. Such a help goes a long way in sustaining the life of the destitute persons. Charitable institutions such as the Sai Baba Service Society that provide succor to the flood-hit poor households (case 9) is an example of what sort of help the nongovernment organizations could render to the poor.

It is rather difficult to estimate the extent of help in cash and in kind that flows from the informal networks to the poor. However, from what we have observed during our field visits it is evident that the help emanating from this source has lightened the burden of the poor and has even given them an opportunity to live better and, at times, to live with the hope for a good future.

**Implications for Policies and Programs**

The findings reported above can have important implications for poverty alleviation at both the policy and project levels. A major concern at the policy level is to find the most efficient and equitable way to provide special security for vulnerable groups such as the aged, young children, homeless women, the unemployed, and the sick. The main policy instrument is redistribution through taxation. A tax may be imposed on workers, consumers, or property
Survival Strategies of Poor Households

owners to generate resources, which are then paid out in the form of pensions, unemployment benefits, subsidies for children, or the provision of free or subsidized health services. As Cox and Jimenez (1989) have pointed out, substantial private transfers are already being used for precisely this purpose when children provide for their aged parents or when grandparents help cover the education and health costs of their grandchildren, or when neighbors assist each other in times of need. It is important therefore for planners and policymakers to assess the interactions between private and public transfers. If private transfers decline when the state assumes responsibility for the protection of vulnerable groups, the net redistributive effect of public transfers would be significantly reduced. In some extreme cases, the net impact of public transfers could be negative (if, for example, the taxes collected by the state are used less efficiently than the money that would have been used through private transfers.

The following are some of the policy questions to be investigated:

- Are there any services (health, education expenses, provision for the sick, nutritional supplements for undernourished children) that are more efficiently provided through private rather than public transfers?
- Are there any groups (ethnic minorities, difficult to identify vulnerable groups, female household heads) that are reached more effectively through private transfers?
- What are the net effects (after the impacts on private transfers are taken into consideration) of public transfers on the provision of different services and accessibility to different groups?
- How can public transfers be used most effectively to leverage rather than reduce private transfers?
- Are there any specific areas in the unorganized labor market that require state intervention?

At the project level it is important to assess the volume of private transfer resources that can be mobilized in support of different kinds of projects. It is also necessary to evaluate the impact of these transfers on the consumption of basic needs. Several questions need to be considered here as well:

- How can estimates be made of the likely volume and distribution of private transfers that will be generated by different kinds of projects?
- How can transfers be leveraged so as to mobilize private investment resources for social or physical infrastructure projects such as housing and the construction and operation of schools, clinics, and minor irrigation projects?
- What are the impacts of these transfers on the consumption of basic necessities such as food, clothing, and medicine?
- How effective are social networks in identifying vulnerable groups and in ensuring that these groups maintain a minimum standard of living?
Are there any services that could be more effectively managed by social networks than through public services?

How could social networks be integrated into the planning and management of different kinds of social security and social welfare programs?

It is apparent that any attempt to systematically work with and through social networks would encounter a wide range of methodological, political, administrative, and even ethical questions; and that any proposal to do so should be studied and monitored very carefully. However, the fact remains that the resources available to governments in most developing countries are far too inadequate to guarantee even a minimum level of social welfare to the poor and vulnerable. Consequently, any possible way of mobilizing private transfers to complement public resources merits serious consideration.

Case Studies of Survival Strategies in Karnataka and Tamil Nadu

Case 1

Raju ran away from his home in Pondicherry at the age of twelve and came down to Madras. He worked in a small hotel and subsequently switched over to a better job. He settled down in a slum, acquired a small plot, and built a house on it for his dwelling.

Raju got married at the age of twenty-seven and now has four children—two daughters and two sons. He has not been keeping well for the past eleven years and cannot go out to work. As a result, the burden of running the family has fallen on his wife and the daughters. The oldest daughter earns Rs 60 per month by tailoring and the other one, aged sixteen, is earning Rs 12 per day working as a casual laborer in a foundry. The sons are studying in school.

Because they are poor, one of the sons has been sent to Poongavapuram where he is looked after well by Raju’s relatives. That has given some relief to the family.

Case 2

Mali, a poor scheduled-caste girl, was married at the age of sixteen to Raghu, a vegetable vendor. Both the husband and wife would go to the city market early in the morning to purchase vegetables and retail them in a push cart along the streets of the residential area in Madras. A baby girl was born in the house and the husband and wife were happy.

One day Raghu went to the vegetable market alone and never returned for he had met with an accident and died. His wife borrowed money (Rs 200) from others at an interest rate of 10 percent a month in order to have him cremated.

Now, Mali and her daughter are staying in the slum. Mali continues to be in the vegetable vending business and earns Rs 15 a day. Her daughter is working as a maid-servant in a house and earning Rs 50 a month. The big worry for the mother is to get her daughter, who has already grown up to be a young woman of twenty-four, married.

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3. At the time of the study the exchange rate was Rp. 25 to the dollar.
Case 3

Venkat migrated to Madras from Dindivanam during his childhood and settled down in a slum in Madras. Before he reached the age of twenty, his father arranged for him to be married to a particular girl, but owing to some problem the marriage did not take place. Venkat remained a bachelor all his life.

As a young man, Venkat picked up skills as a mason and led a comfortable life. Having saved some money, he built a house for himself in the slum.

One day, when he was arranging bamboo poles on the roof of the thatched house, a bamboo pole suddenly slipped and injured his eyes. He was rushed to the general hospital, where an operation was performed, but unfortunately, he lost his eyesight. Now, at the age of sixty and without his eyesight, he cannot do any work and therefore cannot earn a living.

The councillor of the area in which Venkat is staying has arranged for an old-age pension from the government. He is getting a pension of Rs 50 per month and also Rs 20 as rent from a small hut that he had acquired many years ago. He also gets food from a school that runs a midday meal scheme for its children. The teacher, out of compassion and on the recommendation of the councillor, parcels out some food for the old man. Because he is not in a position to collect the food personally, his neighbors fetch it every day on his behalf. He keeps part of the food brought from the midday meal center for his supper. He thus lives on in this way.

Case 4

Gopu, a young man of scheduled caste, migrated to Madras from a village near Dindivanam during his twenties and settled down in a slum in Madras. He had lost his parents and came to Madras in search of work as a casual laborer. He purchased a bullock cart and a pair of bullocks and subsequently got married to a Christian girl, Mary, who lived in the same slum. The Gopus have four children.

Hiring out the bullock cart, he would earn Rs 25 daily—part of which was spent on maintaining the bullocks. With four children to be fed at home, this earning was found to be quite inadequate. Hence, Mary decided to work. She now works as a head load carrier and earns Rs 8 per day. But this work is seasonal and hence she remains without work during most of the year.

Since Mary married outside her community and to a member of the scheduled caste, her relatives did not want to have anything to do with her. However, one of her cousins who is relatively better off and broad-minded, gives clothes to her and her children during Christmas and other festivals. A Catholic priest to whom she explained her condition is supporting her son in school. This help has lightened the burden of the family a little.

Case 5

Shobha, aged about thirty-four, lives in a North Madras slum. She got married to a person from the same slum seventeen years ago. Although she had four children by this marriage, her married life is miserable because her husband is a habitual drunkard and gambler. To make matters worse, he also has a bad heart. Being a good-for-nothing fellow, he would daily pick a quarrel with Shobha and pester her for money. Not being able to get monetary help from her husband, she set up a small petty shop in the residential house. She cooks snacks, particularly idli, and sells it to the residents in the slum. She discovered that the unsold idli could be served.
as lunch to herself and her children and she could even make a small profit, which was usually
snatched away by her husband for his personal expenses.

The oldest child—a daughter—is studying in IX standard and has been awarded a
scholarship that covers her educational expenses. Her second and third children—boys—are
studying in school. Their educational expenses must be met. The fourth child—a boy—is
mentally retarded; he needs a great deal of attention. On top of everything, the husband, without
Sobha’s knowledge, borrowed money from a shopkeeper by mortgaging the house. There is now
pressure on her either to repay the loan or to vacate the house. When she confronted her husband
with this piece of information, he absconded.

When Sobha approached some relatively better-off persons in the area for financial help,
they wanted to take advantage of her helpless position. Some even suggested that before the
money was given, she should send her daughter to serve as a maid-servant in their house. She
was suspicious about this proposal and approached a lady doctor for whom she had worked as
a maid-servant before she got married. The doctor is a kind woman and is helping her financially
and also giving her moral support. Although the mortgage on the house causes her great anxiety,
she is managing the day-to-day subsistence problem with her Idli business. She is even setting
apart some money daily so that someday she can re-lease the house from the clutches of the
moneylending shopkeeper. She is living with this hope.

Case 6

Krishna, aged about twenty-five, and his family have been living on a footpath in
Bangalore City. His wife, aged about seventeen, and his brother, aged about twenty, constitute
the other members of his family. He migrated to the city from a village in Malur taluk five years
ago. He worked on the family landholding for about two years. They used to get four bags of
ragi (a local millet) from the land during normal, and barely one bag of ragi under partial
rainfall. As a result, he was forced to work as an agricultural laborer to supplement the family
earnings from the land. Since the entire taluk is dependent on monsoons, which are not regular,
agriculture had become uncertain. Added to this, wage employment, too, had become uncertain
because of inadequate rainfall. He was, therefore, forced to migrate to Bangalore in search of
work. Since he does not own a house and cannot afford to take a rented house, the family is
living on the footpath. They take refuge in a nearby bus shelter when it rains.

Both the brothers go out to work. They dig the foundations of residential buildings on
a piece-rate basis. The time rate earned per day of work is Rs 20 per head. If they worked on
a piece rate, they earn an average income of Rs 40 to 45 per day per person. Hence they prefer,
and at times insist upon, working on the piece-rate basis. They save part of the earnings and
remit this to the village where their old parents live. It is, perhaps, this commitment to the well-
being of the parents that has compelled them to live on the footpath.

Case 7

Chenna was one of five brothers born and brought up in a village near Gulbarga. His
parents owned 3 acres of dry land. Income from the land was quite inadequate for a family of
seven. He worked as a watchman in the canal irrigation department for about three years where
he earned a monthly income of Rs 150. When his services were terminated, he found living in
the village too difficult. Since his uncles and other relatives were living in Bangalore, he boldly
decided to migrate to Bangalore City along with his wife, leaving behind his parents and brothers.
When the couple came down to Bangalore City and settled down at Vasanthnagar slum, they were physically sturdy and fit for hard work. So both of them worked at breaking stone. About four years earlier, they were struck by a flood. Their hut was washed away and they lost all their belongings. The city corporation officials shifted them to another place at Lingarajapuram. The Bangalore Development Authority provided them with a site, five poles, and some asbestos sheets. No sooner had they built a new house and settled down there, than the family faced a new problem. His wife lost one of her hands when a stone accidentally fell on it. In the course of time, Chenna got a sprain in his shoulders and on his back. Although he was operated on, he was left disabled. His brother paid for the treatment which cost about Rs 5,000. He got the money by selling some land. In addition, Chenna pawned his wife's sarees and some vessels for Rs 150, which he also used for his medical expenses. Then, when his father-in-law died, he had to borrow Rs 800 from a local friend to perform the funeral ceremonies. Now that both husband and wife are disabled, life has become miserable. Consequently, the woman has turned to begging as a means of living.

Case 8

Palani, aged fifty-six years, came to Bangalore from Ooty on the request of his ex-employer who owns race horses. He came to look after horses, with his wife and they left behind his three daughters and a son. He lived in a house near Vasanthanagar slum. He led a happy life on a salary of Rs 500 per month. In 1987, he suffered a paralytic stroke. In the beginning his employer gave him Rs 500 for treatment. But he did not recover from the stroke. He has become permanently disabled.

Also in 1987 the entire slum was flooded with water after heavy rains. The dwellers lost their belongings and their huts. After some time, people living in the slum were shifted to Lingarajapuram by the City Corporation officials. The Bangalore Development Authority formed a new layout for the benefit of the flood-affected poor and the City Corporation provided asbestos sheets and bamboo poles to construct huts. Being one of the beneficiaries of this program, Palani constructed a small hut, and at present he is staying there.

Having been completely paralyzed, Palani is unable to support himself. His children visit him once a year but do not support him financially. Now he depends entirely on the earnings of his wife, who works as a casual laborer. Her earnings are supplemented by a monthly rent of Rs 30, which he earns by renting a portion of his house to a teashop owner. The tenant gives him a free cup of tea every morning. Friends and relatives give used shirts, lungis, and sarees. The daughter of his former employer who visited him recently gave him Rs 100, which cheered him up.

Case 9

Jaya is a poor scheduled-caste woman who came to Bangalore from Gudiyatam in Tamil Nadu five years ago, along with her husband, in search of work. Her mother was working as an Aaya in Bangalore City. First, both of them stayed in a slum close to Cantonment railway station. The husband worked as a casual laborer and earned Rs 10 per day. One day her husband came home drunk. Her troubles began that day because afterward he spent most of the money he earned on liquor and gave little to the wife to run the house.
One day, he went out for work and never returned. She has been searching for him for the past four years. She is staying in a hut in the slum along with her four-year-old daughter. As a daily wage worker, she was earning Rs 7 to Rs 10, which was barely enough for her and her daughter’s subsistence. Unfortunately, her hut was washed away in the flood of 1987. Having lost her hut, she temporarily settled down on the Cantonment railway station platform. During this time, the Sai Baba service Society supplied her food for a week and gave her a saree and a blanket. She went out to work every morning and did not return to the railway station until the evening. She used to cook for herself only in the evening in the open space. After some days she returned to her old slum and put up a hut with the assistance of the Sai Baba Service Society, in the form of poles and thatches. The neighborhood hut dwellers helped her for about six months by looking after her baby when she went out for work. After that, an old lady looked after the child.

Now, she works as a housemaid. Although her monthly salary is Rs 125, which is far less than what she would get as a casual worker, she says there is an advantage in this. There is work throughout the year and she eats her meal in the employer’s house and also brings food for her child. Old clothes such as sarees for herself and used dresses for her daughter are also given to her by the lady of the house where she works.

Case 10

Ramu, who is about forty years old, married a Christian girl—Elisa—in the Frazer town slum of Bangalore City some twenty years back. Even though he is a Hindu, their married life went on very smoothly. He would go to the temple and she would go to church. They have five children—two of whom are studying in schools.

Ramu works as a casual worker and earns Rs 20 to Rs 25 daily. But of late he has been drinking (alcohol). As a result, the amount of money he provide to maintain the family has been reduced. Hence Elisa felt that she should also work for survival. With the Rs 50 that she had saved, she started fruit vending. She goes to the city market and buys fruit and sells it in the slum area. On an average, she earns Rs 10 a day from this source, which keeps the hearth warm.

One day, when she was cooking food, a fire broke out accidentally and she was burned. She was rushed to the hospital and luckily she recovered from the burns. Her friends and relatives helped her with Rs 500 for her treatment; otherwise, there was no other way of meeting this unexpected expenditure.

With her small earnings, she is surviving with her husband and children. Sometimes, her children may not get anything to eat. On such occasions, neighbors take pity on the children and feed them.

Her ambition in life is to give all of her children a good education, so that they do not go the way of their father.

Case 11

Rama, aged about forty-seven, has been living with his wife in his native village of Gottigere near Bangalore. They have no children. He has two brothers, one at Bannerghatta looking after a petty shop and another in the same village working as a truck driver. Rama has no land and his main occupation is agricultural labor. His subsidiary occupation is rearing cows and buffalo. Earlier his wife also worked as a casual laborer.
While working in the field, one day Rama accidently slipped and suffered a dislocation and fracture. This necessitated two operations—one on the thigh and another on the waist. Now he cannot walk properly and has become a physically handicapped person. Since his brothers are living separately and are also poor, they were unable to offer him any support. However, help came from other quarters.

His cousin, who is a professor of ophthalmology and is residing in the same village, helped him in many ways. He covered Rama's medical expenses, amounting to Rs 500. His friend who is an agriculturist from the same village gave him a loan of Rs 200 to buy food and clothing. On account of the influence of his cousin, he obtained a loan of Rs 5,000 from Vijaya Bank, Bannerghatta, under the program of credit for the physically handicapped to take up business. With this loan he built up a good business and was able to repay the entire loan and interest to the bank. Besides, he had pawned some household articles for Rs 500 and earrings for Rs 800 to meet the medical expenses. His cousin also got him a monthly pension of Rs 50 from the government, which is generally offered to the physically handicapped.

Case 12

Giri, aged about sixty, has been living in Gottigere village since 1966. He is married and has two children—a boy of about eight and a girl of seven. Both children are studying in the local primary school.

Giri migrated to this village from a village in Hosur taluk of Tamil Nadu. There, he lived on income from cultivating government land and working as a casual agricultural laborer. During the 1966 drought, he was unable to find work in the vicinity of his village and the land yielded no crop. Life was so miserable that he was forced to migrate to a place where work was available. Thus, he landed in a coconut garden near Gottigere, where he is residing at present.

After a few years at Gottigere, his wife died from smallpox. Later he married another woman, who also died three years later owing to a prenatal problem. When his second wife fell ill, his financial problems did not permit him to take her to hospital in time to save her. However, on his request, one of the villagers helped him with a loan of Rs 200. An autorickshaw owner provided free transport for the woman to go up to the government hospital in Bangalore City. In spite of all this effort, she died. The villagers contributed Rs 200 toward the funeral expenses.

Giri's two children are studying in the local primary school. Unable to meet their school expenses, he considered withdrawing them from school at one point. However, when the school came forward with an offer of free uniforms and textbooks, he allowed them to continue their education.

He lives in a small old deserted Math on the outskirts of the village. It has no doors and one of the walls is badly cracked.

He is physically weak and thus unable to take up hard work. For the past four years he has been engaged in retailing coriander leaves in the Bangalore city market, which brings in about Rs 12 per day. But since coriander leaves are not available on a regular basis, he faces workless days occasionally. Before the death of his second wife, she too was working as a laborer and supplementing the family income. Now, with the wife gone, he has no one to help him. However, during emergencies he gets support in cash and in kind from his fellow villagers.
Part 4

GUIDELINES FOR THE SELECTION, DESIGN, IMPLEMENTATION, AND SUSTAINABILITY OF POVERTY ALLEVIATION PROGRAMS
Guidelines for the Selection, Design, Implementation, and Sustainability of Poverty Alleviation Programs

Editors' Note

Parts 1, 2, and 3 have demonstrated the unique characteristics of poverty alleviation programs and have argued that the conventional project cycle needs to be able to respond to these characteristics. Part IV proposes operational guidelines to ensure that the selection, design, implementation, and operation of poverty alleviation programs take into account the characteristics of the target population and the economic, social, and political environment in which the poor live and work.

It is argued that if poverty alleviation projects are designed according to conventional project cycle procedures, they will not benefit large sections of the target population, stand a greater risk of being poorly implemented, and will be difficult to sustain.

The design and management of poverty alleviation projects implies some additional costs in terms of staff time, information requirements, and preparation time. Poverty projects will frequently be smaller than conventional investment projects, and this, too, will increase the supervision costs per dollar loaned. In many cases, however, some of these costs can be absorbed by NGOs or community organizations themselves.

An additional investment is required to reorient government bureaucrats (and private officials for projects such as credit) and to create a government culture that is responsive to the needs of the poor. This will frequently involve training, modifications to organizational structures, and intensive cooperative efforts on small pilot projects. It may also require the creation of new coordinating mechanisms to ensure effective liaison between participating public and private sector agencies, and between the government and beneficiaries.

The use of appropriate design and implementation strategies is, however, likely to produce significant benefits to offset the costs. First, the project benefits are much more likely to reach the intended target groups. Even a modest 5 to 10 percent increase in the proportion of project benefits reaching the intended target groups may more than offset the additional start-up and supervision costs. Second, the quality of project design and implementation will frequently improve when the expertise and organizational capacity of beneficiaries is utilized. Third, there may be additional cost savings (to the government or donor) if communities contribute their labor (which they are much more likely to do if they have been involved in the project design). Fourth, the likelihood that a project will be sustained is greatly increased if beneficiaries are actively involved in project operations and maintenance. The life of irrigation projects and social infrastructure are two examples in which the increased project life due to community involvement in maintenance can more than offset the more intensive project design and supervision required.

Benefits are also likely to accrue from the investments in training and institutional restructuring to adapt government, and where necessary private agencies to the culture of poverty-responsive administration.

A number of general principles are advocated throughout the five chapters in this section. First, it is vital to develop a conducive policy environment and to ensure close integration between national and sectoral policies and the design and implementation of poverty programs and projects. This has implications for both the public sector culture and the institutional
Decentralization and decision-making that is close to local implementing agencies and beneficiaries is one important requirement with many organizational implications. Aiziz emphasizes the importance of a conducive policy environment in his pessimistic assessment in Chapter 11 of the low level of political commitment in most South Asian countries to sustainable and financially viable poverty programs. Although there is strong support for subsidizing services to the poor, there is very little support for effective cost recovery, and this is one of the reasons that many poverty projects have not been sustainable.

Second, the process of collecting and interpreting for planning, monitoring, and evaluation must be modified. The emphasis will be on rapid assessment techniques, which, in addition to conventional economic data, will also focus more on social, cultural, political, and institutional factors. The data will be interpreted with the active participation of beneficiaries rather than in a government office.

Third, a key requirement is that beneficiaries participate in all stages of project identification, design, implementation, and operation. This requires a much higher investment of staff time as frequent meetings must be held with beneficiaries and the project must be modified, as necessary, in response to these discussions.

Fourth, the project design and implementation strategy must be adapted to the characteristics and needs of the beneficiary population. Projects are likely to be smaller and simpler and will make greater use of local technology and implementation practices. Greater flexibility will also be required in the design, financial control, and implementation schedules. The project must be considered a "learning process" rather than the implementation of a predetermined "blueprint." Consequently, it is likely that there will be significant modifications as the project proceeds and beneficiaries come to understand exactly what the project involves. While these changes and delays would be considered costs within the conventional project cycle, they are often considered among the greatest benefits within the "process approach" as they strengthen the capacity of local communities to identify and implement future programs.
THE INTERFACE BETWEEN POVERTY PROJECTS
AND THE POLICY ENVIRONMENT

Abdul Aziz

Until recently, poverty was considered a product of inadequate growth of the national economy. Hence, poverty alleviation efforts tended to be part of the endeavor to accelerate economic growth. When it was found that accelerated growth did little to bring poverty down from its old levels, a new approach to poverty alleviation was developed known as the target group approach. It focuses government poverty projects not at the national or state level, but at the village or urban household level. Poor households are identified and given inputs that will help them escape from the vicious circle of poverty and launch them into self-sustained development.

The strategy of poverty alleviation worked out under this approach was to operate at one point along the vicious circle of poverty. To illustrate, the poor have low incomes, and the low incomes do not permit them to save and to build productive capital. Since the stock of capital is low, their productivity levels are also low. Hence, they again end up with low incomes. The poor being thus caught in the vicious circle of poverty are unable to come out of it unless they receive some external help. The literature on the subject suggests that one way to help the poor escape from the vicious circle of poverty is to break it at some point, preferably at the point of capital formation: As a result, state intervention in developing countries has taken the form of financial assistance to the poor to enable them to build sufficient amounts of capital at the household level.

It has been found, however, that a one-time intervention by the state at any one point along the vicious circle of poverty is just not enough to sustain the poverty alleviation effort. Financial assistance for building capital at the household level does not automatically alleviate poverty unless other things follow. To begin with, the capital or asset formed out of capital must be retained and put to productive use. Second, the output or service generated must be marketed—and marketed at a remunerative price. Third, part of the income generated must be saved and plowed back to augment capital. Only when all these measures are taken is it possible to successfully eradicate poverty. Therefore policymakers have of late recognized that poverty alleviation strategies should not only call for direct intervention by the state but that such interventions should take place at different levels and points on the vicious circle of poverty. This means that the poverty alleviation project should provide for a package of inputs and services that make it sustainable.

Sustainability is further ensured if such projects have links with the wider poverty alleviation policies and strategies. In fact, the poverty reduction effort will be lightened somewhat if (a) a policy environment conducive for designing and managing poverty alleviation projects is created, and (b) the poverty projects are linked to the national poverty alleviation policies and

1. See Chapter 1, particularly Figure 1.1, for a discussion of the two-way link between the national policy environment, sector policies and programs, and the design and management of targeted poverty projects.
strategies. This means that the poverty alleviation projects should be identified, evaluated, and implemented in the wider perspective of the national poverty reduction policies and strategies. Such a course of action sustains the poverty project by providing the needed inputs and services and by ensuring that the project is formulated and implemented in a conducive environment. This chapter examines the extent to which the required policy environment for poverty alleviation is in place in the South Asian countries and offers a few guidelines for integrating poverty projects into the national poverty alleviation policies and strategies.

But it was gradually recognized that a one-time intervention by the state at any point along the vicious circle of poverty was not enough to sustain the poverty alleviation effort. Policymakers saw that not only should there be direct intervention by the state, but that such intervention should occur at different levels and points on the vicious circle of poverty. A policy environment conducive for designing and managing poverty alleviation projects was needed to ensure that this intervention would become a sustained effort. Only then, it was argued, would such projects have a sustainable impact on poverty alleviation and the living conditions of the poor.

The available literature on the subject suggests that such a policy environment should have the following contours:

1. Antirural or antiurban policy biases should be eliminated wherever they exist.
2. Rural and urban development and agricultural policies of the government should focus specifically on poverty.
3. It is vital to target services and benefits for the poor and vulnerable groups.
4. Rural and urban development must be seen as a process requiring long-term integrated planning.
5. There should be greater emphasis on questions relating to project and program sustainability.
6. There must be enough political will and clout to ensure that programs are implemented and sustained as intended. The concerned authorities should wield political will to ensure that (a) measures are taken to enforce loan recovery or the payment of user fees and service charges so that funds are recycled through new loans and projects can be maintained; (b) adequate financial autonomy is given to decentralized project planning bodies; and (c) NGOs are allowed adequate financial and operational autonomy.

Thus many conditions must be met in order to create a conducive policy environment, some of which will be difficult to achieve. One problem lies in developing a framework for the interface between the national policy level and the project framework. For example, if the national pricing policy is to benefit the consumers in general, then no useful purpose would be served by developing specially targeted projects to promote production among small farmers—as they would already benefit from the broader policies. Similarly, the power structure favors the rich land elite, any attempt to improve the condition of poor farmers through decentralized planning is likely to be fruitless unless it incorporates measures to protect their interests from the
powerful economic elites. This then calls for an integrated approach that meshes the poverty alleviation concerns implied in the project with the objectives of the macroeconomic policies directed at managing the economy in general. In the face of such constraints it would be a tall order to expect that a policy environment for poverty alleviation would ever meet the level and degree expected. Nevertheless, it is important to consider what characteristics of a policy environment are conducive to the design and management of the kinds of poverty alleviation projects implemented in the countries of South Asia.

In India, the work of Michael Lipton led to a debate on the question of urban bias in planning. Much later (during the National Front government), this found expression in the restructuring of plan priorities in favor of rural development. With the Congress government back in power, this debate seems to have taken the back seat. Nevertheless, the commitment to poverty alleviation of the governments of India and other South Asian countries has been fully reflected in a series of programs that were developed to assist rural poverty groups such as small landholders, artisans, tenants, and agricultural laborers. The Integrated Rural Development Programs (IRDP), Training of Rural Youth for Self-Employment (TRYSEM), National Rural Employment Program (NREP), and the Rural Employment Guarantee Program (RLEGP) in India, Small Farmer Development Program (SFDP) in Nepal and Bangladesh, Village Aid Rural Works Program and Peon's Work Program in Pakistan are cases in point. The programs have been the outcome of the government's enduring interest in and concern for alleviating poverty through well-structured antipoverty policies. The historic shift of emphasis from the traditional growth-oriented planning strategy to targeting benefits of such growth is a testimony to this.

Along with the debate on the urban bias in planning, the issue of urban-bias policies, particularly relating to prices, has also attracted attention. Many Asian governments, in their eagerness to keep prices under control, have adopted physical controls and rationing. Although these measures do play an important role in allocating scarce consumer goods to the weaker sections at reasonable prices, they could also generate an unintended side effects since the products under control, particularly food products, are the ones that are produced by the small and marginal farmers. The policy of price control in respect of food grains may unintentionally contribute to inequities. Such inequities may become accentuated if a majority of the beneficiaries of this policy turn out to live in urban areas. In India, however, the commodities subject to price controls have in recent years been made available to the rural poor as well. Moreover, since the small and marginal farmers are found to generate a zero marketable surplus, their interests as producers may not be greatly affected by price controls. It follows that even urban-bias policies could be tolerated if such policies also tend to the interests of the rural poor, as in the above case.

While the various programs referred to above are targeted to take care of rural poverty, until recently urban poverty problems had not received the same level of attention. One important reason for this ambivalence was the belief that urban poverty is an extension of rural poverty in that it is a result of the migration of the rural poor to urban areas in search of work. Hence, it was argued that poverty alleviation strategies should focus on rural rather than urban poverty. However, the appalling living conditions of the poor in the urban settlements and the political threat such conditions posed to the governments in power obliged them to shed this bias and to develop specific policy measures for alleviating urban poverty. In the initial stages, the policy concerning the urban poor focused on providing the basic minimum needs like housing, health education, nutrition, and the like. Since then, policy has shifted toward supporting programs that generate income and employment. The SEPUP in India clearly illustrates this shift.
In general, therefore, the rural and the urban poor such as the small holders, tenants, agricultural laborers, artisans, urban informal sector workers, and slum dwellers have been the main concern of policymakers. In recent years, however, the more vulnerable of these groups, especially the old, the destitute, women, and persons belonging to socially disadvantaged sections of society are being specifically targeted under the antipoverty policies and programs. With this change, the policy has become focused on the poorest of the poor—a development that is quite welcome considering that the ultimate goal of planning is to reach the benefits of development "unto the last."

One of the most important ingredients of the policy environment for poverty alleviation is the realization of the need to help poor and vulnerable groups accumulate income-yielding assets. While doing so, the government should formulate policies that strengthen the ability of the poor to accumulate physical and human capital. Some progress has been made in this area in South Asia.

With a view to promoting human capital formation, primary education has been made universal. To achieve this goal, the government has provided various incentives to school children such as a free supply of books, uniforms for the weaker sections, and midday meals. Special programs have been designed and implemented to encourage girls and minority groups to become literate. Family planning programs are also being rigorously implemented by providing easy access to family planning services. In addition, standards for health care, hygiene, food supplements, and medications have been rigorously propagated and provided to the poor. Also social safety nets for the old, disabled, and destitute have been provided. These and many other policies oriented toward building human capital among poor households have added to the required environment.

With respect to financial capital, the earlier policies were in the nature of providing credit at subsidized rates to farmers, artisans, and agricultural and other laborers. Since experience showed that there were high transaction costs owing to formal loan requirements (and the emergence of middlemen), the emphasis now seems to be on encouraging mutual cooperation either through self-help or with the help of nongovernment agencies. As a result of this change in policy, a large number of social workers and NGOs have emerged to organize the poor for mutual help in the area of credit and financial assistance. Two examples are the Working Women's Forum in South India and the Proshika organization in Bangladesh.

Conferring ownership rights on the tenant, regulating rent, fixing tenure, and giving land to the landless by means of land reforms is another important strategy for endowing the poor with income-yielding assets. While such measures ensure tenurial security to the rural poor, experience has shown that this can also increase land productivity. A progressive land reform policy is therefore considered an important instrument of state intervention in poverty alleviation. The South Asian countries, of course, did enunciate land reform policies with two main components: one is the regulatory policy seeking to regulate tenancy and rent and the other is redistribution. The latter sought to identify surplus land and to distribute it among the landless and the marginal landowners. There was also a supplementary policy that aimed at providing credit and other forms of assistance to the beneficiaries of the land reforms to enable them to improve their land and achieve higher levels of productivity.

An important breakthrough in addressing the policy environment question has been the recognition in recent years that poverty alleviation efforts would have greater impact if carried out in the framework of integrated development. That is, activities, groups of people, and the spatial location of amenities and infrastructure facilities should be integrated in a way that creates
backward and forward links. The rural and urban development policies of the South Asian nations now seek to implement this idea through appropriate action plans.

The policymakers, having thus realized the need to target services and benefits like credit, have also provided for mechanisms to identify the target groups, to assess their needs, and to meet those needs in adequate measure. There are two approaches to targeting benefits. The efficacy of targeting depends on how well these approaches are followed. The first approach is to use some indicators for screening the beneficiaries, while the second is a self-selection process whereby the applicants screen themselves. Under the first, the income of the applicant is generally used as the principal targeting indicator. In the absence of, or in addition to, income, other indicators such as geographic location (backward areas, hilly areas, flood or drought-prone areas) and demographic features such as age, sex, and caste are used.

Under the second method, inclusion or exclusion is automatic and is done by the applicants themselves. The program keeps in view the requirements of the poor, such as low-cost dwellings, low-status foods, water and sanitation facilities, and the nonpoor do not become involved in these programs through a lack of interest in what is being offered.

The required institutional structures have also been built up. Many South Asian countries (notably India and Nepal) have introduced decentralization policies that give people and their representatives a major role in planning and implementing poverty-alleviating projects. The NGOs have also been encouraged to design and manage such projects with or without government support, financial and otherwise.

Thus some ingredients of a conducive policy environment are present in the South Asian countries. Unfortunately, another important ingredient, political will, is frequently absent. Program sustainability is ensured if the assets created at the beneficiary household level are properly maintained and retained, and if the program cost in the form of loans given and service charges are recovered so that funds are recycled to keep the project in place. Unfortunately, poor cost-recovery performance and lack-luster government efforts to recover these dues, and, to top all this, the loan waiver spree noticed all over the country suggest that the government of India is not interested in sustaining the financial viability of poverty alleviation projects. Given such an ambivalent policy environment, it is difficult indeed to motivate the beneficiaries to use the funds for the intended purpose, to maintain and retain the assets created under the project, and to repay loans.

Second, the shift in emphasis in favor of urban poverty alleviation programs is no doubt a welcome step in view of the fact that in the South Asian countries the urbanization process is proceeding rapidly and that during this process more and more of the urban population will be sucked into the poverty trap. However, it is essential to recognize that poverty is not specific to either rural or urban areas. Nor can rural poverty be tackled without considering what is happening in the urban settlements, and vice versa. Rural and urban poverty are interrelated through the channels of migration. This calls for an integrated approach to poverty alleviation, with the focus on tackling rural and urban poverty simultaneously, and not sequentially, nor to the exclusion of one or the other. However, an integrated approach to rural and urban poverty alleviation is not yet being implemented in the South Asian countries.

In the light of the new economic policies being enunciated and implemented, state efforts at alleviating poverty by means of specific programs have become surrounded by some uncertainty. The market-friendly approach to promoting development and resolving economic ills is likely to put a damper on poverty programs followed to date. The current debate is concerned with the need to design and implement antipoverty programs. Such programs impose heavy burdens on the exchequer as they call for huge subsidies, in addition to heavy amounts being
spent to administer the schemes. In the present mood of aversion to any kind of subsidy, the antipoverty programs that have a substantial subsidy element will naturally be seen in a poor light. There is, therefore, a need for a clear enunciation of policy toward poverty alleviation under the new economic policies, which give primary attention to market forces.

Some Guidelines

South Asian countries have obviously developed some ingredients of a policy environment conducive to poverty alleviation. Poverty projects could be still more effective in their impact and reach if they were integrated into national strategies of poverty alleviation. Such a result becomes a possibility if in the first stage there is a conducive policy environment for evolving and implementing the poverty projects and in the second stage these projects are integrated into the national strategies for poverty alleviation. Since the efficacy of the project depends on how effectively it is integrated into the national strategy, the manner of integrating the two becomes crucial, which raises the question of what guidelines may be evolved to help the policy maker. The following guidelines may be considered:

1. To reap the full benefits of intervention, the poor must be provided a package of benefits designed to alleviate poverty. This means not only that poverty projects should provide all the inputs needed by the poor household—such as land, capital (credit), and market facilities—but that all their benefits should be consistent with national poverty policies. A poverty project that offers poor households an animal husbandry unit should also allot land, through land-reform policies for raising fodder. A poor household that obtains land under the land reform program should be entitled to credit from the banking system for improving land productivity. The off-season wage employment provided to the poor must be consistent with the national wage policy that ensures a reasonable minimum wage to the workers, and so on.

2. Poverty projects—especially those that give production units such as milch animals, goats and sheep, horticulture and agricultural enterprises, bullock carts, and irrigation wells—should be planned in an integrated way that consists of backward and forward links. Here the idea is to ensure markets for the products and services rendered by the project beneficiaries so as to make the project sustainable. To this end, it will be necessary to identify the market and estimate demand for such products and services. The number of asset units to be given to the poor should be tailored to market availability. Also, since links will have to be established within the local market, asset units should be given to the poor in a carefully planned sequence. For instance, if milch animals are to be given, fodder-growing units must be given first, and not the other way round. Again, the poverty project must take note of national price policies. Thus a project that produces a product whose price is controlled as a matter of national policy will be of no help to the beneficiary unless either the inputs are subsidized or a compensatory payment is made.

3. There should be bottom-up and top-down links with regard to poverty projects and poverty policies and strategies. In other words, the poverty project should be formulated and implemented in the framework of the poverty alleviation policies and strategies formulated at the national level so that both become mutually complementary. The complementarity requirement implied in the links between the project and the policy can be ensured if project formulation at the national level and policy formulation at the local level are designed to be complementary to each other. To illustrate this point, let us assume that the national strategy for reducing poverty
is to direct investment into sectors that are labor-intensive and sectors that produce wage goods. Since the national strategy largely applies to sectors rather than regions, and resource allocation is mostly guided by the desire to maximize employment and wage goods produced in certain regions, subsectors, and population groups, particularly those that are backward, will get little attention. To fill such gaps, local poverty projects specifically tailored and targeted to such regions and population groups ought to be formulated and implemented. These projects will not produce desired results unless there is a support system based in the physical and social infrastructure. That system should arise from national strategies for developing the infrastructure with a view to alleviating poverty.

4. In order to mount a simultaneous, rather than a sequential, attack on rural and urban poverty, an attempt should be made to develop an integrated approach. Moreover, such an approach should aim at stalling the migration of the rural poor to urban areas. One way of doing this is to create work opportunities in rural areas. While the development of the farm sector will hold out good prospects for employment to the rural poor, development of the nonfarm sectors will add to such prospects. Merely creating nonfarm work opportunities will not help the poor unless they have the required skills to perform the necessary tasks. Therefore, the national strategy of creating nonfarm jobs should be preceded by local projects that impart skills to the rural poor.

5. National education, health, and housing policies have been spelled out by many governments in South Asia. These policies usually provide some benefits for the poor in the sense that they include the poor and provide these benefits at subsidized rates. Unless appropriate projects that focus specifically on the poor are formulated and implemented at the local level, the poor may not benefit from such policies. There is, therefore, a need to formulate target-oriented projects that utilize opportunities afforded by the relevant national policies. Conversely, the local-level health, education, and housing projects should be formulated to be consistent with the focus and philosophy of the national policies relating to these service areas. If the national housing policy emphasizes upgrading slums and providing sites and services, for example, local projects that involve the construction of housing complexes for the poor will not receive support from state and federal agencies to ensure their sustainability. Similarly, if the national goal is to impart relevant skills to the poor, no purpose will be served by a local project whose goal is to impart only general education.
IDENTIFICATION AND DESIGN OF POVERTY REDUCTION PROJECTS

Neil O'Sullivan

Learning from the Past

From the countless efforts and expenditures that have been directed at poverty reduction in Asia, many lessons have been extracted and can now be reintroduced into the design of new projects, as described later in this chapter. Three important lessons, however, frequently remain either overlooked or ignored:

1. Projects are most likely to succeed if their objectives match the priority demands of the poor and if they elicit the active and ongoing participation of the poor.

2. Successful poverty alleviation projects normally require intensive and time-consuming attention; however, the resources available to implementing agencies are invariably limited and are likely to shrink rather than to expand over time with the result that post-project scenarios are likely to receive little, if any, attention.

3. Even where both political will and government resources have been adequate, the results, particularly in terms of sustainability, have frequently remained disappointing.

One important implication of the above observations is that strategies for alleviating poverty must shift away from the traditional focus on the provision of government support services toward a focus on stimulating the institutional capacity of the poor to analyze their needs, initiate their own efforts, and articulate their demands. This conclusion reflects the accumulated experience of the World Bank (1988c) and many other observers, which has shown that one of the most important determinants of project success is the attention given to institutional arrangements, particularly with respect to the receiving side.

The importance and potential of fostering beneficiary organization and participation has long been recognized, and over the past decade, many successful efforts have been made in this direction by both government and nongovernment development agencies. The fact that this approach has not yet been widely adopted, however, reflects both the institutional difficulties of implementation on a wide scale and the predictable social difficulties of transforming bureaucracies, organizing poor communities, and transferring greater power to them.

In recognition of the above problem, this chapter proposes an analytical framework for the design of people-based poverty reduction projects and notes the principal factors that are vital to successful project outcomes. It is well recognized, of course, that not all projects lend

1. The references cited in Chapters 12–15 are included in the bibliography at the end of this publication.
themselves to a fully participatory approach. For some types of large or national projects and programs the necessary intensity of the participatory approach may be either impractical or prohibitively expensive. Similarly, the application of a participatory approach is not necessarily relevant when introducing national policy changes that are frequently an essential part of antipoverty strategy. However, in these cases, increased attention would normally be given to monitoring the impacts on the target population, as described later in the chapter.

Foremost among those factors crucial to the design of successful poverty interventions is an understanding of the very nature of poverty itself which, all too often, has been seen as simply a deprived economic situation. Where project designs likewise restrict themselves to a purely economic focus, they run the risk of a leakage of benefits and poor sustainability. Although the nature of poverty varies in every situation, there are few cases in which a depressed economic state is not accompanied (or perhaps even caused) by a depressed psychological state. The severity of this latter problem is most apparent in rural areas and appears related to the proximity to the poor community of more sophisticated, more powerful, or more exploitative communities. In extreme cases, as in the aboriginal communities of modern-day Australia, many years of massive government expenditure have proved fruitless in improving the desperate socioeconomic conditions of aboriginal people. More positive results were obtained only when government strategy introduced measures to help aboriginals strengthen and protect their own culture and identity.2

In more typical and less extreme situations, the poor communities of Asia are still characterized by low levels of self-confidence and, even in conditions of dire poverty, are more likely to opt for traditional, outmoded practices rather than newer, more appropriate responses. In such situations, project designs, no matter how rational, are likely to meet with little success unless measures have first been taken to develop sufficient confidence in the target community so that they will actually develop a demand for the proposed changes. Conversely, experience has shown that most antipoverty initiatives are short-lived if they rely on the supply of goods or services from some external agency, whether government or nongovernment. Unfortunately, unless techniques such as those described below are used, poverty project planners, from the moment they begin to talk of "target groups," run the risk of seeing the poor as passive objects of external help rather than as the subjects of their own self-reliance.

In many parts of Asia, the legacy of centuries of feudalism has also left many poor communities with a low level of self-respect, which together with low self-confidence creates a strong sense of passivity and inertia. Such communities are also likely to be further burdened with various forms of exploitation such as indebtedness to moneylenders, low wages, tenancy, and the corruption of minor officials with whom they must deal.

The above problems are unlikely to be overcome by resource allocations made in the traditional manner. Resources channeled indiscriminately into a distorted socioeconomic situation may simply end up treating symptoms rather than causes and may ultimately entrench an already inequitable situation. What is more likely to be required is a mixture of careful and sensitive planning based on a detailed and empathic knowledge of both the target group and those surrounding groups that would be likely to help or hinder their development.

2. The progressive granting of land rights has contributed much to the overall well-being of traditional Aboriginals, while for Aboriginals living in semi-urban environments, the opportunity of managing their own health and education services has led to much higher levels of participation and more effective and efficient service provision.
While the above describes the situation of the poor in most traditional rural areas, significant differences have emerged both in landless communities and more especially in urban areas. In the case of the landless, organizations such as BRAC (Bangladesh Rural Advancement Committee) have observed that in a situation of endemic and intractable landlessness and poverty such as exists in many areas of Bangladesh, the poor may actually be somewhat liberated by the very desperation of their plight and be prepared to accept new ideas, enterprises, and forms of social organization. (Such characteristics have been both successfully encouraged and developed by organizations such as BRAC and Grameen Bank in Bangladesh.)

A similar liberation has taken place among the urban poor, although in this case it was brought about more by the drastically different social relationships and levels of awareness and opportunity that prevail even in urban slums. In such a situation, the design of poverty reduction projects can normally rely on a more straightforward and positive response from the target group toward any opportunity for economic betterment that is offered. Here, the primary focus in project design is more likely to on maximizing beneficiary participation in the selection of appropriate options and arrangements.

**Identifying Poverty Reduction Projects**

The basic concept for individual poverty projects may emerge from many sources: political imperatives, donor pressure, national plans, and the like. Although most of these sources could reasonably be expected to have a clear idea of the extent and urgency of tackling poverty in a particular location or sector, the details and priorities for an appropriate intervention strategy are much less clear, particularly if the strategy is to mirror the priority needs and demands of the target group. Nevertheless, it is inevitable that for the foreseeable future, initial project concepts will be generated outside the communities for which they are designed. For this reason, considerable attention must be given to systematic and progressive testing and refinement of the original concept on the basis of grass roots realities.

Poverty alleviation strategies can generally be divided into three types:

- Those that carefully target direct transfers or subsidies to the poorest or most vulnerable sectors of the population.
- Those that increase access to basic social services such as education, health, nutrition, and family planning.
- Those that increase the productive use of whatever assets the poor may have (with increasing landlessness, labor automatically becomes a main focus).

In practice, most national poverty alleviation policies will be required to combine all three strategies. In this chapter, however, the last strategy receives the most attention, because (a) despite its frequent past disappointments, this approach offers the greatest potential for dramatic positive results, and (b) in the longer term, it is vital to ensure an economically productive base on which to sustain essential social services.
If poverty projects are to lead to the efficient and effective use of scarce public resources, it is important at the outset to examine key demographic and strategic factors that should be used to select the most promising project concepts.

**Demographic Factors**

As a guiding principle, poverty alleviation projects should attempt to improve the income levels of the maximum number of poor people within the limits of the available budget. In many developing countries the greatest concentration of poverty is often to be found within a specific sector—whether geographic, ethnic, or social. For example, pockets of poverty often occur in isolated, mountainous or border areas, among tribal minorities, people of low caste, and women. It is important to understand the basic character of these groups since their project design requirements will vary significantly. The following are some common scenarios:

- Geographically and ethnically based poverty is likely to be the result of past isolation and neglect. Given the probable social homogeneity existing in such situations, a project package focusing on infrastructure, social services, and credit and using local institutions would be expected to have excellent prospects for success.

- Where the above scenario has been disrupted by the intrusion of outside factors, such as logging, trawler-fishing, lowlander settlement, agribusiness, or urbanization, additional attention would need to be given to strengthening local organizations to enable them to cope on more equal terms with the usually more powerful and sophisticated external forces.

- Many poor urban areas are within the mainstream of society and likely to have at least theoretical access to local infrastructure and development resources. In this case the main obstacles to progress are more likely to be social or psychological, and any physical inputs would therefore need to be preceded by an appropriate organizational or social preparation phase (see Chapter 6).

**Targeting**

In many broadly based development projects such as those involving the provision of essential services, the primary concern with respect to poverty reduction is to ensure that the poor are not put at a disadvantage by gaining access to such services as primary health care and education. In most specific, antipoverty projects, however, especially those involving direct transfers or subsidies, the implications for equity and efficiency make effective targeting a much more important concern. In an ideal system, the benefits of such projects would only be directed toward those living below some agreed poverty line and the level of support would be proportional to their distance below the poverty line.

Many NGOs have been able to come close to the above ideal because of their close proximity to the target group and their generally small, operational area. On a larger scale, NGOs have often been successful in encouraging target communities themselves to take responsibility for selecting beneficiaries from among their peers. In large-scale, government-implemented programs, however, the likelihood of political and other local distortions is much greater, and it is often difficult to arrive at an equitable and operationally viable method of direct targeting.
In terms of cost, each additional degree of targeting precision required is likely to add significantly to the project's administrative costs (it should be noted, however, that in some programs such investment can help improve project sustainability; see Chapter 15). In certain situations a too perfectly targeted program may generate an external backlash sufficient to undermine the political support necessary for the project to continue. A useful means of assessing the effectiveness of a given targeting procedure is that based on statistical theory, which considers two types of error: type I, which refers to the percentage of intended beneficiaries who are excluded, and Type II, which refers to the percentage of those who are not entitled to the benefits, according to the selection criteria.

From among the basic options available, the use of income or landholding levels as the selection criterion has been common, although difficulties in measuring these levels have led to many anomalies. As a result, this approach has been abandoned in many places in favor of low-cost, politically acceptable approaches such as targeting specific, low-income, geographic regions. Income and landholding criteria are, however, successfully used by many NGOs or other external agencies that, by transferring identification responsibility to the poor, are generally confident that beneficiaries will be selected on the basis of both accurate local knowledge and a reasonably compassionate interpretation of the rules.3

In primary health programs, where targeting was not originally applied, advantages in efficiency and equity are increasingly being seen in applying geographical and "at-risk" targeting approaches.4 In programs involving food subsidies, effective targeting can at times be achieved by selecting those commodities that are preferentially consumed by the poor and by concentrating ration shops only in poor areas. The basis for selection of a particular food (or any other service) is the share consumed by the poor as a proportion of the total consumption. Thus if a food is consumed exclusively by the target group, the subsidy will be very efficient.

The other common form of targeting is based on food for work or similar measures that assume the poor have a lower opportunity cost of time and that the better-off will not be tempted to make the contributions of time or effort required to qualify. Such measures become increasingly attractive when one of their outputs is an increased level of skill that means the recipient may not require further support in the future.5

Where the objective of targeting is to ensure that the very poor are adequately covered, it is important to have a sufficiently detailed knowledge of the target group to understand the various strategies the poor themselves use to assist in their own survival. While the internal transfer of resources through informal networks is an important, if hidden, phenomenon in many

3. The Grameen Bank plus the majority of Bangladesh NGOs target their activities on the functionally landless by applying common criteria. For example, the maximum landholding is 0.5 acre and family income comes mostly from the sale of own labor.

4. By monitoring for inadequate weight gain in infants, the Tamil Nadu Integrated Nutrition Project was able to halve severe malnutrition levels and achieve twice the impact at less cost than a comparable program providing near universal coverage. As pointed out by Satia, however, both geographical and at-risk approaches have some limitation. In the case of geographical targeting, health services may still be disproportionately consumed by the non-poor within a priority region, while the "at risk" approach may be politically unpopular and will generally involve high screening costs. For further details see Chapter 3 of the present report.

5. The Vulnerable Group Development (VGD) Programme in Bangladesh provides a regular grain ration to destitute women throughout the country, but in several successful pilot projects, the emphasis has been shifted to providing this group with potential livelihood skills such as poultry, sericulture, and vegetable growing.
poor communities, there are invariably certain subgroups that cannot avail themselves of such support and are thus particularly vulnerable. A large and growing subsector that frequently falls into this category is that of female-headed households. The needs of those households will also vary greatly, however, depending on the circumstances of the husband’s departure.

Strategic Factors

The ultimate success of projects will be determined not only by the care with which they are designed and implemented, but also by the degree of congruence between the project’s objectives and design and the national policy environment in which they will operate. Apart from the formal or legislative situation, the phenomenon generally referred to as political will is widely considered the most significant determinant of success of a poverty reduction project. Where governments at both the central and local level are united and determined to ensure the success of a project, few external problems are likely to be encountered. Conversely, more politically contentious projects will need much greater care and consultation if potentially disruptive forces are to be kept at bay.

In many developing countries, the nature and extent of political will in relation to the poor tends to be a reflection of historically derived attitudes based on vested (and usually paternalistic) interests, rather than of any democratically expressed preferences. Although in the short term some limited leverage can at times be applied by external development agencies, in the long term the most sustainable strategy involves increasing the level of awareness, and strengthening the voice, of the poor themselves.

Project designs must as far as possible be in harmony with prevailing or planned national and sectoral development strategies. In urban areas, overall policy decisions on urban-rural links and planned growth rates will have a great influence on most projects that provide services for the poor. In rural areas, project concepts should similarly reflect a government’s current rural strategy on the removal of price distortions, improvement of market mechanisms, export development, and so on. Likewise, in questions of institutional reform, if a government has recognized and accepted the inefficiencies of an approach based on increasing the resources and technical sophistication of line agency extension programs, then identifying alternative bottom-up strategies will be relatively straightforward. Regardless of the official policy position, however, would-be implementing agencies tend to cling to their own culture, usually because of its past status, political pressures, or internal leadership. Where a progressive leadership or institutional culture can be identified in advance, it is advisable to develop a project concept that can make use of such an agency to spearhead new project approaches.

Any new government initiatives in areas such as administrative decentralization and land reform (including regularization of tenure in slums) can be expected to create a range of positive opportunities for improving both growth and equity and thus setting the stage for potential project designs. Institutional reform, such as the creation of a specialist Rural Development Bank would obviously provide opportunities in areas such as micro-credit. Where powerful political leaders or ministers are enthusiastic about a particular policy direction, much can often be achieved for a relatively small expenditure. Conversely, specific projects may be better postponed if they run counter to prevailing political passions. For example, it would be better to defer the setting up of a credit project if the prevailing mood is one of debt forgiveness. The status of women and the potential for change in the status of women must also be carefully considered during project identification.
It is now widely accepted that women frequently bear an unequal burden of labor yet are denied equal access to basic resources such as education and health. On the positive side, experience throughout Asia has demonstrated that in both urban and rural projects, women are more enthusiastic and reliable participants than are men. The latter characteristic, coupled with women's usual role as managers of the household health and finances, can provide an important potential focus for successful project design, especially in those projects involving cost recovery, maintenance, or credit functions. The question of designing gender-sensitive poverty reduction projects is dealt with more fully in Chapter 7.

Effective schemes to reduce poverty should, in principle, reduce the pressure on the environment and natural resources. In some circumstances, however, poverty alleviation strategies can actually accelerate environmental damage (as in the case of grant- or credit-based projects that might unintentionally encourage the growing of cash crops on marginal, sloping land). Although such practices may be detected by monitoring and evaluation procedures, they may be difficult to prevent. Experience has shown that the poor are normally just as concerned about environmental protection as other sectors of society but that their first priority will always be to ensure their own survival.

Key Factors in Project Design

An otherwise excellent, participatory-based project design may either collapse or fail to produce lasting benefits if certain key factors are neglected. A number of such factors are described below.

**Administrative Realism**

Many failed rural development and poverty alleviation projects were initiated in a mood of great optimism. Generally a basic design was drawn up, frequently in conjunction with an external donor, and it was not until later that an assessment was made of the administrative capacity of the chosen agency to implement this design. At the time of agreeing on the basic concept, the parties involved were frequently preoccupied with the range of institutional (and sometimes personal) benefits that would flow from the project and tended to downplay the many administrative problems that would need to be resolved if the project, as conceived, was to be successful. Officials considered potential administrative weaknesses a consequence of inadequate resources that could be resolved via an injection of capital, equipment, and perhaps a little overseas training for senior staff.

In practice, the "institutional weakness" was frequently later revealed to involve a systemic, low productivity brought about by a combination of low morale, frequent staff transfers, the promotion of incompetent staff, bad leadership, unreliable statistical data and exaggerated performance, corruption, poor communications, and the like. Even worse were the external administrative problems caused by unreliable contractors, the lack of communication facilities, local political interference, corrupt suppliers, lack of interagency coordination and cooperation.

By focusing on the ideal rather than the reality, many past projects were doomed even before they began. Unfortunately, many of the same factors continue to predispose decisionmakers toward the same mistake of overoptimism with a resultant compromise in ultimate performance. This danger is compounded in projects dealing with the poor both because the target group is more vulnerable and the process of stimulating self-reliance is itself extremely slow and
sensitive. Some of the factors that influence the selection and performance of implementing agencies are covered in Chapter 13.

Because the prospect of a new project (especially if externally funded) represents potential access to increased power and resources, it is not uncommon for bureaucrats to give more attention to attracting a new project than to solving the problems of an earlier project having the same, or similar, objectives. For similar reasons, initial project designs tend to pay close attention to the early, input-rich phase of a project and commensurately less to the operation and maintenance aspects, while the all-important, post-project scenario is often ignored entirely. An obvious lesson from this is that no new project concept should be developed until an objective analysis has been made of the problems and shortfalls of any prior comparable project.

In the past most infrastructure projects were undertaken on a sectoral basis independent of local government. The result was poor sustainability, inadequate participation, and faulty coordination between sectors. Responses to these problems have included the creation of metropolitan-wide authorities, as in Manila and Calcutta, and even specially empowered metropolitan governments, as in Bangkok and Jakarta. One of the many advantages to emerge from a better-integrated management structure is the ability to recognize, and respond to, the multifaceted needs of the poor; for example, improved health and shelter have been achieved via functional education and microenterprise programs. Ironically, one of the legacies of the disappointing Integrated Rural Development programs of the 1970s has been a tendency among some development agencies to opt for straightforward projects with a minimum of components, an approach that almost automatically bypasses the poor, whose needs are invariably complex and intertwined.

Some observers argue that appropriate administrative structures cannot be established until the more serious problems of the poor have been clearly identified and meshed with overall socioeconomic priorities (Lim 1988: 125–46).

**Economic Realism**

For the sake of efficiency and thus ultimately, sustainability, projects should seek to take maximum advantage of market forces and of the private sector. In this way, they will be able to increase resource-use efficiency and reduce their long-term dependence on government support.

Until recently, unrealistically high standards were commonplace in the design of service projects throughout Asia, for planners and politicians alike were frequently attracted to modern, high-technology investments. The impact of this phenomenon on poverty reduction is probably more significant than is generally realized. As Lim (1988) has observed, "Experience has shown over and over that where public service standards are set at levels unrealistically high in relation to the poor beneficiary's ability and willingness to pay, most of the intended recipients of the services have generally not received any service at all."

Examples abound of settlement upgrading programs that, because of their high standards, ultimately succeeded not only in displacing the original inhabitants but also in dissipating scarce subsidies and distorting market factors. In a related if more subtle manner, project planners frequently find it more attractive to pursue options such as a new water-supply system rather than allocate less funds to rectify the typical 25–50 percent leakage that affects Asian cities. (Again, there would normally be little interest in the further possibility that scarce funds could be used even more effectively by supporting a health and sanitation education campaign among poor consumers.)
In earlier chapters both Satia and Yeung claimed that many inefficiencies in service provision also stem from the present regulatory framework that tends to protect public agencies with a virtual monopoly status. Evidence from Calcutta and Bangkok, for example, suggests that, in the area of public transport, the introduction of private operators can lead to considerable saving. Given that Asian cities are typically growing at more than double the national population growth rate and that the shortfall in providing essential services is actually increasing in most regions, observers such as Yeung have questioned the assumption that the poor will be best served by traditional government-sponsored service delivery models. While the development of effective private sector alternatives may necessarily be slow, a logical starting point would be to increase the support for all forms of self-help and community-based initiatives and to encourage appropriate commercial enterprises.

In addition, it is suggested that the existing large and vital informal sector be given much greater recognition. The informal sector already plays an effective and low-cost role in areas such as housing, transport, water-supply, and public security. In many situations, however, the benefits of increased efficiency may not automatically flow from the entrepreneur to the producer, particularly if there is a wide disparity between the two in terms of bargaining power and certain strategic interventions become necessary. In the area of urban housing, Indian authorities have successfully intervened in protecting bustee dwellers from exploitation by private landlords while at the same time investing large sums in upgrading environmental conditions in private rental housing areas.

Similarly, it is often difficult to predict market response to the initiatives of the poor, and careful monitoring of market equity must be maintained by the implementing agency in situations where the poor are developing direct links with the market for the first time. In rural areas in the past many "farm-to-market" road projects became, in fact, "market-to-farm" roads with the terms of trade tilted in favor of the merchant or middleman. Although well-organized producer groups can eventually rectify this situation via cooperative marketing arrangements, for example, it is not realistic to expect this degree of sophistication from a beneficiary group until quite some years after its formation. Inequitable trading arrangements are especially common where the local merchant has also functioned as the moneylender and established a tradition of discounted prices paid for goods on which an advance has been provided. In this type of situation, apart from intensifying the knowledge and organizational skills of the beneficiary organizations, a more direct intervention will frequently be called for. In many cases, the introduction of a rudimentary market intelligence system may be sufficient, although in more entrenched situations, the implementing agency may need to establish alternative market links until such time as the market adjusts.6

Problems with economic realism can also easily occur where project planners rely on market forces to generate employment or entrepreneurial development projects. Where such projects have been undertaken in a mood of optimism rather than on the basis of detailed surveys of the availability of markets, transportation and storage facilities, credit mechanisms, seasonal

6. This type of intervention was introduced, for example, by Thailand’s Bank for Agriculture and Agricultural cooperatives to overcome a situation in 1985 in which heavily indebted paddy producers were being forced to sell their crop immediately after harvest at a time when the price was kept artificially low by merchants. BAAC’S "paddy pledging scheme" (short-term loans given for up to 80 percent of the value of harvest) allowed the farmers to decide when and to whom to sell. Within three years the market had been regularized and farmers no longer needed to resort to such loans.
availability of labor, and so on, the chances of failure are inevitably high. In Sri Lanka’s Janasaviya self-employment program, for example, rural handicrafts were produced in such numbers by unemployed villagers that the government was itself forced to establish purchasing centers and warehouses to absorb stock that could not be sold commercially. In urban projects, similarly detailed surveys will invariably be required to assess the housing market and land availability, or the preexistent distribution and usage of services such as health, water supply, or waste disposal.

Cost Recovery Mechanisms

In order to maximize the impact of scarce public resources, project design should seek to recover as much of the investment capital and running costs as is realistically fair and possible. Where a project design does not seriously address the question of cost recovery, it is likely to encounter the two problems that bedevil most services provided in subsidized form.

First, the benefits of such a project will probably be regarded as a service provided by external parties for uncertain or even dubious reasons and thus not something that recipients should either value or maintain (the universal problem of public, water-supply hand-pump maintenance is a classic example of this phenomenon). The second problem relates to the inefficiencies and distortions frequently brought about by subsidies. The numerous problems caused by subsidized rural credit are now well known (see Chapter 6). However, more subtle problems can afflict other programs such as public health schemes where, as Satia points out, attempts to apply the notion of "health for all" within the limitations of a finite health budget have probably been to the detriment of the poorest, that is, those least able to gain access to, or make demands on, public health services (see Chapter 3).

The amount of study and consultation required during the design phase to confirm the appropriateness and acceptability of the planned cost recovery approach will be determined largely by the prevailing social expectations. Where, local politicians have traditionally sought to win popular support by promising an unrealistic level of free government services, for example, services should not be provided until recipient communities have demonstrated their commitment, usually in the form of some agreed level of equity contribution.

Where the needs and demands of each target subpopulation have been clearly confirmed during the rapid social analysis, or its equivalent, cost recovery design should be as flexible as possible in order to cater to the differing capacities and resources available in differing communities. Among very poor communities, for example, the ability to make cash contributions may be very limited; however, with an often lower opportunity cost of time, such communities, once organized, may be willing and able to substantially reduce the cost of government services by contributing their voluntary labor.

The choice of technical options has a major impact on the affordability of a project for the poor and thus on likely cost recovery performance. A project that responds to what the target community sees as a high priority and at the same time provides an appropriate design, is likely to have a high level of contribution, as noted in World Bank–assisted shelter projects in which many families were able, with the help of income transfers from extended families, to allocate up to 40 percent of their income to shelter, rather than the 25 percent, as originally anticipated. The decision by a number of Indian states to provide low-cost pour flush latrines as an alternative to expensive piped sewerage meant that substantially more urban poor would benefit from the expenditure of public funds.
Project Size and Duration

Whether in the search for increased efficiency, or as a result of staff budget limitations, both aid donors and developing country governments have, in recent times, been pressured "to do more with less." Unfortunately, at the field level this well-intentioned pressure has frequently been translated into an imperative to "move money," with the rate of transfer, rather than the project's impact, being the basis of evaluation. The end result has been an increasing pressure for larger projects and programs. Two assumptions underlie this trend, the first being that the principle of "economies of scale" can be comfortably applied to antipoverty projects and the second that, regardless of project setting, "development" can be treated as a kind of machine that transforms inputs into outputs.

In problems of poverty, the existing "development machinery" is itself part of the problem. Consequently, sustainable development involves creating and transforming organizations and structures so that they genuinely serve the needs of the poor, as well as the rest of the population. Such a task cannot be readily achieved within the type of blueprint approach used when designing a bridge, nor can the scope or speed of development projects be expanded simply via larger injections of funding.

Because poverty-reduction projects involve tackling both physical and social problems simultaneously, they face a multifaceted set of management problems of the kind that bedeviled the integrated rural development projects of past decades. By following a participatory approach and focusing on building the institutional strength of the poor, many of these problems may ultimately be solved by the poor themselves. However, there will still remain a complex tangle of bureaucratic, technical, and political concerns that can only be coordinated and solved progressively by the implementing agency.

Until such time as effective standard approaches are available to cover target groups in differing communities and regions, the principle of economy of scale simply cannot be assumed in tackling poverty problems. In fact, given the above factors, together with the basic unpredictability of poverty-focused projects, a strong argument must be made for keeping the unit size of such projects to a minimum.

Because projects based on the development of human capital cannot readily be accelerated, it is generally prudent to allocate the maximum amount of time possible for project completion. A major poverty reduction project involving a number of regions and subpopulations will invariably require several years to set up its infrastructure and begin a social preparation phase, a further three years or so to establish local acceptance, and perhaps four to six years before the social and economic impact is fully visible and changes can be institutionalized. Although interim evaluations can be made, it will normally take 10 to 15 years to confidently assess such a project.

Development agencies and planners who attempt to apply the conventional project cycle and compress poverty reduction projects into the traditional time frame of three to five years run the risk of building an expensive structure on foundations that are notoriously shaky. Chapter 6 raises similar concerns and therefore calls for more flexible approaches, such as basing project management on an initial pilot project and introducing the main project in a phased manner.

7 Some experts, such as Norman Uphoff (1990: 1401-41) suggest that large projects are so vulnerable to both internal and external disruptions that, "other things being equal, there are diminishing returns to project size."
Rapid Social Assessment

In most countries of Asia, the performance of past poverty projects indicates recurring problems with time-overruns, cost recovery, sustainability, and a leakage of benefits. Many of these problems reflect a lack of understanding of the target group, its likely response to the proposed project, and the possibility of external interference. Many project designs also repeat the error of the discredited Community Development Movement of the 1960s, which assumed village (or urban) communities were a single harmonious entity. 8

The above problems may be tackled in a variety of ways. For example, in 1987 in the Indian state of Karnataka introduced administrative reforms designed to decentralize development planning functions and ensure greater beneficiary participation in the design and implementation of poverty reduction projects (see Chapter 9). The effectiveness of such an approach, however, is limited by the degree to which the poor are able to develop and articulate a critical awareness of their priority needs and their capacity to ensure an appropriate response from local government.

Where it is impossible to base project design on an informed and democratically articulated voice of the poor, as is normally the case, the initial project concept should first be subjected to an appropriate form of social analysis. If beneficiary participation is required, rapid social assessment (RSA), as detailed below, is one relatively fast and simple technique that not only reduces the risk of negative outcomes but helps refine and crystallize the project design and also sets the stage for a more participatory mode of project implementation.

The RSA is not geared to the detailed design or justification of a specific project; its main function is to clearly identify the target groups and to predict the potential need or demand of different subpopulations for a proposed project, given their level of development and absorptive capacity. The RSA also identifies the likely sources and levels of support and opposition to the project. A major outcome of the RSA will be to confirm the need for a more detailed participatory project design (PPD) phase and, if required, to define its scope and priorities. (The PPD, see below, is the detailed participatory analysis undertaken in order to optimize project design and implementation strategies.)

Rapid social assessment is conducted at the earliest possible stage following conceptualization of the project. Depending on the nature and scope of the proposal, several weeks of fieldwork may be required to gather the necessary data. The approach used in RSA consists of six steps: identifying the target population, rating the level of development of each subpopulation, assessing the target population's need or demand for a project, assessing absorption capacity, assessing relationships, and reporting and interpreting the RSA.

Identifying the Target Population

This task covers nontarget, affected populations, as well as those populations that are directly targeted. The process consists of

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8. See, for example, Lar-Braud (1970), who describes the community development movement as inevitably being taken over by the existing elites and institutionalized as a vehicle for increasing their control over power and resources in their local community.
Identification and Design of Poverty Reduction Projects

- developing a simple input/output model to assess potential socioeconomic and cultural impacts of a proposed project;
- collecting demographic data on the overall target population from formal (government, academic) and informal (NGO, private sector) sources;
- identifying major subpopulations within the target area, on the basis of land and capital holdings, employment status, level of social organization, ethnic or cultural divisions, and access to government services (see Table 12-1 for a sample classification).

Rating the Level of Development of Each Subpopulation

The following are some guidelines for rating the level of development:

High: Those who own surplus-producing land; have access to a primary and secondary education, institutional credit, agricultural inputs, political power, and health services; and have solid, spacious housing.

Medium: Small farmers producing small or negligible surplus and limited access to the above services. Modest housing.

Low: Marginal farmers or landless people who gain an income from lowly paid casual labor, have no access to formal credit, and little or no access to education and health.

Assessing the Target Population’s Need or Demand for a Project

Whether the target population needs a project can be determined by the following measures:

- Field visits to the project area
- Direct observation of the living conditions of the beneficiaries (to cross-check data and ratings
- Consultations with beneficiaries to ascertain their general development priorities (this does not involve direct discussion of the proposed project)
- Analysis of the felt need for a project (the degree to which the project addresses the target community’s priority concerns) and the demand for a project (the degree to which the target community are prepared to contribute in order to become involved in a project)
- Rating of the level of need/demand for each subpopulation.
Rating of the level of need/demand for each subpopulation.

Suggested guidelines for rating the level of need/demand are as follows:

High: Strong and spontaneous expressions of need related to the development problem that the proposed project is intended to address. Obvious preparedness to involve and contribute.

Medium: Some interest/need in relation to the development problem being addressed by the proposed project but not as a first priority. Limited contribution likely.

Low: Preoccupation with development problems other than the one the proposed project is intended to address. Little likelihood of contributions.

Assessing Absorptive Capacity

During the site visit, several further factors are analyzed in order to determine whether a target community is likely to be able to absorb proposed project inputs. The factors to be considered here are as follows:

- Level of social cohesion, as indicated by evidence of cooperation, coordination, equity, factionalism, conflict, and exploitation
- Spirit of self-reliance as indicated by previous community initiatives, loan repayment history, use or misuse of past development funds, and so on
- Level of development of local community organizations, if any
- Level of knowledge and skills of the target populations.

The above information is then analyzed for each subpopulation in order to rate its likely absorptive capacity. Suggested guidelines for rating are as follows:

High: Homogeneous society (socially cohesive), positive experience/record with loans and financial management, active and representative local organizations, positive links with government agencies, technically innovative (new crops, enterprises).

Medium: Some social stratification, mixed success with past development programs, lifeless local organizations; occasional meetings with government agencies, technically static.

Low: Social stratification and disunity, poor record with past development programs (for example, financial mismanagement), local organizations absent or defunct.
Assessing Relationships

Given the critical nature of the relationship between the target community and both the community at large and the proposed implementing agency, it is necessary during the RSA to clearly assess the mutual feelings/attitudes that exist between the poor target community and all relevant government agencies and better-off subpopulations, particularly local elites, if they exist. These data are reported in summary form in the manner shown below.

Reporting and Interpreting the RSA

The results of the RSA are normally reported in a format resembling the one illustrated in Table 12.1.

Table 12.1 RSA Report Form

<table>
<thead>
<tr>
<th>Subpopulation</th>
<th>Level of Development</th>
<th>Level of Need of Demand</th>
<th>Level of Absorptive Capacity</th>
<th>Percentage of Target Population</th>
<th>Specific Strengths/Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribals</td>
<td>Low</td>
<td>High/Low</td>
<td>Medium</td>
<td>15</td>
<td>Close-knit, but passive community</td>
</tr>
<tr>
<td>Subsistence farmers</td>
<td>Low</td>
<td>Medium/Low</td>
<td>Low</td>
<td>40</td>
<td>Very low level of organization and morale</td>
</tr>
<tr>
<td>Small/marginal farmers</td>
<td>Med</td>
<td>High/Medium</td>
<td>Medium</td>
<td>30</td>
<td>Keen but disorganized</td>
</tr>
<tr>
<td>Large farmers</td>
<td>High</td>
<td>Medium/Low</td>
<td>High</td>
<td>15</td>
<td>Poor history of repayments</td>
</tr>
</tbody>
</table>

The above report form also includes a record of the percentage of the total target population represented by each subpopulation (since this should be a basic factor in determining the relative levels of resource allocation) and brief mention is made of any significant characteristics. These data are supplemented by an additional narrative report detailing the relationships that exist between the above subpopulations and other groups or actors likely to influence the outcome of the project (see Table 12.2).

Table 12.2 Relationship Report

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Forestry Department</th>
<th>Agricultural Department</th>
<th>Bank</th>
<th>Large Farmers/Elite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribals</td>
<td>Hostile</td>
<td>Little contact</td>
<td>Little contact</td>
<td>Neutral/hostile</td>
</tr>
<tr>
<td>Subsistence farmers</td>
<td>Little contact/hostile</td>
<td>Little contact</td>
<td>Little contact</td>
<td>Neutral/hostile</td>
</tr>
<tr>
<td>Small farmers</td>
<td>Little contact</td>
<td>Supportive</td>
<td>Neutral</td>
<td>Neutral/Supportive</td>
</tr>
</tbody>
</table>
The results of the RSA may then be used to reassess: the appropriateness of project goals and purposes; the likelihood that subpopulations in the project area will be willing and able to accept or participate in the proposed project; which subpopulations and actors need to be involved in the formulation of the detailed project design; that a participatory project design (PPD) phase needs to be undertaken to maximize positive impact; what the focus of the PPD should be.

The need for the PPD is determined as follows:

<table>
<thead>
<tr>
<th>RSA Result</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Where all of the following conditions prevail:</td>
<td>No PPD</td>
</tr>
<tr>
<td>• no negative impact</td>
<td></td>
</tr>
<tr>
<td>• high level need/demand</td>
<td></td>
</tr>
<tr>
<td>• high absorptive capacity</td>
<td></td>
</tr>
<tr>
<td>b. Where any of the following conditions prevail:</td>
<td>PPD required</td>
</tr>
<tr>
<td>• limited need/demand</td>
<td></td>
</tr>
<tr>
<td>• defects in absorptive capacity</td>
<td></td>
</tr>
<tr>
<td>• potential negative impacts for some subpopulations</td>
<td></td>
</tr>
<tr>
<td>c. Where there are high levels of potential negative impact, significant</td>
<td>Relocation or rethinking of</td>
</tr>
<tr>
<td>opposition, or major limitations to absorptive capacity</td>
<td>project concept</td>
</tr>
</tbody>
</table>

The focus for the PPD is also determined on the basis of the results of the RSA:

a. The PPD would focus on means of refining the design to maximize participation of those with medium and low levels of development (usually the numerically larger subpopulations).

b. Similarly, where the RSA raises doubts as to the ability of particular, targeted subpopulations to gain equal access to project benefits (for example, tenant farmer PPD would focus on the need to develop methods for directly targeting this group.

c. Where the RSA exposes weaknesses in absorptive capacity, the PPD would focus on designing a strategy for development of local community organizations (social preparation).

d. Where, during the RSA, a subpopulation is assessed as being technically undeveloped, the PPD would focus on working with the implementing agency to design public information campaigns and training/education programs, as well as assess the maximum amount of technical innovation that can be absorbed by the beneficiaries.
Use of the RSA in Urban Settings

Although the same principles apply to the use of the RSA in urban situations, the task is frequently made simpler by a number of factors, including greater accessibility, higher levels of awareness, increased homogeneity and greater likelihood of existing local organizations. In applying the RSA to a proposed sites and services project, for example, the subpopulations to be surveyed might typically become, legal titleholders, recent illegal squatters, established illegal squatters and tenants.

Participatory Project Design

The objective of the Participatory Project Design (PPD) Phase is to optimize project design by integrating target-group preferences and priorities while developing realistic but appropriate project implementation strategies to which all parties have made a commitment. The PPD, a recommended method for achieving this elusive goal, combines the more detailed social analysis as indicated by the RSA with Zopp-style participatory problem-solving techniques.9

Because the PPD involves intensive investigations and consultations, it may take some months to complete and would frequently be conducted in conjunction with economic, institutional, and environmental analyses, if required. The PPD is normally carried out independently of the proposed implementing agency by social analysts on the planning team. In view of the inevitable problems of interdepartmental coordination, consultation workshops are held in order to build team spirit and reach a consensus on all key matters.

The task of the planning team can be broken down into four basic steps:

<table>
<thead>
<tr>
<th>Step</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem analysis</td>
<td>To confirm or amend the project concept by identifying the core problem of the target group and depicting the causes and effects of this problem visually in the form of a problem tree.</td>
</tr>
<tr>
<td>Objectives analysis</td>
<td>To develop specific objectives that relate directly to the problems identified above.</td>
</tr>
<tr>
<td>Alternatives analysis</td>
<td>To assess alternative or competing strategies so as to achieve the previously agreed objectives in the most efficient and equitable manner.</td>
</tr>
</tbody>
</table>

9. Zopp, the acronym for Zielorientierte Projekt Planung, or goal-oriented project planning, is a technique popularized by the German Development Agency, GTZ and more recently adopted by many others as a means of generating greater understanding and commitment toward a project design. The basic approach of the ZOPP method is similar to that outlined in this chapter. For more details on the practical application of the ZOPP method, see GTZ (1987).
Planning matrix

To spell out detailed action plans to achieve the above objectives and identify indicators to measure the progress in achieving these objectives.

Problem Analysis

The first task is to undertake in-depth and systematic consultations with a representative sample of each subpopulation and all actors identified during the RSA. This analysis must be conducted in a genuinely consultative manner so as to ensure eventual consensus and commitment to the end-product. The objective of problem analysis is to identify core and related problems of the primary target groups that are to be addressed by the project and to identify their respective causes, effects, and inter-relationships.

For each subpopulation or actor, the above interrelationships are recorded on cards in the form of a problem tree (see Figure 12.1), which because of its simple visual nature, becomes a key tool in later communicating and assessing the merits of the different perspectives of the various groups involved in the project. In each case the consultation involves a problem analysis from the perspective of those being interviewed. For example, the problem tree shown below would probably not adequately depict the position of tribal or subsistence farmers who might be unwilling to invest in their most valuable asset, land, because of the insecurity of tenure.

In keeping with the team-building approach, workshops are held for all of the parties to compare their perceptions of the problem and to seek agreement on a common analysis. With increasing levels of poverty, particularly psychosocial poverty, genuine participation in any joint consultation will be increasingly difficult to achieve for some groups. In the design of poverty-alleviation projects, a substantial amount of time and attention must be given to the poorest subpopulations since they are invariably the most dispersed, disorganized, and inarticulate. For these groups, joint consultation may need to be deferred until the design is almost finalized. In the interim, however, intensive direct consultation would be carried out and would typically involve participatory surveys (of human, physical and economic resources, quality of social services, cultural and behavioral factors, village-level, institutional development, and ongoing development of projects and programs; discussion and analysis of the survey results and the development context in the project area (constraints on poorer groups, production, consumption and savings, social welfare, organizational capability, problems, potential solutions); and discussions related to the project concept (past experiences, risks, potential, beneficiary willingness to participate or contribute, technological preferences, preferred credit conditions and regulations, preferred institutional arrangements):

Objectives Analysis

The purpose of the objectives analysis is to describe a future situation that will be achieved by resolving one or more of the problems identified; thus, the hierarchy of problems (problem tree) is transformed into a hierarchy of objectives (objectives tree; see Figure 12.2). This exercise helps identify the potential alternative interventions available to resolve the problems.
Alternatives Analysis

The purpose of this stage is to identify alternative interventions and strategies to help achieve the agreed objectives, and to evaluate these alternatives using social, environmental, technical, financial, and institutional criteria so as to identify the optimal interventions and strategy.
Referring to the previous example, if all parties agreed to the same analysis of both problem and objectives, their strategic preferences would still differ because of their different perspectives. For example, the preferred project strategy might vary from increasing bank staff, subsidizing credit, and licensing moneylenders to perhaps creating a new credit institution. From its earlier analysis, the planning team should generally be able to predict and discount the influence of "vested interests" in the strategies proposed and to steer the planning workshops toward the most rational and equitable resolution. (In feudal or otherwise polarized social situations, some "tradeoff" may be necessary in order to gain the support of local power groups.)

OPTIMIZING PROJECT DESIGN. The separate funding of financial and environmental analysis will at this stage be incorporated into the final design. In practice, however, the greatest problems are likely to be encountered on the human institutional side, for example, in selecting the best options for incorporating community priorities and preferences, maximizing absorptive capacity, and selecting appropriate technical strategies.

a. Integrating Target Priorities and Preferences

- Project goals are ranked according to their place in the priority ranking of each target sub-population.

- The participation levels of each subpopulation are estimated on the basis of the above ranking.

- Tradeoffs are calculated in terms of the number of beneficiaries from each subpopulation who may be expected to participate according to the strategy chosen.

b. Selecting Appropriate Technical Options

- In general, technical options need to be examined in terms of familiarity, size, location, timing, and complexity so as to identify the project design that will most accurately reflect target population priorities and absorptive capacity.

- If the proposed project involves the introduction of new technologies, first assess the degree to which the innovation accords with, or departs from, the existing practices of each subpopulation. Major changes should not be introduced to vulnerable subpopulations unless the technology has already been verified with other comparable communities and appropriate educational support is available. Innovations should reduce the income risks of the poor, not increase them.

- Where the absorptive capacity of one or more of the targeted subpopulations cannot be adequately increased in the short term, consideration should be given to limiting the activities/components of the proposed project or to providing inputs in the form of preintegrated packages.
If beneficiary participation is likely to be reduced or disrupted as a result of structural inequalities in a target population, project design strategies need to be developed to overcome these problems (for example, direct targeting, indivisible inputs, compensatory components).

**c. Maximizing Absorptive Capacity**

- Where a subpopulation has little, if any, experience in self-reliant development initiatives, the project design would need to provide for the mobilization, organization, and education of beneficiaries to encourage local initiative and develop a sense of responsibility prior to the introduction of external inputs. In other words, a social preparation phase should be incorporated (refer Chapter 6).

- Where local community organizations do not exist, are corrupt or inactive or do not represent marginal subpopulations (for example, the landless, women, ethnic communities), the project design would need to provide for the development of community organizations, particularly among the poorest.

- Where the relationship between the proposed implementing agency and potential beneficiaries is marred by defects that might affect project implementation and sustainability, project design would need to explore methods of overcoming these problems (for example, NGOs could be used as intermediaries, extension staff could be appointed from within the target group itself, or an alternative implementing agency could be established).

- Where beneficiaries have "low" levels of knowledge or skill in new technologies, consideration may need to be given to overcoming these limitations by training education components designed to increase absorptive capacity.

**EVALUATING POSSIBLE ALTERNATIVES.** Where alternative strategies appear possible, each should be examined against critical factors of the kind set out in the matrix below:
Alternatives Evaluation Matrix

<table>
<thead>
<tr>
<th>Factor</th>
<th>Feasibility</th>
<th>Sustainability</th>
<th>Equity</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrangements:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Demand Side</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Delivery Side</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Appropriateness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Recovery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Project Plan Matrix

The final outcome of the PPD is the project planning matrix or logical framework, which becomes the reference point for the project throughout its life. Because of the vulnerability of the poor it is certain that, over time, the project strategy will need to be periodically modified in line with changing circumstances. The planning matrix thus becomes crucial in helping to ensure that the original hierarchy of problems remains the central focus of the revised strategy.

The planning matrix provides a summary of why a project is carried out, what the project is expected to achieve, how the project is going to achieve these results, which external factors are crucial for the success of the project, how the success of the project can be assessed, where the data can be found to assess the success of the project, and what the project will cost (see Table 12.3).10

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10. Detailed guidelines for drawing up the matrix can be obtained from various resource documents, for example, NORAD (1990).
# Table 12.3. Project Planning Matrix

<table>
<thead>
<tr>
<th>Summary of Objectives / Activities</th>
<th>Objectively Verifiable Indicator</th>
<th>Means of Verification</th>
<th>Important Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall goal</td>
<td>Reduced poverty in Region XYZ</td>
<td>Income surveys</td>
<td>Credit used wisely</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expenditure surveys</td>
<td>Additional income used wisely</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Savings/Investment surveys</td>
<td>Sustainable credit program</td>
</tr>
<tr>
<td>Project purpose</td>
<td>Affordable, accessible credit scheme for x,000 poor families in Region XYZ within eight years</td>
<td>Percentage of families taking loans</td>
<td>Credit used predominantly by the poor (no external interference) Effective motivational program</td>
</tr>
<tr>
<td>Results outputs</td>
<td>Group based borrowing scheme introduced</td>
<td>Type of loans issued</td>
<td>Group credit discipline developed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High repayment rates</td>
<td>Raw materials and markets accessible</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No villages borrowing</td>
<td>Banks prepared to cooperate</td>
</tr>
<tr>
<td>Activities</td>
<td>Group scheme introduced</td>
<td>Level of savings</td>
<td>Villagers confident to borrow</td>
</tr>
<tr>
<td></td>
<td>Village extension/training program introduced</td>
<td>Number and type of loan applications</td>
<td>Committed, credible trainers available</td>
</tr>
<tr>
<td></td>
<td>Village motivation/training program established</td>
<td>Number meetings held</td>
<td>Effective motivators available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number groups formed</td>
<td>Absence of disruptive elements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number leaders trained</td>
<td></td>
</tr>
</tbody>
</table>
IMPLEMENTING POVERTY REDUCTION PROJECTS

Neil O’Sullivan

As mentioned in previous chapters, poverty reduction projects cannot be implemented effectively unless the poor themselves are able to identify and articulate their demands as the basis for sustainable project design. Where there are no preexistent organizations of the poor (as is generally the case), the first step of implementation is therefore the challenging task of organizing the proposed beneficiaries.

Beneficiary Organization

The World Bank and various other bodies have consistently identified institutional factors as the most significant determinant of a project’s success. In poverty-related projects, probably the most important institutional factor is the absorptive capacity of the poor as represented by the strength of the organizations controlled by them. Unfortunately, however, the poor are seldom organized. Because setting up new organizations for the poor is normally difficult and time-consuming, a common tendency is either to fall back on existing structures, such as official village-level administrative units or to allocate the task of setting up such organizations to those government institutions (for example, banks, agricultural departments) that already have a widespread network in the target area.

In terms of representing the interests of the poor, the record of most forms of local government is very poor. As Lewis (1988) has noted, local councils tend to be elitist and manipulated from above; moreover, the delegation of central authority to locally selected governments is apt to widen the inequalities between classes because traditional elites are likely to be most intransigent within their own territory. For similar reasons, local cooperatives, whether independent or quasi-government organizations, have rarely been an effective means of reaching the poor.

Similarly, most traditional institutions such as banks and government departments tend to reflect a culture that has developed in both training and practice through a concern for the problems of the more affluent and better-educated clientele. In extreme cases, as in many traditional rural credit programs (see Chapters 4 and 6), attitudes to the poor border on being openly hostile, while even in more neutral situations regular employees cannot normally be expected to have much aptitude or enthusiasm for a task that requires unusual levels of energy, enterprise, and dedication.

The responsibility for beneficiary organization should be undertaken by a government agency only if that agency can demonstrate the necessary flexibility, sensitivity, and commitment. Although more and more government agencies are showing this sensitivity (particularly in urban
areas), in general, they have difficulty gaining the trust and cooperation of vulnerable groups. Thus this demanding task is frequently subcontracted to an experienced nongovernment organization. If no appropriate government agency or NGO is available, it is sometimes possible to create a separate unit within a government agency under the leadership of a person of vision and commitment.

The most successful organizations of the poor are those that focus on carrying out specific functions the poor consider important. Predictably, such organizations usually concentrate on income generation, especially in rural areas, where employment opportunities are both more limited and fickle. For this reason, community-based savings and credit schemes have now become a common basis for organizing those in the community without assets.

In urban areas, where a weaker sense of community usually exists, such credit programs have yet to emerge on a large scale. With the greater awareness and social mobility existing among the urban poor, organization has frequently been issue-based, and community organizations such as slum improvement programs have arisen almost spontaneously to tackle threats or problems. Although some of these organizations have evolved into effective and broadly based organizations of the poor, more often they have been co-opted by a political party or have suffered internal divisiveness.

A Model for Beneficiary Organization

An important first step in implementing a poverty alleviation project is to undertake some form of social preparation. This is essentially a pre-investment phase designed to strengthen the absorptive capacity of communities, which, by dint of their poverty, isolation, or social status, have been marginalized to the point where they are unable or unwilling to participate in mainstream development activities. As described in Chapter 5, the urban poor are generally quite willing and able to participate if projects are appropriately designed. Thus the following model applies more particularly to the rural poor, although the general principles apply in almost all situations.

The objective of social preparation is to reinstill in such communities the confidence, hope, and motivation they need to participate in development activities. This process normally involves helping communities to form local (grass roots) organizations that can serve their development needs on a continuing basis.

Social preparation may take from three to twelve months, depending on the complexity of the particular environment. Many examples exist in which agencies impatient to see progress have taken shortcuts. The results have invariably been disappointing, just as they have when development agencies create beneficiary groups simply as an absorptive mechanism for funds already earmarked for their use. Even if a potential group has been advised it will only receive funding at some future time when various conditions have been met, there is a strong likelihood

1. Schemes such as the Urban Community Development Program in Hyderabad and the Kampung Improvement Program in Indonesia are considered to have developed such flexible and sensitive mechanisms for reaching the poor. In rural areas, where memories are long, even the most earnest attempts by government such as Sri Lanka’s Janasaviya Program may be nullified by bad experiences in the past.

2. Several important exceptions such as the SEWA (Self-Employed Women’s Association) and the Working Women’s Forum have emerged in India, but in each case they depend on additional common factors (being female and self-employed) to create a strong sense of community.
that on the day of judgment the beneficiary group will have fulfilled all the required conditions, but not as a result of its own natural maturation.

The best moment to supply external resources is when the local organization has developed sufficient capacities of its own to digest the assistance as a suitable complement to the resources (members’ contributions, labor, and materials) it has successfully deployed in various operations. Providing funds before an organization has proved itself makes it all the more dependent, and the agency’s resources are poured into an inappropriate vessel with a high likelihood of mishap.

Social preparation usually consists of four phases: identification, mobilization, organization, and institutionalization.

IDENTIFICATION. In this initial phase, the task is to define the specific nature and location of the target group. Particular attention is given to the level of social stratification that exists, for experience has shown that in stratified societies, beneficiary groups must be homogeneous (for example, all landless laborers, all women). Women, in particular, respond far more enthusiastically in separate women’s groups than in mixed groups.

MOBILIZATION. Because the poor are likely to be submerged in an environment of inertia and a sense of hopelessness, an outside catalyst will be required to stimulate change. The catalyst will be the development agency’s community organizer (CO) or community development worker (CDW) who takes up residence in the target villages. (Each CO or CDW is likely to be responsible for five to ten village-level communities at any given time.)

The mode of stimulation depends on the local culture and the degree of the community’s social and economic deprivation. In illiterate communities, a functional literacy course may be very effective; in tribal communities, cultural performances have been used to anger, cajole, and challenge the poor to restore their dignity and demand their rights. All stimulation processes will result in a greater critical awareness among participants.

Once stimulated, the interest and energy of the community must be directed toward some constructive activity. One of the first acts of the development worker will be to select an “entry point” to the community. Although this entry point may be in a specific sector (such as health or drinking water supply), a broader approach is more useful. Many workers choose the medium of a village survey. By visiting the home of the poor on a hut-by-hut basis, the field worker gains the confidence of the community and identifies key people and problems in a relatively short time.

The reawakened hope and energy of the community is then immediately channeled into a fledgling organizational structure. Normally, this takes the form of an informal group of fifteen to fifty participants who meet at least weekly to analyze their problems and consider solutions.

ORGANIZATION. Once mobilization has been achieved and a group formed, the task is to formalize it in order to increase its strength and sustainability. Simultaneously, the group is encouraged to take its first joint action, for example, arranging, or if necessary demanding, a meeting with the local agricultural extension officer or agricultural bank manager.

The objective during this stage is to inculcate a sense of cooperation, mutual discipline, and unity that can withstand internal power struggles and external interference or subversion. The formation of responsible leadership is a key element of this phase. The growth and development of the group will depend on whether it takes action from an early stage. Since members are bound to be poor, one of their main interests will be to generate income. Consequently, most early meetings will be preoccupied with discussing the merits and risks of various options that might be available. It is at this stage that the group becomes ready to interact with outside forces—government agencies, banks, politicians, and the like.
One of the most popular and successful strategies for group development at this stage is the group savings scheme. Since most poor people have had some experience of high-interest credit from moneylenders, the possibility of having access to cheap credit from within their own community normally generates considerable support. At the same time, the requirements for setting up even a simple revolving loan are substantial and will necessarily strengthen confidence, cohesion, discipline, and decisionmaking capacity within the poor community.

Where a savings scheme has been successfully introduced, a logical extension is to formalize the scheme by linking it to a broader credit institution that has the capacity to provide access to higher levels of investment. Many community credit schemes depend on the prior formation of borrowers’ organizations, not only to provide joint moral collateral (as an alternative to physical collateral) but also to reduce transaction costs (see Chapter 6). By advancing to this stage, the local organization is automatically strengthened and its overall absorptive capacity is expanded.3

The purpose of the ultimate transitional stage is to ensure that the newly formed organization has its own integrity and that it is not simply a short-term vehicle created to serve the needs of some external agency. To this end, the field worker encourages maximum autonomy and avoids the imposition of any specific goals or timetables from outside.

Ironically, beneficiaries are usually organized by an outside body with a specific outcome in mind. Although this approach may appear to conflict with the idea that groups need to establish their own programs and priorities, a mutually desired objective is likely to emerge if the planning team has carried out careful research and consultation during the project’s design stage. A problem that is more likely to arise is that technical inputs and budget allocations will be difficult to coordinate with the unpredictable pace of the maturation of organizations from differing communities and locations. Such problems are best dealt with via underprogramming, as explained in the section on flexibility, below.

Institutionalization. This final phase recognizes the limitations and vulnerability of small primary units and attempts to overcome this problem by linking primary groups with secondary structures via a cluster or district-level organization to which each local level organization sends one or two representatives. This secondary level of organization is still small, usually consisting of about ten groups (that is, approximately 250 members). However, it does provide small communities with a means of articulating their needs, coordinating their efforts, and arranging more complex inputs (training, credit, and so on). Ideally, this secondary level will be extended to a tertiary level and thus allow development strategies to emerge at a greater pace and with more sophistication. A potentially powerful people’s organization will have taken shape at this stage, and it will be welcomed by those governments that recognize their own resource limitations. However, it may be either coopted or, perhaps opposed, by those that are less certain of their own position and performance.

Institutional Factors

Whereas the above comments pertain to the institutional development of the target group, particularly their ability to crystallize their demands, and increase their absorptive capacity, the

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3. Strategies of this type are followed by development agencies in Bangladesh such as Grameen Bank and BRAC. Invariably, these organizations observe a range of additional benefits over and above access to credit. Increases in family planning acceptance, children’s education and income-generating initiatives are typical.
more common concern in the implementation of poverty projects is the institutional arrangements that affect the supply of project inputs. Predictably, the meshing of supply and demand creates many challenges at the institutional level and frequently calls for a major reorientation of the attitudes and practices of the implementation agency.

**Reorienting Bureaucracies**

Experience in many developing countries has repeatedly highlighted the problems implementing agencies face in readjusting their style of operation in order to cope with the special needs of the poor. Bureaucracies often develop a culture that is against the flexibility and sensitivity necessary for establishing effective working relationships with the poor. During the design of a poverty reduction project, the planning team would have gained a clear understanding of the likely relationship between the proposed target group and implementing agency and would thus be able to judge the relative likelihood of compatibility or conflict.

Where significant potential for conflict does exist, either the implementing agency must be appropriately transformed or an alternative agency sought. In the past there has been a tendency to assign sensitive or special projects to a project implementation unit, but experience has shown that when the time comes for handing back the project to a line agency, problems are likely to occur that may well jeopardize the sustainability of the project (see Chapter 15). Although it is tempting to bypass the existing bureaucracy, autonomous project organizations are frequently criticized for allowing external investors or national politicians to take vital resources from other areas in order to create an unsustainable enclave in which impressive, but essentially short-term, gains can be made.

At times, however, the goals may be so important, or the alternative channels so compromised, that an autonomous body will be the best option. If such a course is taken, carefully detailed strategies must be devised at the outset so as to minimize the disruption and loss of momentum that is likely to occur when the project is eventually reintegrated into a line agency.

Even if no tension exists, it is essential to provide a special training program to sensitize field staff to the most fruitful ways of working with the poor. Experience has shown, however, that the training of individual staff has little lasting impact until there has been some basic reorientation of the entire senior management. To date, there is a lack of proven techniques for transforming bureaucracies, although experience in Nepal and the Philippines has indicated the importance of (a) assigning the task to an experienced and highly committed leader, (b) using a highly participatory process to persuade staff members of existing performance shortfalls and of the political, budgetary, and institutional imperative of developing extension systems driven by the demands of the poor; using successful pilot projects to provide intensive on-the-job training for existing staff; ensuring that appropriate measures have been taken at the policy level to reinforce desired changes.

One of the guiding principles in reorienting bureaucracies should be to encourage staff to develop a client orientation in the same way that private enterprise does if it wishes to remain viable. The public service staff of many developing countries still retain, as the legacy of a feudal past, an exclusively upward orientation.

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4. Experience in the Dhading pilot project of the Small Farmers Development Project in Nepal and the Philippine National Irrigation Administration (see Korten and Sly 1989).
One of the principal desired outcomes in the reorientation of the bureaucracy is that its style of planning and management move from a blueprint approach to what Korten (1980: 509–17) has described as a process or learning approach. Most hierarchical organizations tend naturally to gravitate toward a blueprint approach, which, however, is rarely successful in dealing with the poor since it assumes (a) goals have been clearly specified in advance of design; (b) the design is comprehensive and is appropriate to the needs of each subpopulation in each distinct region at every given time; (c) reliable monitoring information is available and authorities have full control over the activities and performance of field staff, and (d) there is a stable external environment devoid of political, bureaucratic, or climatic disruptions.

By contrast, a learning approach assumes that external situations cannot be controlled but rather that responsible organizations must develop the capacity to continually analyze changing or variable field situations with respect to the organization's basic objectives and to modify responses accordingly. Under this approach, planning is based on actual field experience and thus is continuous. That is to say, it operates from a reliable, two-way information system based on a common commitment to a clearly understood set of goals.

The difficult but unavoidable challenge of reorienting supply-side institutions in this way parallels the task of constructing dynamic, beneficiary institutions. In both cases, a similar capacity is required to be able to cope with the onion-like layers of problems that emerge as the development process moves forward. As in beneficiary organizations, this capacity is created not just by acquiring technical knowledge but by developing fundamental attributes, including leadership, group commitment, and concerns for equity.

In certain situations it will become clear that existing institutions cannot realistically be transformed to meet the needs of the poor or that the new function required is somewhat different from that performed by traditional agencies. In these situations a strong case can usually be made for constructing an alternative channel, provided that it is seen as a long-term undertaking.

In commercial banks operating in rural areas, for example, much of the traditional function of meeting the credit needs of larger farmers must be maintained, and in many societies the concerns of poor borrowers will never be given adequate priority. In such situations more positive results are much more likely to be achieved by creating totally new institutions dedicated to the specific needs of the poor. In the field of rural credit, most Asian countries have experimented in this direction, with probably the best performance being recorded by the Grameen Bank, the institution that has by far the tightest poverty focus (borrowers must have less than 0.5 acre of cultivable land or equivalent value of assets) and, thanks probably to its founder, a strong pro-poor culture.

**Staffing**

The critical link between a poverty reduction project and its target group is undoubtedly the project’s contact staff. If project field staff do not come from the same community as the beneficiaries or have difficulty in empathizing with them, problems are bound to arise. The severity of these problems will in part depend on the "social distance" between the staff and target group and in part on the basic level of disempowerment felt by the latter. Where a significant gulf cannot be overcome, for example, by employing members of the target community itself or by applying special criteria for the selection or training of outside staff, a mutually acceptable intermediary should be considered. In many cases NGOs can be contracted to perform this function or, as in the case of one area of the Nepal Small Farmer Development
Implementing Poverty Projects

Program, persons nominated by the beneficiaries can act as volunteer intermediaries between the project and the community.5

Poverty reduction projects often require a high level of committed and inspirational leadership if they are to overcome the normal obstacles. Major poverty reduction projects should give considerable attention to the recruitment of such a person(s) and to their active involvement in finalizing the project design. One of the desirable attributes in the project leadership is a capacity to manage public relations and to ensure continuing support for the project until demonstrable positive results begin to emerge.

Where appropriate leadership has been recruited, it is essential to try to keep it intact until an appropriate institutional culture has developed and key staff can be moved to other areas without destabilizing the project—the first three or four years is critical in this regard. Even if high-quality leadership is available, it is still vital to ensure that substantial effort is dedicated to training those second-line leaders who will ultimately assume responsibility for the project.

Many poverty reduction projects have difficulty recruiting and retaining suitable staff, particularly in remote locations or in areas that offer low salaries. Although a positive institutional culture and local recruitment (unemployed youth are now commonly available even at the graduate level) may help in resolve some of these problems, appropriate rewards should be available to compensate for the frequent travel, long hours, and difficult conditions that are likely to be an essential part of the job. For staff in general, adequate training, motivation, and supervision are essential. If, as is normally the case, female staff are needed to reach the female members of the target group, special provision must be made to overcome the normal cultural barriers faced by women (for example, they can travel in pairs or be given on-site accommodation).

Various techniques apart from recruitment, training, and motivation can be used to maximize staff efficiency in the field (Heaver 1988). These techniques include establishing clear objectives for extension work, limiting the range of tasks, and using regular work routines to assist in locating and contacting community members.

Flexibility

Because of the extreme vulnerability of the poor, working with them requires a great degree of flexibility. At the same time, budgets and work plans must be scheduled well in advance even for normal project planning. Although a more flexible approach to budgets and schedules is highly desirable, public administration policy is itself frequently inflexible; in such cases, however, projects can be implemented in phases (with a separate budget for each phase) so reliable information to can be gathered before progressing to subsequent phases. Wherever possible, funding must be flexible enough to cope with inevitable new and unforeseen problems without the need to reformulate and resubmit budgets for approval.

For the sake of sustainability, most poverty reduction projects seek to respond to the demand of the target group; however, the rate at which this demand is generated is notoriously difficult to predict and much damage has been done by harassed implementing agencies resorting

5. In the Dhading pilot project, communities were invited to selected a mature, reliable representative with sufficient time to act as the voluntary link with the project administration. Where such persons worked with only social approbation as reward, excellent trust was established. Wherever financial reward was introduced, the community tended to become distrustful even of their own nominee.
to supply-side targets as a means of confirming their work output. This problem can usually be handled by deliberately underprogramming in the initial stages so that, at any given time, extension activities are actually taking place in slightly more communities than have been budgeted for in terms of follow-up services. In this way, the implementing agency is never forced (in order to meet targets) to initiate activities in a place where beneficiaries are not yet fully prepared and anxious to participate.

Underprogramming is useful for dealing with many aspects of poverty reduction projects for it helps provide managers with the possibility of exercising choice in situations where it is difficult to specify in advance, exactly who or what will be required at some later date. For example in contact-staff training programs, the cost of training an additional, say, 20 percent of candidates is usually minimal in terms of overall budgets; however, the ability to identify and dispose of inappropriate trainees before they are due for deployment can add enormously to the quality and morale of the project. Needless to say, it is essential to have sufficient budget flexibility to use underprogramming techniques.

As a matter of principle, projects should, wherever possible, be launched first in those locations where the chances of success are highest, and thereby would provide concrete evidence of the practicability of the project to recalcitrant communities. In most poverty-focused projects, flexibility will be improved by decentralizing authority as far as is possible, particularly where a wide diversity of communities and locations are to be covered. The tradition in many Asian countries, however, has been to equate "decentralization" with "centralized planning" accompanied by "decentralized implementation." This attitude, when applied at the grass roots level, is likely to result in reduced participation by giving beneficiaries the impression that the project is in reality not "theirs" but is rather the property of some remote authority and should be treated accordingly.

In keeping with the desire to maximize the agency's responsiveness as well as its learning capacity, supervision should be kept simple and chains of command kept short. Where the project's goals have been fully understood and accepted by both the staff and the target group and a high level of participation has been generated, much of the day-to-day supervision will be automatically taken care of by the beneficiaries themselves. Consequently, external supervision and management information will be able to concentrate on "exception reporting."

Coordination

As a guiding principle, the chances of a project's success can be considered to be inversely proportional to the number of separate agencies involved in its implementation. Problems of interagency coordination are notorious in most developing countries. Thus, wherever possible, project control (and financial resources) should be vested in a single agency. Unfortunately, if one agency is appointed to be the lead agency ahead of other potential candidates, the unsuccessful agencies will sometimes lose interest in the project, even though their cooperation and input may still be vital. Where coordination difficulties are anticipated, two basic approaches can serve to reduce difficulties. First, at the design stage, all interested agencies should have been identified and directly involved in finalizing the project design. Wherever this

6. In the Indian Integrated Rural Development Project, administrators working in difficult regions have frequently resorted to highly superficial, loan melas (carnivals) in order to meet loan distribution targets. Recovery of loans distributed in this way is reportedly as low as 20–25 percent (see Pulley 1989).
has been done, the subsequent commitment to the project from all agencies has generally been high. At the same time, basic management practices must be followed zealously to ensure that there is a clear and agreed definition of responsibility for every element of the program and that appropriate and inalienable budgets are available. Once such commitment has been established, it is then important to devise appropriate coordinating mechanisms to provide regular feedback on actual performance and to facilitate prompt remedial action.

Pilot Projects

Apart from its obvious objective of verifying overall project strategy, a pilot phase offers the following advantages: allows unforeseen obstacles or bottlenecks to be identified; develops a capacity for identifying and testing a limited range of inputs rather than resorting to a specific blueprint that may not be appropriate for many communities or situations; helps identify staff with special talents or commitment who can assume key roles in the expanded project; provides general field staff with practical training before the main project starts up; provides an opportunity to test alternative approaches to community organizing.

Given the general scarcity of public resources and the basic vulnerability of the poor, unless there are already clearly established and successful precedents, the use of an appropriate pilot project should be considered mandatory in most poverty reduction projects. Arguments that pilot projects are not replicable and take too long to complete can usually be countered by ensuring that the pilot project is itself of significant size and is kept ahead of the main project by a minimum time factor (the time lag will vary according to the degree of confidence in a particular operation but, in general, problems in the pilot project can be quickly detected via an intensive monitoring system).

Targets

In an effort to improve efficiency and output, most antipoverty projects maintain strict monitoring based on performance as measured against specific physical targets, typically using measures such as the number of families covered or the volume of goods or services disbursed. Although these parameters provide a fast and cheap method of monitoring progress, they are essentially supply-side indicators and will only be reliable if the target group already has a high level of awareness and absorptive capacity.7 In terms of their ability to assist in predicting likely project sustainability, supply indicators are by and large irrelevant.

In the more common situation, where the poor are neither aware nor organized, supply-type indicators have two serious limitations. First, as with many official statistics gleaned from a distant network of sources, each with a variety of vested interests, the end result is notoriously unreliable. More important, however, is the situation that arises when project statistics are fairly reliable and the staff use these data as the basis for their evaluations. Here, the staff is almost irresistibly drawn to short-term, quantitative matters such as coverage rather than qualitative concerns such as participation and training. This latter trend invariably demoralizes committed

7. In the Indian states of Kerala and West Bengal, for example, where both formal and political awareness is highly developed, the Integrated Rural Development Program encountered much less distortion in loan recoveries than in most other states (Pulley 1989).
staff, increases the insensitivity and inflexibility of project administration, and reduces the likelihood of sustainability.

**Nongovernment Organizations**

In many developing countries, NGOs have long played an important role in supplementing government services, particularly to the poor and disadvantaged. More recently, however, many nongovernment development organizations (NGDOs) have emerged with a strong commitment to the empowerment of poor communities with which they work. Although these organizations are more likely to be professional, rather than voluntary in nature, they are still able to claim a high level of effectiveness and efficiency in their work because of their capacity to generate maximum beneficiary participation and voluntary energy.8

The increasing involvement of NGOs reflects the generally accepted belief that such organizations have a comparative advantage over traditional government agencies in those situations where the enthusiastic participation of the target community is required to achieve a sustainable impact. The key characteristics exhibited by successful NGDOs include their *proximity*, both physical and social, to the poor; *trust and credibility*, usually only developed over a period of time; *commitment* to enduring the frustrations of working with communities that will initially be suspicious and demoralized; and their *flexibility*, and thus a willingness and capacity, to modify project strategies in accordance with the frequently changing requirements of vulnerable communities.

In recognition of the above characteristics, both governments and external development agencies are increasingly making use of NGDOs in poverty-related projects. NGDOs often play a role in community surveys at the design stage, in community organizing, and in monitoring and evaluation. Although NGDOs are frequently subcontracted to perform discrete elements of a project, their oft-expressed preference is that, as far as possible, they be treated as a partner and given an opportunity to be involved in a project from its inception, in keeping with the NGO's wide-ranging development concerns. The advantage of such an arrangement is that following the nominal conclusion of a project and the withdrawal of the implementing agency to other areas or projects, it is quite likely that an involved NGO would be keen to continue working in the area until a basic level of genuine self-reliance had been reached.

Most development NGOs are highly sensitive to what they describe as the *development process* and insist that sustainability depends on the method by which economic advancement is achieved.9 In situations where environmental degradation or political harassment becomes a major concern of the poor, for example, development NGOs will frequently take up an advocacy role on behalf of the poor. In fact, a small number of NGDOs focus exclusively on this task. Because nongovernment agencies cherish their independence, whereas government agencies are

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8. One of the most dramatic examples of the productive use of *voluntary energy* is to be found in the large micro-credit programs such as those of BRAC and Grameen Bank in Bangladesh. Here, otherwise prohibitively high banking transaction costs can be made manageable by organizing small borrower groups to assume much of the supervisory function normally undertaken by highly paid bank staff.

9. Development NGOs define the development process as "the process by which individuals identify themselves as a community and collectively acquire the necessary knowledge, power, values and organizational skills to irreversibly share and expand that community's resources for the benefit of all its members without being at the expense of other communities or of the environment."
accustomed to exerting total control, tensions are likely to arise during project implementation unless a clear understanding has been forged at the outset as to their respective roles.
DESIGNING GENDER-SENSITIVE POVERTY REDUCTION PROJECTS

Neil O'Sullivan

Introduction

Earlier chapters emphasized disaggregating "communities" into subpopulations early in the project design stage. Gender analysis represents a further dissection of subpopulations undertaken in order to separately identify the likely levels of participation and relative impact that a particular design will produce for women and men, respectively.

The reason for incorporating gender analysis into project design relates to concerns for both equity and economics. In the case of equity, it is now well recognized that, even among the poor, women are often especially disadvantaged in terms of workloads, wage rates, literacy, and health. Projects aimed at poverty reduction are themselves an attempt to introduce greater equity into the general social situation and must, to be internally consistent, also attempt to advance the relative position of women within the target group. At the very least, the design of poverty reduction projects must ensure that the position of women is not in any way worsened, as frequently happens, for example, via increasing the workload or reducing returns. Even to achieve this much, however, planners must have a detailed understanding of women's overall role in a prospective project area.

In a purely economic sense, women play a key role in many activities on which a poverty project is likely to focus, for example, enterprise development and credit, crop improvement and maintenance, water and sanitation, health and education. Accordingly, the final project design can only ensure women's participation by taking into account their preferences and the competing demands for their time and energy. Wherever a major decisionmaking or implementation role is played by women in these activities, project design must be based on effective consultation with them. Finally, poverty reduction projects in rural areas must take into account the increasingly common problem of female-headed households, which now account for 20 percent of families in most parts of rural Asia.

A recurrent cause of the lack of female participation in poverty reduction projects has been the incorrect assumptions made by (usually male) project planners and implementers about women's roles in nonhousehold enterprises and about what project beneficiaries consider "acceptable" forms of female participation. Planners frequently relegate women to the domestic or household production sphere and assume that their role in agriculture or off-farm income generation is inconsequential compared with that in the home and family management. In reality, a poor household functions as a unit and makes a range of management decisions regarding the production and marketing of goods and the deployment of its labor.

Heyzer (see Chapter 7) describes a number of additional factors that underline the importance of gender issues in antipoverty programs. Among these concerns is the fear that not only are existing divisions of labor allocating the most tedious and labor-intensive tasks to women but that new employment initiatives tend automatically to build on and even intensify this distortion. Similarly, conventional approaches to project design frequently fail to address
care, physical stress, and so on) and that are likely to affect the equitable distribution of any new resources generated by external projects.

In response to this situation, an effective project response must normally address a number of issues ranging from the protection of women's existing sources of status and income; the promotion of equitable access to essential services, credit, and agricultural inputs; the reduction of time spent on routine domestic chores such as water and fuel collection; the development of women's support organizations and networks; and finally, elimination of all laws that discriminate against women’s ownership and control of productive assets.

The above stereotyping, coupled with an assumption that women are little interested in matters outside the home, has meant that many poverty projects restrict the role of women to that of "clients" in health and family planning programs while ordaining men as the "target group" in all production-related matters. One of the reasons for this predisposition on the part of project planners is the tradition of viewing the (male-dominated) household as the basic economic unit rather than assessing the individual roles of its members. Further, it is likely that senior (and therefore older) planners, whose attitudes have been formed in an earlier era, have failed to keep pace with the rapid changes that are taking place in the lives of rural women throughout Asia.

Attempts are sometimes made to incorporate gender-sensitivity in a project design by adding on special "women's components" to an otherwise male-oriented project or to provide a special budget for women's training etc. The far preferable approach, however, is to treat women as a specific subpopulation and so ensure that appropriate consultations and design strategies are evolved that will become an integrated part of the final project design. For this reason, this chapter provides guidelines that can be applied both during the initial rapid social assessment (RSA) phase as well as in the more detailed participatory project design (PPD) phase.

The alternative approach to integrated projects is to design special poverty projects for women. In practice, both strategies are normally required for even if all future poverty reduction projects are designed in an appropriately gender-sensitive manner, there remains an additional need for investment to address the present status of women, who remain disadvantaged even among the poor. In certain situations, it is also strategically desirable to focus specifically on women a fact that has been recognized in the country gender studies undertaken recently by both the Asian Development Bank and the World Bank.¹

**Benefits of Gender-Sensitive Project Design**

Apart from concerns for equity, the first and most obvious benefit of gender-sensitive project design is that it will ensure a higher level of beneficiary participation, greater impact, and more certain sustainability of project benefits. Project designs that deliberately facilitate the involvement of women benefit in a number of tangible, if little-recognized, areas. For example, women are in effect the managers of poverty since they are generally the ones who must try to spread a meager income over the many conflicting necessities for a family's survival. In this role,

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¹ A typical case is that of the Self-Employed Women's association (SEWA) in Ahmedabad, whose initial attempts to improve the position of female workers focussed on integrating women into existing textile unions. Because of the strength and lack of sensitivity and sympathy of the existing bodies the initial strategy was eventually abandoned in favor of setting up exclusively women's organizations.
women invariably become highly responsible in relation to the handling of money, the wise use of any additional income, and the cautious choice of any possible investment opportunities.2

The managers of those projects in which women are involved frequently describe women’s performance as being more responsive and more reliable than their male counterparts. This greater responsiveness of women is attributed to the fact that in many situations a development project frequently represents a much-valued opportunity for women to move outside a traditionally restrictive environment in which she has little economic opportunity, an intense frustration at being unable to adequately feed and clothe her children, a high level of dependence on her husband, and often a strong sense of social inferiority and vulnerability.

At a purely practical level, the integration of women in a project virtually doubles the number of potential participants, thus providing a greater level of "competition" for involvement in the project and a better means of ensuring that the project is responding to local demand. Similarly, women’s involvement not only expands the pool of available talent but also increases group strength (since women are generally more centrally located and are more likely to be able or willing to attend group meetings). Many observers also consider women to be more task-oriented and less liable to be distracted by matters of competition and status. Finally, women are said to be very "level headed" and less likely to embark on overambitious or foolhardy development schemes.

**Encouraging Women’s Participation**

Strengthening the absorptive capacity of any weak or vulnerable subpopulation involves the development of some form of community organization for that group. If in the promotion of village-level organizations, however, representation is based on the principle of "one household, one vote," males tend to assume that position regardless of whether or not it is more appropriate. Such situations can be avoided in a number of ways, first by establishing separate men’s and women’s organizations as, for example, in savings and credit clubs. As described in Chapter 5, the normal socially liberating effects of urban life mean that the need for separate women’s groups among the urban poor is much less pronounced.

Where separate organizations are culturally unacceptable or where the sexual division of labor is such that women play a significant role, as they do in most aspects of subsistence agriculture or water use, membership may be organized on a dual basis, that is, husband and wife together. However, unless meeting times and places are carefully selected, it is quite possible that women may still be prevented from attending by virtue of their pervasive domestic responsibilities.

Alternatively, as a reflection of the actual relationship between men and women in carrying out their income-generating activities, membership may be arranged on an alternate basis. In this way, differences between husbands and wives can be reduced in response to the organization’s demands on their resources. Women’s involvement at meetings can, for example,

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2. The experience of micro-credit projects throughout Asia has repeatedly demonstrated the superior repayment performance of female borrowers - a key factor in the development of successful large-scale credit programs such as BRAC and the Grameen Bank in Bangladesh. Although some attribute the better repayment performance to women’s choice of less risky (and perhaps less remunerative) projects, it is significant that an experienced credit organization like BRAC (Bangladesh Rural Advancement Committee) routinely allows women to borrow very soon after joining a savings groups whereas men are required to wait several months during which time it is assumed they will absorb and accept the basic caution and discipline necessary for a sustainable credit program.
help to extract firmer commitments from members to pay membership fees and other dues since it is commonly the woman who is responsible for the household’s financial obligations and general expenditure.

The question of role models has also been shown to be important in encouraging women not only to participate but also to assume positions of leadership. Where in the past women have not customarily taken leadership positions, it will frequently be necessary for the project’s community organizers or contact staff to directly intervene by encouraging and promoting the involvement of suitable female candidates. Once the precedent has been established, thereafter talented women will normally be selected purely on the basis of their potential contribution to the task at hand.

Where cultural traditions are likely to inhibit the active participation of women even though they have been granted nominal membership of a primary group, involvement can be strengthened by setting up women’s subcommittees and progressively allocating greater levels of responsibility to such groups as their confidence and strength increases. Alternatively, complementary groups may be established in which responsibility for an overall task is allocated between men and women on the basis of separate interests or capacities (for example, men may accept responsibility for the construction of a water supply system with women taking responsibility for the operation and maintenance).

**Rapid Social Assessment**

During the rapid social assessment (RSA), as described in Chapter 12, the project design team seeks to clearly identify the target groups and to predict the potential need or demand of different subpopulations for a proposed project, given their levels of development and absorptive capacity. It should be noted, however, that RSA is but a preliminary step before the detailed design phase and most often relies on frequently inadequate and disaggregated data. In order to gain the necessary detailed data for the final design, the RSA would be used to identify the necessary surveys and analyses that would be further required. The RSA also identifies the likely sources and levels of support and opposition toward the project. In order to ensure that the eventual design is truly gender-sensitive, the RSA treats women as distinct subpopulations.

As mentioned earlier, the RSA approach consists of five steps:

a. **Identification of the target population**

Here the process involves:

* Development of a simple input/output model to assess the potential socioeconomic and cultural impacts of a proposed project on women, as distinct from men.

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3. Additional work that would typically be required might include: (1) use of labor market surveys to examine female participation in different economic sectors or to examine wage differentials; (2) use of household income and expenditure and credit surveys to assess differences between male and female consumption patterns and to examine the effects of increased female earnings on household consumption patterns; and (3) health surveys and anthropometric measures to assess differential morbidity and mortality patterns or differential malnutrition.
• The collection of demographic data on women within the overall target population from formal (government, academic) and informal (NGO, private sector) sources. This information would include ownership of resources, as well as health, educational, and social status.

• Identification of the relative positions of women within the major subpopulations in the target area. Basic subpopulations will already have been identified on the basis of land and capital holdings, employment status, level of social organization, ethnic cultural divisions, and so on. Ideally, each subpopulation will then be divided further into male and female subsections (see Table 14.1). In certain situations—for example, where there are fewer differences between women from differing subpopulations than between their male counterparts—it may be possible to group women into a smaller number of subpopulations.

b. Rating the Level of Development of Each Subpopulation

Suggested guidelines for rating the level of development of each female subgroup are as follows:

High: Those who own or have access to resources in their own right; participate fully in all decisionmaking affecting their own lives and that of their families; have received a secondary education; have unrestricted access to institutional credit, political power, health services, and the like; and have solid spacious housing.

Medium: Those with limited decisionmaking powers and access to resources in their own right, primary education and limited access to the above services. Modest housing.

Low: Those who do not have decisionmaking powers and access to resources in their own right, have not completed primary education, have no access to formal credit and little or no access to health facilities.

c. Assessing the Target Population's Need or Demand for a Project

Several steps must be taken to assess the target population's need or demand for a project:

• A field visit to the project area

• Direct observation of the living conditions of women (to cross-check data and ratings under steps a and b)

• Consultations with women to ascertain their general development priorities (this does not involve direct discussion of the proposed project)

• Analyzing the felt need for a project (the degree to which the project addresses women's priority concerns) and the demand for a project (the degree to which
women from that subpopulation would be prepared to contribute in order to become involved in a project)

- Rating of the level of need or demand for each subpopulation.

Suggested guidelines for rating the level of need or demand are as follows:

*High*: Strong and spontaneous expressions of need related to the development problem that the proposed project is intended to address. Obvious preparedness to involve and contribute.

*Medium*: Some interest or need in relation to the development problem being addressed by the proposed project but not as a first priority. Limited contribution likely.

*Low*: Preoccupation with development problems other than those that the proposed project is intended to address. Little likelihood of contributions.

d. Assessing Absorptive Capacity

During the site visit, several further factors are analyzed in order to assess whether women in the target subpopulation are likely to be able to absorb proposed project inputs. Several factors need to be considered:

- The level of social cohesion among women, as indicated by evidence of cooperation, equity, and mutual protection of the rights of women.

- A spirit of self-reliance, as indicated by the frequency of previous women's self-help initiatives, loan repayment history, use or misuse of past development opportunities, and so on.

- Existing role of women in local community organizations, if any.

- The level of relevant knowledge and skills of women in comparison with men in the target populations.

The above information is then analyzed for each subpopulation in order to rate its likely absorptive capacity. Suggested guidelines for rating are as follows:

*High*: Homogeneous women's community (socially cohesive), active and positive experience with self-help initiatives, proven capacity for financial management, active as office-bearers in local organizations, direct links with government agencies, technically innovative (new enterprises, successful kitchen-gardens, effective health and sanitation systems, and so on.

*Medium*: Limited social unity, mixed success with past development programs, minor involvement in local organizations, occasional direct meetings with government agencies, technically static.
Low: Lack of unity, no history of joint women’s activities or actions, minimal direct involvement in past development programs, no involvement in local organizations.

e. Assessing Relationships

Given the critical nature of the relationship between the target community and both the community at large and the proposed implementing agency, it is necessary during the RSA to clearly assess the mutual feelings and attitudes that exist between women in the target poor community, males in the same community, and relevant government agencies and outsiders. For a rural project aimed, for example, at providing an integrated package of inputs for impoverished women, these data would be reported in summary form, as shown in Table 14.1.

f. Reporting and Interpreting the RSA for Women

<table>
<thead>
<tr>
<th>Subpopulation</th>
<th>Level of Development</th>
<th>Level of Need</th>
<th>Level of Abusive Capacity</th>
<th>Percentage of Target Population</th>
<th>Specific Strengths/Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribal women</td>
<td>Low</td>
<td>High/low</td>
<td>Medium</td>
<td>15</td>
<td>Strong and close-knit, but uneducated; intimidated by outsiders</td>
</tr>
<tr>
<td>Subsistence farmers</td>
<td>Low</td>
<td>High/low</td>
<td>Low</td>
<td>40</td>
<td>Very poor health and education levels; low self-esteem; 30 percent household heads</td>
</tr>
<tr>
<td>Small/marginal farmers</td>
<td>Low</td>
<td>High/medium</td>
<td>Medium</td>
<td>30</td>
<td>Keen but disorganized and unaware; 18 percent household heads</td>
</tr>
<tr>
<td>Large farmers</td>
<td>Medium</td>
<td>Medium/medium</td>
<td>Medium</td>
<td>15</td>
<td>Socially isolated; limited education</td>
</tr>
</tbody>
</table>

The above report form is supplemented by an additional narrative report detailing the relationships that exist between women from the above subpopulations and other groups or actors likely to influence the outcome of the project (see following example).
Table 14.2 Relationship Report (for Women)

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Forestry Department</th>
<th>Agricultural Department</th>
<th>Bank</th>
<th>Large Farmers / Elite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribal women</td>
<td>Hostile</td>
<td>Little contact</td>
<td>No contact</td>
<td>Neutral/intimidating</td>
</tr>
<tr>
<td>Subsistence farmers</td>
<td>Little contact/hostile</td>
<td>Little contact</td>
<td>No contact</td>
<td>Neutral/intimidating</td>
</tr>
<tr>
<td>Small farmers</td>
<td>Little contact</td>
<td>Little contact</td>
<td>Little contact</td>
<td>Neutral/supportive</td>
</tr>
</tbody>
</table>

The results of the RSA may then be used to reassess: the appropriateness of project goals and purposes from the perspective of women; the likelihood that women in the different subpopulations will be willing and able to accept or participate in the proposed project; whether a participatory project design (PPD) phase needs to be undertaken to maximize participation and a positive impact in respect of women; what the focus of the PPD should be so as to ensure the effective participation of women.

From the perspective of women, the need for the PPD is determined as follows:

**RSA Result** | **Response**
---|---
| a. Where all of the following conditions prevail: | No PPD |
| • no negative impact on women | |
| • high level of need or demand by women | |
| • high absorptive capacity of women | |
| b. Where any of the following conditions prevail: | PPD required |
| • limitations in need or demand of women | |
| • defects in absorptive capacity of women | |
| • potential negative impacts for women in some sub-populations | |
| c. Where there are high levels of potential negative impact on women, significant opposition, or major limitations to absorptive capacity | Relocation or rethinking of project concept |

The focus for the PPD is also determined according to the results of the RSA:

- The PPD would normally focus on means of refining the design to maximize participation of female subpopulations with medium and low levels of development.
• Similarly, where the RSA raises doubts as to the ability of particular, female subpopulations to gain equal access to project benefits, the PPD would focus on the need to develop methods for directly targeting this group. In practice, this would normally involve a detailed mapping and analysis of women's productive and reproductive roles within each subpopulation.

• Where the RSA exposes weaknesses in the absorptive capacity of women, the PPD would focus on designing a strategy for the development of local women's organizations (social preparation).

• Where, during the RSA, a female subpopulation is assessed as being technically undeveloped, the PPD would focus on working with the implementing agency to design campaigns and women's training and education programs, as well as assess the maximum amount of technical innovation that could be appreciated and absorbed by the women in question.

**Participatory Project Design**

In relationship to women, the objective of the participatory project design (PPD) is to optimize project design by integrating women's preferences and priorities while at the same time developing realistic but appropriate project implementation strategies to which all parties have made a commitment.

The PPD involves intensive investigations and consultations with women and is undertaken in conjunction with economic, institutional, and Environmental analyses, where required. The PPD is normally carried out independently of the proposed implementing agency by gender analysts in the planning team who have both the skills and the commitment to ensure that a genuine consultation with women takes place.

In view of the likelihood that a traditional male orientation in at least some of the bureaucracies will be involved in the project, consultation workshops are used wherever possible to increase the level of sensitization in relation to women and to reach a consensus on effective means of positively involving women in the project.

The task of the planning team is broken down, as described in Chapter 12, into four basic steps, *problem analysis, objectives analysis, alternatives analysis,* and development of a *planning matrix.* Since the basic details of the approach taken in each of these stages has already been described, what follows are specific concerns that must be pursued at each stage to ensure a final, gender-sensitive design.

**Problem Analysis**

This stage involves in-depth and systematic consultations with a representative sample of women from each subpopulation. The consultation will focus on identifying the core and related problems as seen by women; however, the emphasis will be on concerns highlighted during the RSA.

Again *problem trees* should be developed for each of the female subpopulations (see Figure 14. 1, which is a gender-based expansion of that illustrated in Chapter 12). Workshops are then held for each of the parties to compare their perceptions of the problem and to seek
agreement on common analysis. In the case of female populations with low levels of development, joint consultation may be difficult to achieve and will require the allocation of a disproportionate amount of time and attention. For these groups, joint consultation may need to be deferred until the design is close to finalization. In the interim, the planning team (which should obviously include women), may itself need to need to directly represent the concerns of women. Meanwhile, intensive direct consultation would be carried out and would typically involve:

- A detailed mapping of women's productive and reproductive roles (including household management) and analysis of resultant opportunities and constraints.

- Participatory surveys (quality of social services accessible to women, cultural constraints on women's activities both real and perceived, role in village-level institutions, and continuing projects and programs for women).

- A discussion or analysis of the survey results and the development context in the project area (constraints on women's production, consumption and savings, social welfare, organizational capability, problems, potential solutions).

- Discussions related to the project concept (past experiences, risks, willingness to participate or contribute, technological preferences, preferred conditions, and institutional arrangements).

**Objectives Analysis**

As before, the purpose of the objectives analysis is to identify the potential alternative interventions available to resolve the problems and to thus transform the problem tree into a hierarchy of objectives, or objectives tree (see Figure 14.2).

**Alternatives Analysis**

This stage identifies and evaluates those alternative interventions and strategies that would involve women in helping to achieve the project's agreed objectives.

Referring to the previous example, it is inevitable that the perspectives of women would give rise to differing strategic preferences, for example, the deployment of female extension staff, or inclusion of a functional literacy component. From its earlier analysis, the planning team should generally be able to predict and discount male antipathy to such measures and to steer the planning workshops toward the most participatory and equitable resolution.

**Optimizing Project Design.** This stage involves selecting the best options for incorporating women's priorities and preferences, maximizing the absorptive capacity of women, and selecting technical strategies appropriate to women.
Figure 12.1 Problem Tree Applied to Gender Analysis

Increasing Poverty

- Dependence on High Interest Credit
  - No Surplus
    - No Investment
  - No Access to Affordable Credit Source
    - No Collateral
      - High Debt Levels
        - Low Income
          - No Time for Income Generation
            - Long Distance to Potable Water Supply
            - Long Distance to Nearest Fuel Wood Supply
          - Large Unhealthy Family
            - No Female Extension Staff
        - No Effective Extension Services
          - Extension Contacts Concentrated on Males
            - No Female Involvement in Village Organizations
            - Sense of Powerlessness
          - Low Socio-Cultural Status
            - No Contact With Other Women's Organizations, Government Offices, etc.
            - Low Apparent Contribution to Household Income
          - Geographical Isolation
            - No Contact With Other Women's Organizations, Government Offices, etc.
          - Low Socio-Cultural Status
            - No Contact With Other Women's Organizations, Government Offices, etc.
a. Integrating Target Priorities and Preferences

By ranking project goals according to their place in the priority of respective female subpopulations, it will be possible to predict the likely levels of participation for each and thus to consider what variations or expansion of the project components would maximize participation.

b. Maximizing Absorptive Capacity

Female subpopulations among the poor will frequently have little, if any, experience in self-reliant, development initiatives and the project design would most likely need to provide for the mobilization and education of the female target group and the development of appropriate community organizations prior to the introduction of external inputs. That is, a social preparation phase should be incorporated (see Chapter 12).

Where there are deficiencies in the relationship between the proposed implementing agency and the female target group that could affect their participation, project design would need to explore mechanisms for overcoming these problems. Where the problem is simply a lack of experience in dealing with women, appropriate institutional strengthening would involve the appointment of significant numbers of female field staff and the provision of sensitivity training for male field staff. In projects that do not focus primarily on women’s participation, the sensitivity of contact staff to women’s aspirations and interests in the project becomes crucial.

c. The Use of NGOs as Intermediaries

Where antipathy toward women is likely to be encountered within the proposed implementing agency, the use of NGOs as intermediaries, the appointment of extension staff from within the target group itself, or the appointment or establishment of an alternative implementing agency may be necessary.

Where women have been assessed as having "low" levels of knowledge or skill with regard to new technologies, consideration must be given to overcoming these limitations by training and education components designed to increase absorptive capacity. Such training, however, should itself be undertaken in a gender-sensitive manner (for example, provision of a series of short, on-site training programs for women rather than a single, longer-term program for the whole community at a distant campus).

Each of the above options has budgetary implications and it is important that they be explicitly recognized and included in the project budget.

d. Selecting Appropriate Technical Options

In general, technical options need to be examined in terms of familiarity, size, location, timing, and complexity so as to identify the project design that will most accurately reflect the priorities and absorptive capacity of the female target group. As a rule, the options sought should be compatible with those preexistent daily and seasonal demands that should have been identified in the process of mapping women’s productive and reproductive roles.

If the proposed project involves the introduction of new technologies, the degree to which the innovation accords with, or departs from, the existing practices of women and their likely reaction must be carefully assessed. Whatever benefits the proposed project provides, it will
Figure 14.2 Objectives Tree Applied to Gender Analysis

Reduced Poverty

- High Interest Credit Not Required
- Surplus
  - Investment Possible

Accessible, Affordable Credit Access for Rural Poor

- Collateral Available
- Reduced Debt Levels
- Bankable Enterprises
- Effective Extension System

Increased Time for Income Generation
- Potable Water Supply Nearby
- Local Fuel Wood Supply Available
- Access to Healthy Family Planning Services

Smaller Healthier Family
- Female Extension Staff
- Female Involvement in Village Organizations

Geographical Proximity
- Contact with Other Women's Organizations, Government Offices, etc.

Increased Contribution to Household Income
- Functional Literacy/Increased Self Esteem

Increased Sense of Power

Increased Socio-Cultural Status

Proximate Credit Source
invariably change the relationship between men and women in terms of the relative proportion

Where a new household technology or activity provides more income for the male and an increased (nonremunerative) workload for the female, then project sustainability is unlikely. Care must similarly be taken when introducing new technologies that have not already been successfully introduced among similar female subpopulations elsewhere. (If, for example, there has been no prior experience with a proposed new crop or enterprise, consultation with women will not be able to reveal the amount of time that will be required for processing or marketing a scheme will remain uncertain.)

If women's participation is likely to be reduced or disrupted as a result of social constraints in a target population, project design strategies will need to be developed to overcome these problems (for example, direct targeting, indivisible inputs, compensatory components). In all cases it is important to know to what extent women will retain control over any increases in their earnings.

The Project Plan Matrix

As before, the final outcome of the PPD is the project planning matrix or logical framework that is crucial in helping to ensure that the original hierarchy of problems remains the central focus of the project strategy even when, as is inevitable, ongoing monitoring and evaluation reveal that need for modifications in strategy so as to ensure the involvement and benefit of vulnerable groups, such as women.
SUSTAINABILITY OF POVERTY ALLEVIATION PROJECTS

Neil O'Sullivan

The poor sustainability of poverty reduction projects continues to frustrate development planners in many parts of Asia. Although the reasons for these failures vary, they are usually the result of inadequate attention to institutional arrangements at the design stage, both on the supply and the demand side or to the lack of political will needed to negotiate the inevitable social, economic, and technical barriers that separate the marginalized poor from the mainstream of society. Problems can also arise from various other design flaws, as well as from the lack of attention to monitoring and evaluation.

Institutional Factors

Developmental Orientation

Viewed from a broad perspective, the intrinsic vulnerability of the poor means that no matter how successful a project may be initially, the narrower its focus, the more likely it is to eventually fail when confronted with the wide range of human or technical problems that sooner or later emerge. Although every project must have a specific, tangible objective, the manner in which it is implemented will have significant bearing on the overall empowerment of the target groups and thus on their ability to cope with unexpected problems and to sustain the specific benefits derived from the project.

In practice, what is required of an implementing agency is to establish and maintain an institutional culture that encourages all staff, in their dealings with the poor, to avoid traditional welfare-type attitudes and to concentrate instead on dealing with the poor only in ways that increase their confidence and self-reliance. The achievement and maintenance of this development attitude will largely depend on the strength of leadership and the availability of ongoing training and incentives for field staff. The agreed definition of what, in practice, constitutes a "development" approach may vary in different contexts (see, for example, the definition presented in Chapter 12). A working definition, however, should not only specify goals concerning a sustainable increase in human and financial resources but should recognize that these resources must be acquired within a framework that acknowledges the need for reinforcing agreed social values such as equity, cooperation, and environmental protection.

1. The Grameen Bank, for example, today functions strictly as a financial institution. Since its inception, however, Grameen has established a clear development culture in which both staff and borrowers are automatically encouraged to maintain a certain standard of disciplined behavior. This culture has fostered an attitude of mutual support but also some potentially damaging practices. For example, borrowers who lend to outsiders at exorbitant interest rates are automatically suspended.
Beneficiary Organizations

No matter how well designed a project strategy may be and how high the level of participation, sooner or later the beneficiary will encounter problems with replacing supplies, uncoordinated inputs, market access, political interference, and so on. As long as the project infrastructure remains intact, as in the case of most basic health, education, and urban services projects, it may well be possible to remedy these problems. However, wherever that support structure is eventually withdrawn, as normally must happen in rural income-generating projects, it is extremely difficult for a poor household acting alone to sustain the new-found benefits.

Ideally, weaknesses in the absorptive capacity of the target groups will have been identified at the first stage of the design process. Unless appropriately sensitive organizational strategies and channels are subsequently employed and adequate gestation time provided, the resultant beneficiary organizations will be vulnerable to distortion and will have limited effectiveness.

Although the amount of preinvestment required will vary according to the degree of social stratification and intensity of poverty in a particular situation, there are few situations in which even a village or slum-level organization will be able to sustain, let alone expand, the benefits of a project in the long term. Because long-term links with a specific agency are rarely possible, the best way to ensure that benefits will continue and expand is for the local-level organization to be affiliated with similar groups in the same neighborhood so as to allow a more powerful and sophisticated, secondary level of organization.

As with primary-level beneficiary organizations, the sustainability of secondary structures depends basically on two factors: the degree to which the organization fulfills important priorities of its members and the extent to which the poor feel that it is their organization (as distinct from that of some government department, local politician, or NGO). To ensure such an outcome, it is important to keep the role of local politicians or elites to a minimum, provide intensive training for beneficiaries and potential leaders (see below), promote multiple leadership (care must be taken to avoid centralizing excessive information and power in the hands of a small emergent elite within the poor community), and maximize the level of democracy and transparency in all decisionmaking processes.

Training

Training has long been considered an important element of institutional development. However, training has tended to focus almost exclusively on raising the technical skills of implementing agency staff in accordance with overseas standards. In reality, the major training needs of the staff should frequently be reoriented toward human development skills but should also include a thorough grounding in the principles of sustainability itself, since this concept affects virtually every aspect of policy formation and project design and management. Finally, the training needs of the target group, which are normally given little attention or budget

2. In situations with a feudal-type background, the emergence of an organized poor community with greater bargaining power will not be welcomed by traditional elites or their political representatives. Government and nongovernment agencies that have been given the task of community organizing must therefore exercise extreme maturity and sensitivity and must avoid promoting any political party.
allocation, should be greatly expanded. With the prospect of shifting public expenditure budgets, formal extension training for huge numbers of poor on an individual basis is no longer realistic. However, the training needs of the poor are generally very modest and can usually be imparted economically wherever beneficiary organizations have been formed. Training needs for the poor normally fall into three areas:

<table>
<thead>
<tr>
<th>Human development skills</th>
<th>Include leadership training and cooperative enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional skills</td>
<td>Basic bookkeeping, record-keeping, and management for small groups. Where literacy and numeracy levels are low, functional education may also be effective as an entry point to community organizing.</td>
</tr>
<tr>
<td>Technical skills</td>
<td>These are generally related to income-generating initiatives or preventive health care needs of individuals or small groups.</td>
</tr>
</tbody>
</table>

Considerable debate still surrounds the question of how to provide technical skills to the poor on a wide scale. In general, individual absorptive capacities of the poor are extremely low, and large-scale schemes such as India's IRDP have been criticized for assuming that millions of poor people can be turned into successful entrepreneurs simply by a small injection of cash and rudimentary training. Experience from Grameen Bank in Bangladesh and the Bangladesh Rural Advancement Committee (BRAC) suggests that, particularly in mercantile-type cultures, the informal market can successfully absorb surprisingly large numbers of micro-entrepreneurs, as long as their area of enterprise is closely akin to their traditional field of activities.³

Where new skills must be imparted or new markets found, both investment costs and failure rates have been disappointingly high. Past experience suggests that where training budgets are limited, it seems advisable to concentrate on supporting the institutional development and absorptive capacity of the beneficiary organizations and to facilitate the more productive use of existing skills—rather than introduce a wide range of new skills—by ensuring access to essential inputs, improving quality, and providing access to market information systems.

Many project designs allow for, and encourage, the "graduation" of beneficiaries to mainstream support agencies (for example, beneficiaries who have made successful use of a project's initial credit facility are encouraged to then move toward a more sustainable credit source such as a bank). This process, however, seems practical only for those who are marginally poor. For the very poor, particularly those whose poverty has a strong social and financial dimension, graduation to traditional institutional links is unlikely to occur until the number of poor in this situation reaches a critical mass or a more compatible institution emerges to deal with such people.

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³ In both Grameen Bank and BRAC credit programs, small loans have primarily been used to finance petty trading.
Continuity of Liaison

In poverty reduction projects, the pressure to maintain coverage schedules often means that the implementing agency leaves the monitoring and evaluation team to review all aspects of performance and impacts. If this team is closely interlocked with overall project management, ongoing lessons can be absorbed and mistakes corrected. However, the monitoring and evaluation function is frequently carried out belatedly or at too great a distance from project management.

Over and above the formal project review process, it is incumbent on project management to continually review performance specifically from the perspective of sustainability. At the time the initial project design was finalized, strategic plans should have been drawn up for progressively reducing dependence on external assistance within the lifetime of the project. Whether this plan depends on autonomous beneficiary organizations or on links with preexistent markets or service organizations, it is almost axiomatic that problems will occur and changes will be necessary. Sustainability therefore demands that project management maintain an ongoing system of direct consultation with the target group (for example, by continuing throughout the project the type of consultative process described in Chapter 13) so as to be able to identify such problems and make appropriate adjustments to the long-term strategy for achieving sustainability.

Where a special project implementation unit has been established to ensure efficient installation of a project but management responsibility is thereafter handed back to the normal line agencies, serious problems will normally occur. To keep such problems to a minimum, a significant overlap period must be allowed for, staff interchanges should take place during the life of the project, and some reasonable incentives (for example, vehicles or equipment) should be transferred over so as to reduce the predictable resentment of line agencies that are expected to take over the responsibility of what they see as more glamorous bodies with better resources.

Where an obvious increase in workload is likely to accrue to the line agency(ies), the original project budget should include a special "wind-down" allocation to cover the cost of additional staffing and expenses for the agency during a reasonable transition period. Although bureaucratically difficult, this transition must be smooth or much of what was achieved at great expense during the original project may be rapidly reversed.

Design Factors

The sustainability of poverty reduction projects depends on a wide range of design elements, foremost of which is the basic viability of the scheme. The viability of a project is in turn determined largely by its cost efficiency, which thus takes into account such factors as subsidy levels, cost recovery mechanisms, accuracy of targeting, and economic rationalism. Beyond these macro lies a network of micro factors, any one of which, if not correctly assessed and monitored, might well undermine the sustainability of the project. This category includes factors such as the initial assessment of a project's technical and financial viability, the adequacy of marketing analysis and mechanisms, and protection against co-option by elites.

Subsidy

Subsidies are commonly provided in poverty reduction projects on the grounds that they increase the likely responsiveness of the poor and provide an element of justice to those who have otherwise received little benefit from the nation's overall economic progress. By allocating significant subsidies to poverty sectors, governments have hoped to stimulate growth and self-
reliance in priority areas. Unfortunately, where self-reliance has been a goal, the allocation of subsidies has rarely resulted in gains at the levels hoped-for, has usually caused cost efficiency to decline, and in many cases, has actually reduced project sustainability. Where self-reliance of the beneficiaries is not the direct goal of a project, as in primary education, health-sector, or rural works employment programs, then the above concerns do not arise and the appropriateness of the subsidy need only be justified against the basic economic rationale and sustainability of the project in contrast to other options that might be able to achieve the same goals more efficiently.

Although the availability of a subsidy element frequently has (in the manner of most welfare handouts) a negative psychological effect on the recipient's sense of self-reliance, by far the more serious problem arises from the market distortions and false messages that frequently accompany subsidies. A further problem arises in more feudal situations where widespread subsidies attract the attention of those more powerful elements in society that believe they have an automatic right to control or share in such government largesse.

From a design perspective, the allocation of subsidies is frequently a shortcut method of attracting the participation of the poor, participation that would otherwise require a substantial investment of time and energy in order to persuade the target group of the benefits of the scheme being proposed. Needless to say, participation that is "purchased" in this manner is unlikely to lead to sustainable project outcomes. While the allocation of subsidies is a simple and politically popular strategy, the same funds diverted to social preparation and institution building among the poor would invariably lead to a more productive and sustainable outcome. In rural credit programs, for example, interest subsidies are frequently given to small farmers with a wide range of negative consequences. Were market interest rates to be charged instead, the previous "subsidy" could be treated as a "sunk cost" and applied on a once-off basis to the formation and training of small savings and credit groups—an approach now proven to be highly sustainable.

Cost Recovery

Cost recovery has a profound effect on project sustainability. The level of its success will be determined both by the appropriateness of the initial technical design and by its perceived value to the consumer and the mechanisms used to actually recover costs.

Decisions regarding the type and extent of cost recovery mechanisms to be used should be made at the initial design stage. The predetermined subsidy levels and fee charges should together cover the maintenance costs of a particular service. With regard to essential services for the poor, the proportion of the subsidy is normally based on some notion of the target group's "capacity to pay," a factor that will have been gauged during the rapid social assessment phase. Where long-term recurrent costs are involved, the sustainability of project benefits is normally contingent on a reasonable proportion of cost recovery being achieved. Where cost recovery

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4. The destructive impact of cheap rural credit has been well documented. In the Indian IRDP, where the levels of subsidy varied according to the type of enterprise being undertaken, subsequent studies (Pulley 1989) found no positive correlation between the level of subsidy and the profitability of the enterprise undertaken.

5. Food-for-work programs are notorious for the corruption of their supervisors and contractors; however, more serious problems occur in subsidized IRDP schemes such as livestock projects, where beneficiaries are commonly required to provide illegal inducements to bank officials, veterinary officers, and others for what are frequently unhealthy or substandard animals incapable of providing a viable return on the funds borrowed.
mechanisms are based on a clearly established demand of the target group, realistic expectations will normally be met as long as continuity of the desired service is maintained (one of the main reasons that loans in micro-credit programs are not repaid is the uncertain availability of repeat loans). Where community or beneficiary organizations have been established during, or prior to, project implementation, such organizations normally have the potential to play a key role in ensuring cost recovery, as has been demonstrated in water-user type groups in many parts of Asia.

**Targeting**

Although project planners are often pressed to economize in the development of finely tuned and exclusive targeting criteria there are certain situations in which such criteria can directly assist in ensuring the sustainability of overall project benefits. This is the case when targeting acts to reinforce the emergence of homogeneous beneficiary groups and to strengthen their confidence in dealing with more advanced communities. In the successful micro-credit programs in rural Bangladesh, for example, careful targeting has excluded all but the landless and assetless and thus allowed previously unthinkable energy and initiative to emerge within borrowers' groups.

**Economic Realism**

Given the enormous political pressure on governments to tackle poverty rapidly and on a grand scale, it is hardly surprising that projects are sometimes supported that, viewed from hindsight, were not economically rational. With the passage of time, such projects lose momentum and are ultimately abandoned or replaced with some alternative scheme. Apart from their basic political imperative, many such projects are unfortunately based on the view that the poor are incapable of helping themselves and therefore require welfare support, albeit in the guise of income-generating projects or similar services from government.

As discussed in Chapter 13, well-designed projects will seek to take maximum advantage of market forces and of the private sector and will thereby increase resource-use efficiency and reduce the long-term dependence on government support. Such a scenario assumes, however, that the poor are able to compete in the marketplace on reasonably equitable terms, a situation that is seldom the case. Where such a potential problem has been confirmed during the design phase, special attention will need to be given to institutional strengthening among the poor if direct market or similar private sector links are envisaged.

**Women**

The performance of women in poverty-focused, credit programs is now widely recognized as superior to that of men in terms of carefulness and reliability. Similarly, in water, health, and education projects, women, when given genuine encouragement to participate, have regularly

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6. Through the use of a generous loan-plus-grant package, Sri Lanka's ambitious Janasaviya Program encouraged widespread handicraft production as a means of reducing rural unemployment. Such an artificial stimulus was not, however, based on market surveys or demand, with the result that the government was forced to establish special purchasing warehouses in order to prevent the impoverished producers from becoming disillusioned.
shown themselves to be enthusiastic and dependable. Where project strategy involves the formation of beneficiary organizations, special care should be taken to include women so that the resultant organizations will have a more practical and consistent focus and thus greater chance of achieving sustainability. The paths to this goal were discussed more fully in Chapter 14. Although the approach depends in large part on the particular cultural setting, project management should employ a maximum number of women on the field staff and to ensure that training programs are scheduled at times and locations convenient to the working patterns of local women.

**Environmental Factors**

In the long term, the best method of sustaining the natural resource base of the poor is to raise the level of consciousness about the environment and to simultaneously provide viable income-generating alternatives. In the short term, clear policy decisions are sometimes necessary at the initial design phase so that the poor will perceive clear-cut advantages in their behaving in an environmentally sound manner. For example, in areas of deforestation, project design should attempt to provide incentives that will reinforce the idea that forest protection is a more attractive proposition than clearing forest or selling firewood.

If the project design has attended to the above factors, then routine monitoring and evaluation should alert the implementing agency to any unexpected environmental destruction. Since it is rarely feasible for implementing agencies to have an effective communication with individual beneficiaries on issues such as environmental protection, the only realistic channel for raising awareness of such issues is, once again, the beneficiary organizations. If such organizations have been genuinely set up with a broad development mandate and not just as a channel for project inputs, it is likely that these organizations will need little encouragement to be concerned about environmental damage. In such cases, properly organized communities will automatically seek to apply whatever solutions are within their power.

**Appropriate Technologies**

Provided the design phase was conducted with sufficient care, technical design options will have been chosen that are as close as possible to those that the target group is already familiar with and that maximize the affordability of the particular service. Where significant changes are necessary, however, or where absorptive capacity is particularly weak, both additional training and time will be necessary, as will more intensive monitoring, if the chances of sustainability are to be maximized.

**Implementation**

One of the main tasks during implementation is to ensure that the beneficiary organizations have the capacity to continue the project themselves. Therefore it is important to devise a realistic, post-project design in conjunction with beneficiary groups and to see that the final phase of the implementing agency's work is concerned with establishing the training, systems, and links needed to ensure the success of that design.

During the implementation of poverty reduction projects, certain problems are likely to arise simply because certain actions and reactions are invariably stimulated during a successful empowering of the poor. Freedom and access to resources, for example, are bound to be
exploited by a minority of the target group themselves. At the same time, powerful outsiders will frequently seek to distort the project to their own benefit or, if that is not possible, to sabotage it. For the sake of the project’s reputation and continuity, such incidents must be anticipated and prevented wherever possible by continuing social analysis and more intensive social preparation where necessary.

Recognizing, however, that even with the most careful of preparations, human problems will continue to cause project disruptions, all project staff should be encouraged to be alert to such dangers and, wherever their presence is suspected, to call for an intensified monitoring surveillance. At a broader level, project management must recognize that at times their project will come under close scrutiny by potentially powerful adversaries and that it will be necessary (particularly in the early stages where benefits cannot readily be demonstrated) to maintain a strong public relations effort.

Where the basic strategy of the poverty reduction project has been to provide employment opportunities or social services, it will not be possible to hand over responsibility in the same manner as in self-employment type projects. Even here, however, the same principle applies. That is, beneficiary groups must be involved, prior to the transition, in devising strategies that will ensure the continuation of benefits and thus ensure their ongoing participation. In the case of rural-works employment projects, there should from the outset be a commitment to helping the target group establish self-reliant labor organizations that will eventually be capable of independently bidding for government road contracts and other jobs.

Monitoring and Evaluation

As implied earlier, the difference between poverty reduction and normal development projects is that the former requires more intensive monitoring and evaluation. The main reason for this is that the desired outcomes of poverty reduction projects are both physical and social. Social outcomes, apart from being notoriously difficult to measure, are also highly susceptible to external factors and backlashes that are likely to be generated simply by pursuing the project’s goals. Poverty reduction projects are thus highly fluid, dynamic, and unpredictable and, unless close and consistent attention is given to all aspects of their design and implementation, rapid and sometimes irreversible damage can result. (It should also be remembered that a well-intentioned project can sometimes make the poor worse off, and in such cases it will be doubly difficult for any future project to regain the confidence of the poor, no matter how good or appropriate it might be.)

If monitoring and evaluation are to assist in ensuring a project’s sustainability, these activities should not only be carried out intensively, but the results produced should continuously be integrated into project design. In this way, the uncertain path that a project may take can be continually reassessed and prompt, corrective action taken when necessary. In general, the most effective means of integrating the monitoring and evaluation system into the project’s management

7. The Indian Integrated Rural Development Program, for example, maintains an intensive and independent concurrent evaluation of all aspects of the project’s performance and impact. Where specific problems are noted—for example, if the official purchasing committee is found extracting unofficial fees and so jeopardizing the viability of a beneficiary’s investment—the project management progressively introduces an alternative arrangement; in this case, the beneficiaries received a direct cash payment so that they could make their own purchases. This change, of course, introduced a new set of potential problems that must also be specifically monitored.
System is to follow a participatory approach, as suggested for the initial design. Where both primary and secondary beneficiary groups have been formed, these would become an increasingly important source of communication and advice to project management and would normally be the focal point for most monitoring and evaluation.

In cases where the above type of strong beneficiary groups have not emerged, it is important to devise an alternative arrangement that will provide long-term feedback to the concerned agency. In the past, monitoring arrangements were usually terminated immediately after the project was implemented. When dealing with the poor, however, it is essential to establish a monitoring system that continues to provide feedback throughout the operating life of the project.
Part 5

Summary and Conclusions
SECTORAL EXPERIENCES IN POVERTY ALLEVIATION

Michael Bamberger

This chapter summarizes the findings and conclusions from the 1991 Bangalore Seminar with respect to sectoral experiences with poverty alleviation programs and projects in South Asia. It draws on the sector review papers presented in Chapters 3–7 and 10, the presentations by seminar participants, the seminar discussions, and the lessons drawn from project visits (presented in Chapter 8).

Access of the Poor to Population, Health, and Nutrition Services (See Chapter 3 by J. K. Satia)

Until the 1970s, it was possible to produce significant and even dramatic gains in health through the control of malaria and of epidemics as well as the eradication of smallpox. The impact of these immunization and related programs diverted attention from the disappointing performance of health services in reaching the masses of the poor and satisfying their basic health needs.

Consequent to the Alma Ata declaration (1978) of "health for all" and the adoption of the primary health care approach, the South Asian countries rapidly expanded peripheral population, health, and nutrition service (PS) delivery systems by adding health centers and subcenters or posts and establishing community-based health services through community health workers. The expansion of these services has reduced infant and child mortality and increased contraceptive use. Despite the massive expansion of PS facilities and staff, policy reforms, and program improvements, the health status of the poor has improved to a lesser degree than that of the population as a whole.

All efforts to improve accessibility to health services and to improve the health status of the poor are faced with three interrelated problems: resource constraints, inadequate service delivery systems, and limited demand for many available services.

Resource constraints

Not only are South Asian countries among the poorest in the world, but most of them have rapidly growing and widely dispersed and inaccessible populations. Even with the most cost-effective systems for delivering health services, available resources are extremely limited and must be continuously protected from the demands of other equally important development sectors such as agriculture, infrastructure, and transport and industrial development.

If health status is to continue to improve, PS coverage of the poor needs to be substantially increased. Distance, the rude behavior of service providers, the lack of medicines, and perceived low efficacy of services all deter the poor. Existing health behavior and practices
the low priority assigned to these services by the poor reduce their demand. Significant
gender differences also persist.

International experiences suggest that in order to reach the poor, PS delivery systems
should provide effective service delivery at the village level with back-up support from higher
levels, rationalize responsibilities for various services, enhance the people orientation of service
providers, emphasize demand creation, and build strong links to the community.

PS delivery systems in South Asia are attempting to approximate this ideal, but there are
serious shortfalls. The service delivery structure is still weak at the most peripheral part, the
village level. Although there has been progress toward integrating services, organizational
arrangements, particularly at the village level, still need rationalization.

**Lack of Attention to Demand Generation**

Although service delivery has been rapidly expanding, realistic programming of work,
in-service training, coverage-oriented monitoring systems, and supportive problem-solving
supervision have been neglected and now require urgent attention. It was assumed that once
services were provided, people would use them. Consequently, little emphasis was placed on
generating demand and the quality of communication activities was poor. Village Health Worker
(VHW) programs have generally been inadequate and unsuccessful, and links to the community
remain weak. Forming women's groups with community volunteers provides the best opportunity
to strengthen community links. Health services for urban slums have been neglected, and
appropriate service delivery structures need to be established.

Demand generation is also constrained by social and cultural variables. In many parts of
the subcontinent, families are less willing to invest in ensuring that women and girls are able to
benefit from available health and education services. In some areas female infanticide (either
direct or through neglect) is still common. Religious and caste barriers also continue to bar equal
access to health services. During the visit to the Tamil Nadu Integrated Nutrition Project, seminar
participants were able to observe the problems of ensuring that nutritional supplements are
accessible to low-caste families.

**The Contribution of Nongovernment Organizations**

Nongovernment organizations (NGOs) have generally been more successful in reaching
the poor than government agencies. The quantitative impact of NGOs in the health field may still
be quite limited (although growing) in India, but it has become very important in Bangladesh.
The NGOs have succeeded by being responsive to community needs, establishing paramedic-
based service delivery at the village level, and allowing beneficiaries to participate in
decisionmaking. But many of them remain small and continue to rely to a large extent on outside
funding. Their success in creating self-reliant communities is also limited. NGOs are active in
assisting governments in upscaling their innovative and successful programs by training and
providing other implementation support as well as assisting communities in using the available
government services.

Although many would agree that NGO activities have been more effective than
government efforts in many health-related areas, the relative cost-effectiveness of NGOs remains
a hotly debated issue. Many observers dispute the claim of NGOs that their delivery systems are
more cost-effective than those of government and contend that NGOs have disguised costs such
as unpaid staff and volunteers provided by outside agencies. The issue of cost-effectiveness will
become increasingly important as interest grows in ways of scaling up some of the more successful NGO experiences.

All of the countries in South Asia are trying to establish mechanisms for collaborating with NGOs, for example, by forming coordination committees, delineating area responsibilities, and sharing tasks (NGOs create demand and the government provides the services). Much more learning is necessary, however, to arrive at patterns of successful partnership.

**Factors Affecting the Sustainability of Health Delivery Systems**

Sustainable PS delivery systems to meet the needs of the poor have been difficult to build for a number of reasons. First, it takes a continuing political commitment to operate large-scale PS delivery systems for the poor. Second, it is not only "what" is done but "how it is done" that determines success; therefore, implementation requires close attention. Third, PS delivery systems have been underfunded. Fourth, the management capacity within the ministries needs to be strengthened. Because of the characteristics and low level of technology of their clients, the ministries of health must meet certain requirements in providing PS to the poor. In particular, they must endeavor to promote decentralization, build strategic planning capacity, pay more attention to human resources development, and try to provide better technical support to the periphery.

As coverage levels improve, targeted strategies are becoming necessary to supplement PS delivery systems. Although increasing attention is being given to the above-mentioned issues, it is still uncertain whether government PS delivery systems would have the necessary adaptability to adequately cover the poor. Depending on the spatial distribution of the poor and characteristics of the PS delivery system, geographic targeting, promoting at-risk approaches, widening choices for the poor, and multisectoral approaches may have to be followed. The role of the private sector as a provider of health services to higher-income groups needs to be expanded.

In conclusion, four actions are necessary to build sustainable PS delivery systems and implement targeted strategies to reach the poor. First, the information base about the poor needs to be strengthened. Second, policies need to focus on the poor. Third, programs should strengthen management's capacity for designing and implementing PS delivery systems. Fourth, we need to learn more about specific constraints and how to overcome them through systematic research efforts at local and regional levels to help refine responses to the problems of providing PS to the poor.

**Poverty Alleviation Experience in Rural Development (See Chapter 4 by Dieter Bucher and Keith Johnson)**

Approaches to rural development have evolved in response to lessons learned as well as changing economic and technological conditions. In the 1950s and 1960s the emphasis was on the community development approach and on the strengthening of community organizations. This approach came under increasing criticism because of its limited impact on the economic conditions of local communities. Many programs also failed either because of opposition from local elites who saw the programs as a threat or because these elites were able to siphon off most of the benefits.

Following the advent of the "Green Revolution" in the late 1960s, attention over the next decade turned to increasing production and the consequent need to focus on broader areas in development projects. This lead to a vertically integrated approach to development and the belief
that the poor would benefit from increased productivity and the ensuing multiplier effects throughout the rural population.

Although the "Green Revolution" had a significant impact on overall agricultural productivity, it had become clear that the poor did not automatically benefit and that in many cases they might even be worse off. The nonagricultural rural population also began to multiply at a fast pace. Following Robert McNamara's Nairobi speech in 1972, poverty alleviation became a central theme of rural development, and increasing attention was paid to ensuring that development projects specifically addressed the needs of the poor.

This led many to recognize there was a need for integrated rural development projects that had an area focus and included interlinked productive activities, comprehensive social components, and a commitment to strengthening rural infrastructure and developing local institutions. Integrated rural development programs and projects continue to use this framework and to emphasize the integrated approach.

Initial evaluations of the Asian Development Bank's (ADB) Rural Development projects suggested that their impacts and benefits were less than expected owing to a combination of inadequate project preparation, inappropriate technologies, and inappropriate organizations. However, a more recent evaluation by ADB's Post Evaluation Office covering projects completed between 1985 and 1990 was more positive and indicated that potential positive outcomes have often been underestimated because of difficulties in obtaining adequate data, and the negative impacts of extraneous factors such as weather and government policies, which discriminate against agriculture.

The World Bank (World Bank 1988c) concurs with many of these conclusions and stresses that millions of rural people have benefited from rural infrastructure investments, food production, and support to subsistence farmers. The assessment recognizes, however, that the strategy was to assist smallholders and those with productive assets rather than to reach the "poorest of the poor."

The assessment by the Bangalore seminar participants was frequently more pessimistic than the donor evaluations. In the case of India, the 1989 Concurrent Evaluation estimated that only 17.63 percent of poor families (below an income level defined in terms of calorie consumption) who had been assisted had been able to cross the poverty line (Department of Rural Development 1989). The disappointing results could be due to the unproductive nature of the assets provided, to the fact that the incremental income from the assets was not sufficient to help families cross the poverty line, or to the fact that assets were given to families with incomes above the cut-off line (leakages).

The results of rural development (RD) programs in Pakistan have also been disappointing. Village Aid, Rural Works Programme, People's Work Program, and IRDP all failed to have a sustainable impact on the social and economic conditions of the poor. Some of the problems here were that these programs were unable to develop local organizations that could sustain them, they were poorly managed and implemented, and there was strong political interference.

Although government-sponsored and administered credit programs for the rural poor clearly failed to meet their goals in many cases (see Chapter 6), there are numerous examples of NGO or public programs with a strong community participation that have been successful. The Small Farmers Development programs in Nepal and Bangladesh, and BRAC and Grameen Bank in Bangladesh (see chapter 6) are a few examples.

Seminar participants frequently cited the corruption and the influence of local elites as one of the main reasons that programs do not benefit the rural poor. Elites either sabotage programs (particularly programs that strengthen farmers or community organizations or set up
independent purchasing and marketing channels) or that succeed in appropriating a significant proportion of the resources. Corruption, often referred to as "grease" or "leakages" forces beneficiaries to make payments to intermediaries, thus increasing the real cost of borrowing.

**Lessons Learned**

1. Rural Development projects require a more comprehensive identification and appraisal process with the systematic involvement of local organizations and a thorough analysis and understanding of local economic, social, and political conditions. Full advantage should be taken of NGOs’ in-depth knowledge of local conditions.

2. Greater attention needs to be given to the collection, analysis, and utilization of data during the project preparation, monitoring, and evaluation phases.

3. Many projects fail because of poor project management. Some of the problems at the project level include inexperienced management, frequent transfers, lack of incentives to work in rural development, and lack of coordination with local organizations.

4. At the program level, a major stumbling block has been the difficulty of coordinating and integrating different project components, and the need to tailor overall program planning and coordination to local conditions and the priorities of intended beneficiaries. A frequent problem is that targets are centrally defined and thus encourage extension workers to pressure beneficiaries to accept loans or assets they do not wish to have. A related problem is market mechanisms are often ignored, with the result that farmers may be encouraged to produce unprofitable crops or that economically nonviable off-farm activities are promoted.

5. There is a need to get away from top-down "blue-print" approaches to a more participatory and flexible planning approach in which projects are allowed to evolve gradually and to be modified in the light of experience and changing circumstances.

6. Projects should be simplified by reducing the number and complexity of components and breaking them down into phases.

7. The provision of technical assistance requires more careful planning to ensure that it is available when required and that it is appropriate.

8. Project financing needs to be more flexible and innovative. The difficulties in mobilizing counterfunds also need to be addressed. This can be done by strengthening cost recovery and asking farmers and other beneficiaries to pay the economic cost of productive assets such as irrigated water, fertilizers, and equipment.

9. Greater attention must be given to institutional development through staff development, decentralization, and a broader role for NGOs and community organizations.

10. Projects and programs can only have a sustainable impact on poverty alleviation if they operate within a conducive policy environment. To build such an environment, it will be necessary to eliminate antirural policy biases, focus specifically on poverty in rural development.
and agricultural policies, target services and benefits for poor and vulnerable groups, recognize that rural development is a process requiring a long-term commitment, and put greater emphasis on project and program sustainability.

Access of the Poor to Housing and Basic Urban Services (See Chapter 5 by Yue-Man Yeung)

In recent decades the urban population has grown at approximately twice the rate of the total population. A number of approaches have been adopted to improve the provision of services to the urban poor and alleviate urban poverty.

Participatory urban services have been adopted in the Republic of Korea, Indonesia, the Philippines, Hong Kong, and Malaysia whereby the urban poor organized themselves to improve their urban services. Some of these programs were quite effective in upgrading services in a more cost-effective and timely manner than through government service delivery programs.

Poverty-addressing programs rely on an integrated approach in which national or state governments together with municipal authorities provide a wide range of services to low-income communities. Programs of this kind have been tried in Korea, Metro Manila, and Malaysia. None of these programs has made a major impact on poverty in part because of a lack of funding, but also because of the difficulty of coordinating many different agencies and of motivating low-income households to participate in the organizationally complex programs.

Slum upgrading programs are seen as a complement to the more expensive and complex provision of low-cost housing through sites and services projects. Slum upgrading programs have made a significant quantitative impact in India, the Philippines, and Indonesia. In a number of other countries—Thailand is one—the impact has been reduced by administrative (land acquisition) and organizational (involving intended beneficiaries) problems. Where the community organization is well prepared, coordination between government agencies is ensured and there is a long-term government commitment, slum improvement programs can be a cost-effective way to improve the physical conditions of the poor.

Integrated approaches have been developed in Malaysia and Korea. Here, agencies cooperate in providing a wide range of infrastructure and social services. So far, the results have been promising, but these approaches have only been tried on a small scale. It is unclear whether resources would be available for larger-scale replication or whether the same level of interagency coordination could be maintained on a larger scale.

Government-prodded community development programs have been tried out in Sri Lanka and in India. The Sri Lankan experience has been quite successful, although heavily dependent on government support to promote and maintain community participation. In Hyderabad the Urban Community Development Program (UCD) has been effective in improving coordination between municipal agencies in the delivery of services, in mobilizing community counterpart funds, and in strengthening community organizations (Shah 1990).

The Urban Basic Services Program (UBS) begun in India in 1986, which later became the Urban Basic Services for the Poor (UBSP) is an example of this approach. The main objective here was to develop community structures for eliciting "felt needs" of the slum dwellers at the neighborhood level and ensure their participation in developmental programs such as low-cost water supply and sanitation, immunization, child-care, preschool education, and women's development activities.
NGOs have initiated a wide range of aided self-help approaches in which communities are provided with technical, organizational, and other resources in order to be able to help themselves. Numerous examples can be found in South Asia, including an integrated urban development project initiated by the Ahmedabad Social Action Group (ASAG) for 3,000 households affected by flooding and a project rehabilitation organized by the Delhi Catholic Archdiocese providing aid to flood victims in Jahangirpuri.

A notable characteristic of most housing and urban development strategies is that the emphasis is almost exclusively on the provision of services, and very little attention is given to issues relating to poverty alleviation. In contrast, rural development programs have made poverty alleviation one of their prime objectives. For example, the main indicator used to evaluate the Indian IRDP program is the number of families who have been helped to cross the poverty line. Urban poverty and urban poverty alleviation have, until recently, received very little systematic attention in most South Asian countries. In the case of India, for example, while issues relating to rural poverty were explicitly addressed at least from the time of the Third Five-Year Plan (1961–66), it was not until the Seventh Plan (1985–90) that the problems of urban poverty were directly addressed.

**Lessons Learned**

1. It has proved virtually impossible to provide the masses of urban poor with adequate basic services through a "top-down" approach. Government delivery systems are too expensive and often have difficulties in reaching the poor.

2. Services can be delivered most effectively through decentralized approaches in which both administrative and financial power is delegated to local agencies. This approach can only be effective if resources are invested in training local authorities and strengthening their institutions. Decentralization should be complemented by participatory approaches that include beneficiaries in the planning and implementation of projects.

3. NGOs also have a number of important roles to play: (a) they can act as an intermediary between the community and the government, (b) they can help communities strengthen their capacity for project planning and implementation, and (c) they can work directly as a project executing agency. Certain NGOs can also make an important contribution in research, evaluation, and policy formulation—although these functions are generally less accepted by government and donors.

4. Careful attention must be given to the targeting of programs and services to ensure they reach the poor. Because urban services are scarce, higher-income groups may use their influence to divert resources intended for the poor, or they may buy out the poor. The poor are also difficult to identify and target because a high proportion do not live in easily identifiable slums or low-income housing areas but are scattered throughout the city.

5. Urban planners must understand the important contribution of the informal sector to the provision of housing and urban services for the poor. Even though many of the informal enterprises providing these services are illegal or quasi-legal, they play an important role and their existence must be recognized and factored into urban development planning.
6. It is also important to understand the multiple functions of housing. For a poor family, the house is a consumption good, an investment, and a place of work. The design of housing projects needs to recognize these multiple functions.

7. Mechanisms need to be developed for achieving greater and more effective integration of service delivery.

8. The mechanisms through which technical assistance is provided need to be improved. Although outside expertise is often required, it should be given in a participatory manner with both government agencies and community organizations directly involved. Care should also be taken to ensure that assistance is available when required. In many cases assistance is only available during the project design stage.

9. Security of tenure is a crucial element of any participatory urban development approach. This is important both so that residents will be willing to invest their own resources and also to eliminate any administrative barriers to the provision of public services.

10. A more pragmatic and realistic approach to cost recovery is required. Despite the growing evidence that even very poor households are prepared to pay for valued services (and that in fact they are already paying for many services through the informal market), many ideological, political, and administrative barriers still stand in the way of effective cost recovery and hence make it difficult to extend services to a broader range of households. Cost recovery should be accompanied by affordable services and standards that are not unrealistically high.

11. The role and administration of housing credit must be better understood. Many low-interest credit schemes are underutilized because of a low-ceiling on loan size or cumbersome administrative procedures. Flexible approaches to loan ceilings are required in recognition of the changing economic circumstances of the household. Flexible repayment schedules may also be required.

12. The role of women in the urban housing market must be better understood. One of the consequences of urban migration is a greater degree of economic and social independence of women. This means that women may become house owners (or co-owners) and that they may be actively involved in the financing and construction of houses. Women are major users of urban services such as water and transport, and women’s needs and preferences should be fully taken into consideration in the planning of these services.

13. Much greater attention must be paid to the sustainability of housing and urban service programs. In many cases authorities fail to adequately provide for the financing and administration of operations and maintenance once houses are occupied. As a consequence, roads, drainage, and other public services deteriorate rapidly.

The Role of Credit in Poverty Alleviation (See Chapter 6 by Ismael Getubig)

It is widely recognized that many policies seeking to improve the economic conditions of the poor, either through the promotion of economic growth or through direct employment creation, have failed to reach or to benefit the majority of the rural and urban poor. Partly as a
consequence, many countries have sought to use credit as a means of helping the poor generate their own economically productive activities. With few exceptions, the poor have no access to normal commercial credit. Consequently, governments and NGOs have developed special credit programs for the poor, usually with below-market interest rates.

Most government-sponsored credit programs have failed to reach the poor or to develop economically viable programs with a significant and sustainable impact on the poor. This has been true for programs directly managed by the state (such as the Integrated Rural Development Program in India) and programs in which commercial banks are encouraged or required to provide low-interest loans (such as the Differential Interest Rate program in India). A number of factors have contributed to the low success rate of these programs.

First, the targeting procedures have frequently been poorly applied, so that a high proportion of the low-interest loans have gone to local elites. Second, poor planning and a lack of technical support have resulted in the approval of many loans that were not economically viable or loans that were too small to produce any significant impact on the economic situation of the beneficiary. Third, the asset retention rate has been low—both because of a lack of supervision (West Bengal farmers sell their buffalo to Bangladesh, for example) and because the loan did not generate sufficient income to permit the asset to be profitable and hence retained. Fourth, the limited availability of second loans has meant that even when benefits and impacts are produced they cannot be sustained. Finally, owing to the lack of motivation, poor administration, and political pressures, the cost-recovery rates of most programs have been extremely low.

In view of all these problems, most commercial banks have been extremely reluctant to participate in poverty alleviation projects. Their transaction costs are high and the small size of the loans offers little potential profit. Frequently, they only participate because they are required to do so by the government.

**Successful Experiences**

Despite these many problems, examples can be found of highly successful credit programs for the poor. The success of a program should be defined in terms of (1) the extent to which it has reached the truly poor, (2) its loan recovery, (3) productivity of the loan, (4) impact on borrowers' income, (5) sustainability, and (6) noneconomic criteria such as political empowerment. Programs can be classified into four main types.

- Programs that act as an intermediary between commercial banks and low-income borrowers. The working Women’s Forum in Madras is an example.

- *Specialized credit programs of formal-sector banks.* The BKK program in Indonesia provides one of the few successful examples of this approach.

- *Specialized banks for the poor* have been established to work exclusively with the poor. The Grameen Bank in Bangladesh is one of the best-known and most successful examples.

- *Package programs* offer credit as one of a number of services. The integrated development programs represent the largest, but a mainly unsuccessful example of this approach.
Factors Contributing to the Success of Credit Programs for the Poor

Getubig’s analysis demonstrates that different programs have achieved success in different ways. Some programs achieve high cost recovery by using group pressure and the promise of a second loan, but do not require collateral (Working Women’s Forum and Grameen Bank). Others, such as BKK, require collateral and use this, along with efficient administration, to ensure a good recovery rate.

Some programs use credit as an entry point for a broad political and social program (Working Women’s Forum) whereas others focus exclusively on credit (Grameen Bank and BKK). One way to reduce costs is to work through community-based groups (Grameen Bank), but it is also possible to integrate the special program for the poor into the regular banking system and thus avoid the additional costs of special branches and services.

The review of successful and unsuccessful experiences suggests that the success of a credit program for the poor depends on several factors:

- Programs must offer repeat loans in order to ensure a sustainable impact. The possibility of a repeat loan motivates beneficiaries to repay the first loan.

- Programs are most successful when loans are used for economic ventures selected by the borrowers. Success rates are even higher when fellow borrowers have some say in the approval of the project. Programs are least successful when projects are selected by the government and imposed on borrowers.

- A high cost-recovery rate is an essential component of a successful program, both because it recycles funds into new loans and because it obliges borrowers to take more seriously the selection of projects.

- Targeting mechanisms are essential to ensure that loans go to the poor. This can be achieved through strict criteria for participation in solidarity groups through whom loans are approved (for example, a ceiling can be placed on the amount of land that can be owned), by targeting programs toward generally poor groups (such as self-employed women), or by making the loans small enough to be unattractive to higher-income groups.

Gender Issues in Antipoverty Programs (See Chapter 7 by Noeleen Heyzer)

It is frequently assumed that the interests of poor women will automatically be taken care of in rural development, primary health, low-cost housing, and other programs intended for the poor. However, women often benefit much less from poverty programs, unless they are specifically designed to take into account the special needs and socioeconomic characteristics of women. As Heyzer says:

There is increasing evidence that women do not automatically benefit from antipoverty programs, and that many growth strategies may make the conditions of significant numbers of women in poverty groups worse.
A sexual division of labor exists that allocates to women the most tedious and labor-intensive work and limits women's access to and control over development resources. The generation of employment tends to build on this existing division of labor and even intensify it.

As Kabeer (1991:1) points out with reference to Bangladesh, poverty-oriented programs operate within a context of male dominance and female exploitation that is backed by strong religious, social, and legal pressures:

Throughout their lives they have been brain-washed into believing that their pre-ordained role is to serve and please men. If they fail, they can be discarded as they no longer have any value. This social order is perceived as a "natural" order—women have nothing to remind them that they are born equal with men and that given the will they have the power to change the social order and take control of their own lives.

There are a number of ways in which women are affected by their unequal position in South Asian societies. There is often an unequal sharing of food, as a result of which women and girls suffer significantly higher levels of malnutrition and infant mortality than males. Women are also exposed to special health hazards, including more limited access to health clinics (even when services are free), exposure to hazardous chemicals (particularly fertilizers and pesticides), and physical injury from carrying heavy burdens such as water and firewood. The hazards have a cumulative effect on life expectancy, particularly of young girls.

Women also have significantly different employment patterns and are often concentrated in the informal sector, where they enjoy much less protection from labor legislation. Also the kinds of assistance women need to increase their economic productivity are often different from those required by men.

Shelter, Fuel, and Security

Even though shelter and fuel are normally considered items of joint consumption, women still experience frequent discrimination. As fuel becomes increasingly scarce, women tend to use less of it for cooking their own food (which will often be consumed half-cold). Even though a high percentage of low-income urban households have a female head, women frequently find it more difficult than men to acquire housing, either for legal reasons or because they have more difficulty raising the necessary finances. Personal security and violence against women remain almost undocumented, even though these are major concerns in any women's discussion group in Asia.

Female-Headed Households and Poverty

Female-headed households are significantly more poverty-prone than male-headed households, partly because they usually do not have a male worker. As a result, a woman who is also household head is likely to be faced with even more problems than a male counterpart is ensuring the basic survival and welfare of the family for which she is responsible. A woman in such circumstances usually has to work extremely long hours in addition to carrying out heavy household chores.
Planners Underestimate the Economic Contribution of Women

Governments continue to plan as if men provide the only support for poor families, when in fact women make a major economic contribution to the survival and welfare of poor households. Migrant households rely on female earnings even more. The emphasis on the household (rather than household members) as the basic economic unit is one of the reasons that the sexual division of labor, along with power relations within the household, and women’s interests, have received so little attention.

Another consequence of misunderstanding the sexual division of labor is that women’s work and its economic contribution have been greatly underestimated. As a result, women’s role in the development process is greatly undervalued, both socially and politically.

Gender Issues in Agricultural Development

Although some studies have shown the negative impacts of the increased agricultural productivity on the poor (the best-known example being the “Green Revolution”), less attention has been given to the impacts of agricultural modernization on women (see Heyzer 1987). For example, the introduction of motorized rice hullers and modern rice mills have increased agricultural productivity, but the benefits have mainly gone to landowners and other higher-income groups that were able to purchase the machines. In this, as in other cases, women have been left with increasingly labor-intensive production tasks and have been left worse off rather than better off.

Agricultural planners have frequently failed to understand how women’s triple roles as producer, child-bearer, and homemaker affect their ability to benefit from new technologies. At the same time, women’s major role as agricultural producers is frequently not recognized, and consequently programs are not designed to respond to their special needs and potentials.

Barriers to Women in Agricultural Production

A number of factors mitigate against policies and programs that would increase women’s role in agricultural production. To begin with, the problem is poorly understood (for example, it is assumed that women play a limited role in agricultural production or that they benefit equally with men from technical assistance and agricultural inputs provided to the household). Second, many of the required measures would challenge the accepted male role as household head or would pose a threat to local elites through political empowerment.

Gender Issues in Urban Development and in Urban Labor Markets

Female rural-to-urban migration continues to increase steadily, and in some Asian countries (mainly in Southeast Asia) occurs at a higher rate than for men. This is further increased by international migration, particularly among young women leaving their countries to work in service industries in the Persian Gulf or Europe.

Some labor market economists argue that migration is the result of a freely made and economically rational decision to move to areas of higher economic opportunity. This is an oversimplification of the situation. In many cases young women are pressured by their families to move to the city in order to remit money to the rural area. In other cases women migrate to escape from male violence or dominance.
It should also be understood that urban labor markets are frequently less free and rational than assumed by the labor economists. In fact, many labor markets are rigidly segmented by unions and other organizations protecting the interests of workers in the modern sector and ensuring that wages will not be lowered by an influx of labor. Also, many forms of sexual exploitation are carried over into the workplace.

Female employment is frequently segmented by age, with young, unmarried women having greater opportunities in the modern, export sector, and with older women being confined to the unskilled labor force in more traditional, and less growth-oriented industries. Frequently employment is closely linked to domestic activities. Women are also constrained by their triple role, which limits their flexibility and geographical mobility. Outwork and domestic service are two principal sources of female employment that illustrate this exploitation. Many women are involved in service industries where they tend to be involved in enterprises requiring less skill and capital than their male counterparts.

Women’s employment opportunities are frequently limited by their need to maintain their multiple role. Often as the head of a poor household without a regular male wage contribution, they are so preoccupied with the necessities of survival that they have little time or resources to invest in economic or educational improvement.

Decentralization and Poverty Alleviation (See Chapter 9 by Abdul Aziz)

During the 1960s, 1970s, and 1980s, approaches to poverty alleviation tended to focus either on macroeconomic growth-promoting strategies or on the targeting of programs for poor and vulnerable groups. Although macroeconomic policies were able to promote significant economic growth in many countries, their emphasis on the allocation of resources to high-productivity regions and groups tended to marginalize the less productive areas and groups.

At the same time, the impact of the targeted approaches (established specifically to reach the groups that had not benefited from growth promotion) was much less than had been expected. This was due to a combination of weaknesses in top-down planning that caused mismatches between local needs and capacities, on the one hand, and the kinds of projects being promoted, the misappropriation of resources by local elites, and general inefficiencies and corruption in the administration of the programs, on the other. Furthermore, these approaches tended to be standardized, inflexible (“blueprint”) exercises that required government extension workers to achieve centrally determined numerical targets.

A growing literature documents the potential contributions of decentralized development (Shams and Siedentopf 1987; Uphoff 1988; Moser 1988; Martin 1988; Bamberger and Shams 1989; Getubig and Shams 1991). The advocates of decentralization argued that it is more responsive to local needs, that it provides a better match of local needs and government resources, and that people’s involvement increases the efficiency of implementation and sustainability. Improved monitoring by local government and beneficiaries should improve asset retention and improve loan recovery. The programs should also be made more cost-effective through reduced overheads.

While this literature supports the potentially important contributions of decentralization, it also highlights the administrative and organizational difficulties involved in its implementation, the inability of local agencies to effectively plan and manage decentralization, and the continued influence of local elites.
Shams and Siedentopf (1987) argue that in fact most South Asian governments have achieved very little effective decentralization and that their preference has been for deconcentration or delegation, both of which allow the central and state governments to continue playing a strong role (this was referred to in the seminar as "centralized planning with decentralized implementation"). Most of the significant progress toward decentralization has occurred where nongovernment organizations have been given a more active role and closer ties have been established between them, the government, and international agencies. A major issue raised in the seminar, as well as in the literature (see Bamberger and Shams 1989) is the extent to which successful small-scale NGO programs can be replicated on a larger scale and in cost-effective manner.

The Experience of Karnataka

Karnataka was one of the first Indian states to introduce decentralization, and a strong commitment to decentralization has existed at least since the present system was put into place soon after enabling legislation in 1985. Under the new system, the chief development officers and other local officials are now accountable to the elected representative, the president of the zilla parishad (ZP), and not to state officials.

Although the planning function has been decentralized to the district level, the ZP still has only limited financial independence for it relies mainly on grants-in-aid from the state, of which approximately 86 percent is allocated for committed expenditures (salaries, ongoing state schemes, minimum needs programs, and the like). As a result, the ZP can only decide the allocation of 14 percent (in addition to the modest financial resources it is able to mobilize directly).

Four main poverty programs are affected by the decentralization: (a) wage employment programs, (b) self-employment promotion through integrated rural development, (c) skills training and the improvement of living conditions, and (d) special programs including skills training and provision of housing and basic services for scheduled castes and scheduled tribes. A great effort is made to ensure that each of these programs responds to locally perceived needs and that the beneficiaries are the most needy. Despite some accusations of favoritism and corruption, the selection of projects and the identification of those in need of aid by the villagers themselves rather than by distant state officials, does seem to increase equity and responsiveness to local needs. There is also evidence of increased efficiency in the monitoring of asset retention and improved loan recovery.

Thus, preliminary findings suggest that the decentralization policies offer some promise of increasing the efficiency and equity of poverty alleviation programs—at least in states in which there is a strong political commitment to these objectives.

Lessons and Issues

1. It is not yet clear how much effective financial authority has been delegated to local organizations, nor even whether central and state governments are willing to reduce their financial control over local authorities.

2. The complex issues of how to reconcile the need for coordinated development strategies with greatly increased local control over how resources are allocated and programs managed at the local level have not yet been resolved.
3. Although it is widely accepted that NGOs have a major contribution to make in ensuring effective local participation in project planning and implementation, relatively little progress has been made in introducing effective ways to institutionalize their relationships with government.

4. Very little systematic analytical work has been done to assess the cost-effectiveness and overall efficiency of different approaches to decentralization, either through government programs or in cooperation with NGOs. Few data are available to support either the claim that NGO service delivery systems are much more cost-effective than government delivery systems or the opposing claim that NGO systems, while providing a high-quality product, have higher unit costs.

5. More effective systems are needed to monitor the implementation and operation of decentralization programs.

6. Urgent attention must be given to institution building at the local level and to strengthening the capacity of local government agencies and community organizations for planning and implementing decentralization policies.
CONCLUSIONS AND RECOMMENDATIONS: IMPROVING THE PERFORMANCE OF POVERTY ALLEVIATION PROGRAMS AND PROJECTS

Michael Bamberger and Abdul Aziz

Factors Affecting the Success of Poverty Alleviation Projects

With a few notable exceptions, the performance of poverty alleviation programs and projects has been quite disappointing in terms of their ability to reach the poor in an equitable and cost-effective manner and to produce a significant and sustainable impact on the lives of a significant proportion of the target groups (Getubig and Ledesma 1988; Getubig and Shams 1991). This disappointing performance can be traced to the policy environment, project design and management, administrative and organizational issues, opposition from powerful stakeholders, and the lack of adequate gender analysis, among other factors.

The Policy Environment

While most of the poverty alleviation programs discussed during the seminar were initiated by the central or state governments, in many cases the political will was not strong enough to ensure that programs were implemented as intended or that they could be sustained. For example,

- Very few governments have been willing to take the necessary measures to enforce loan recovery or the payment of user fees and service charges (see Chapters 3 and 4). Partly as a consequence of this, most projects have been poorly maintained or lacked the resources to purchase new equipment and supplies. Poor loan recovery rates have also meant that credit agencies have not have been able to recycle these funds through new loans.

- Governments have been reluctant to relinquish the financial control necessary to implement effective decentralization policies (Reddy 1992). In many cases central planning agencies have not been willing to promote a genuine decentralization of the planning function (Chapter 9; Shams 1991).

- While recognizing the potential contributions that NGOs can make to project planning and management, governments have been reluctant to allow NGOs to have the financial and operational autonomy they need to operate effectively.

- Inadequate attention has been given to factors affecting project sustainability (Bamberger and Cheema 1990). Financial provision rarely covers operational and maintenance costs. Although attention is paid to ensuring that the agencies responsible for project implementation are carefully chosen and have the necessary institutional and
administrative support, much less attention is given to selecting and strengthening the agencies that will be responsible for the management of a project once it becomes operational.

**Project Design and Management**

There is ample documentation to show that poverty projects have a number of unique characteristics that must be taken into consideration in their design and implementation (Bhatt 1991; Morato 1991; Shams 1991; Yahie 1993). However, this is rarely done.

- While the success of a poverty project certainly depends on the adequacy of its financial, economic, and technical design, equally important is the way the project addresses cultural, social, institutional, political, and environmental issues. However, the appropriate forms of social analysis are rarely incorporated in a systematic way into project analysis and design (Asian Development Bank 1991).

- It is now widely acknowledged that the successful implementation, operation, and sustainability of a poverty project (as well as many other kinds of projects) greatly depend on the extent and adequacy of the participation of the intended beneficiaries during project identification, design, and operation. Yet, most projects do not use the techniques of beneficiary participation or assessment in any systematic way (Salmen 1992; D'Silva and Bysouth 1992). Even fewer projects are willing to extend the length of the project preparation phase to allow for more thorough consultations and capacity building.

- Most projects continue to follow a top-down "blue-print" approach in which major decisions on the choice and design of projects are made at the central level. Project design rarely includes sufficient financial and implementation flexibility to allow for significant modifications as the project evolves.

- The procedures used to identify and target the poor are often weak or poorly administered, and a considerable proportion of project resources are frequently diverted to the benefit wealthier groups (BRAC 1983). Monitoring procedures are usually weak, so it is difficult for management to obtain rapid feedback when problems of this kind arise (Ahmed and Bamberger 1989; Khan 1989, 1990).

- The potential contribution of NGOs in project planning and implementation is frequently underutilized. It is vital to overcome the mutual suspicion and distrust that often exists and to develop more flexible administrative procedures to allow government to exercise the necessary degree of financial control over public resources without taking away the flexibility of action that is one of the main strengths of NGOs (Bamberger and Shams 1989).

**Administrative and Organizational Issues**

The size and complexity of governments and the wide range of responsibilities they must assume often make it difficult for them to ensure the administrative flexibility needed to deliver
services to the poor in a cost-effective and equitable manner. The following are some of the typical problems and issues that arise concerning the management of poverty programs:

- Government agencies prefer to have standard procedures to simplify operations and to facilitate the definition of staff responsibilities and to monitor their performance. Consequently, many of these agencies find it difficult to build in the flexibility required to adapt to local social and economic conditions.

- For similar reasons, governments like to define targets (for numbers of loans authorized, numbers of children vaccinated, and so on) and set quantitative achievement targets for their staff. These targets have become a major problem, particularly in credit programs where extension workers are often accused of trying to force people to accept a loan for the acquisition of an animal, agricultural input, or machine which they do not wish to have.

- Governments seek to ensure strict control of how funds are utilized and consequently require that expenditures are precisely defined and controlled. It is extremely difficult to change the way in which approved funds are utilized, which is one of the reasons why little effort has been made to increase the flexibility with which funds in poverty projects can be utilized.

**Overcoming Opposition from Powerful Stakeholders**

Many poverty projects face two kinds of problems concerning powerful economic and political groups. First, these groups often try to divert resources intended for the poor to themselves or their followers (BRAC 1983). Significant proportions of low-interest loans, subsidized agricultural inputs, low-cost housing, and subsidized food are frequently diverted to powerful local interests. Given the influence of these groups, it may be difficult to control the misappropriation of funds even when such activity is well documented.

The second problem is that many poverty programs are seen as a threat to political or economic interest groups. Some projects involve the reallocation of land, while others permit the entry of poor producers into markets previously controlled by the local elites (see Chapter 12). Other projects involve direct political and economic empowerment of workers, squatters, or sectors of the electorate whose votes had previously been controlled by a political party. Still other projects involve the economic or legal empowerment of women or low-caste groups—again posing a threat to male workers, spouses, or religious groups. In many cases the threatened interest groups will bring considerable pressures to bear to sabotage the project—in some cases even resorting to physical violence. Many projects and programs have failed because of this kind of opposition.

**Lack of Adequate Gender Analysis**

Despite the fact that women are disproportionately represented among the poor, and that the economic contribution of women is seriously undervalued, gender issues are often largely ignored in project planning and implementation (Chapter 7; D'Silva and Bysouth 1992).
Improving the Performance of Poverty Alleviation Projects

The Importance of an Integrated, Multilevel Approach

The findings of the seminar strongly support the three-component approach to poverty alleviation proposed in the 1990 World Development Report, namely:

a. Promoting sustained economic growth through strategies that provide opportunities for the poor and permit them to participate in growth.

b. Delivering social services to the poor.

c. Social safety nets and other targeted programs for the poor and vulnerable groups and those who are not able to participate in the benefits of economic growth.

This requires an integrated approach with simultaneous and coordinated actions at the policy, sector/program, and project levels. It also requires effective intersectoral coordination. Actions on each of these levels are of equal importance to the achievement of effective and sustained poverty alleviation.

Creating a Conducive Policy Environment

A strong and sustained political commitment to poverty alleviation is essential (D'Silva and Bysouth 1992). However, good intentions are not enough. The strengthening of political will must be accompanied by the creation of a policy environment conducive to poverty alleviation (Chapter 11). A number of examples cited in the seminar demonstrated how well-intentioned policies can actually detract from sustained efforts to reduce poverty. The provision of free or subsidized services is a case in point. This does not allow beneficiaries to feel that they are responsible for ensuring the maintenance of the facilities and services provided. It also eliminates the possibility of generating revenue to cover operations and maintenance costs. Another example is the assumption by many policymakers that most women do not have primary economic responsibility for their household. This attitude helps perpetuate wage and employment discrimination (Chapter 7).

A number of steps could be taken to create a conducive policy environment:

a. Subsidy programs should be reappraised and an assessment made of their impact on the long-term sustainability of the programs they support and on the poor. In many cases the subsidies should be eliminated or significantly reduced.

b. Greater emphasis should be placed on bottom-up planning methods that give the poor an active part in the planning and implementation processes (Chapter 12).

c. Authorities should provide greater support for decentralization policies that combine financial as well as administrative decentralization. A strong political commitment is required to ensure that the decentralization of decision-making is
real and not simply symbolic. The discussion of decentralization experience in Karnataka (Chapter 9) illustrates the many barriers to effective decentralization.

d. A much stronger commitment should be made to ensuring the sustainability of programs and projects. Most governments and donor agencies have a relatively short time-horizon and are more concerned about investing in new programs than in providing ongoing financial and other resources to ensure that programs are sustained and continue to provide their services at an acceptable level and quality. The political will to follow through with such programs is particularly important in a federal system such as that of India, where both the central and state governments tend to pass the responsibility for operations and maintenance on to lower-level authorities who do not have the resources to adequately cover these costs.

**Developing an Effective Data Base**

The formulation and implementation of effective poverty policies and programs requires access to reliable and timely information on the magnitude, characteristics, distribution, and changes in poverty over time; and on the impacts and effectiveness of different poverty alleviation policies and programs. These exercises must be based on accurate and frequent estimates of the characteristics of poverty—which already exist to a reasonable degree in India and to a lesser extent in other countries. The monitoring and evaluation of poverty programs also needs to be more effective. The South Asian countries are particularly deficient in this area (Ahmed and Bamberger 1989; Khan 1989)

**Creating a Poverty-Responsive Institutional and Administrative Structure**

Poverty-responsive policies and programs require organizational structures and administrative procedures that are more flexible and responsive to the interests of the poor (Tilakaratna 1991). The following are some of the institutional requirements:

a. Bottom-up planning and management procedures that include systematic mechanisms for consulting with, and obtaining feedback from, the poor and other local groups and organizations.

b. Decentralized decisionmaking and program management.

c. Decentralized financial management and responsibility. That is say, local groups must have more say in the control of financial resources, there should be greater flexibility in how funds are managed (with a move toward ex-post evaluation of how funds were used rather than complicated ex-ante approval procedures), and the revenue sources available locally (for example, the authority to introduce service charges, to raise taxes) should be increased.

d. Greater role for NGOs in policymaking and implementation.
e. An increased role for the private sector in the delivery of services (Batalla and Morato 1991).

f. Use of training and other management techniques to provide public officials with the skills and attitudes required to implement participatory approaches (Chapter 12; Shams 1991).

g. Greater interagency coordination so as to permit the integrated delivery of a wide range of services.

**Strengthening Management Capacity**

Poverty programs have a reputation for being badly managed. This is partly due to the fact that poverty programs are frequently considered to be social welfare services rather than ways to promote economic growth through investments in human development. Consequently, management accountability is often quite weak and the quality of programs suffers. The management of poverty programs could be strengthened in a number of ways:

a. Clearer definition of objectives and criteria for defining and evaluating success (Shams 1991)

b. More rigorous project analysis and design. Chapters 12-15 provide guidelines for more effective project identification and design that emphasize the need for greater administrative and economic realism. They also stress the need to adapt conventional project design to the special characteristics of poverty projects. In most cases projects will be smaller, simpler, and of a shorter duration than conventional economic and infrastructure investment projects (Bamberger and Shams 1989:chap. 4).

c. Greater use of market studies to ensure the existence of a market for the goods or services to be produced through income and employment-generation projects (Chapters 12 and 13).

d. More emphasis on demand-driven as opposed to supply-driven projects. Projects should respond to beneficiary needs and priorities rather than be centrally planned.

e. More emphasis on systems of evaluating performance to ensure that future budget allocations are based on results (volume and quality of outputs and impacts) and not simply on past expenditures.

f. More effective and management-responsive monitoring and evaluation systems. These should be considered a management tool providing rapid feedback on progress and problems, and not simply an administrative reporting system for funding agencies.
g. Greater role for private sector agencies in providing services. This implies that greater effort should be made to recover the costs of services and to generate the necessary resources to cover operations and maintenance.

h. The active participation of NGOs. Public sector agencies should use analytical procedures such as cost-effectiveness analysis to identify areas in which NGOs appear to have a comparative advantage in the provision of different services (Chapters 3 and 5).

i. Greater attention to achieving sustainable programs and projects. This means, among other things, incorporating sustainability assessment into project analysis, involving beneficiaries in all stages of project design and implementation, and incorporating mechanisms to generate the resources required for operations and maintenance (Bamberger and Cheema 1990).

Use of Appropriate Targeting Mechanisms

Frequent reference has been made to the debate on the merits of "narrow" targeting. Critics have argued that most targeted programs are expensive and difficult to administer, and in most cases fail to reach the most needy groups. It is also argued that categorizing certain groups as poor or weak may produce a stigma or disincentives to seek work and thus prevent these groups from becoming self-reliant. However, others have argued that at least in the South Asian context, narrowly targeted programs are the only way to overcome the effects of illiteracy, unequal distribution of economic and political power, cultural and religious barriers, and unequal regional resource endowments—and to ensure that resources and services reach the poorest and most vulnerable groups.

The issues involved are extremely complex. However, the following guidelines can be used to assess the potential benefits and costs of targeting in a given circumstance and to select the most effective targeting mechanism for a particular program (Grosh 1992).

a. Incidence analysis can be used to assess who is and who is not benefiting from programs. If a particular program or service appears to be accessible to all major low-income and vulnerable groups, the design of a narrowly targeted program is probably not justified. However, if it can be demonstrated that certain groups are excluded on the basis of sex, region, race, or similar factors, then more narrowly targeted projects may be required.

b. An analysis should be made of why certain groups are excluded. In some cases the problems are administrative and can be corrected without the need for a special program. In other cases the problems may be more complex, and a particular program may be unable to reach major sectors of the target group.

c. Where targeting is to be used, a careful comparison should be made of the alternative approaches and their probable cost-effectiveness for a particular program. There are three main approaches to targeting: individual entitlement on the basis of economic or social characteristics of an individual or household; geographical targeting to sectors (low-income urban or rural populations), regions
(resource poor geographical regions) or states; and self-targeting, whereby an individual, household, or community decides whether to participate in a program or to solicit a service. Each of these approaches, and their many variants, have advantages and disadvantages in terms of cost, complexity of operation, and ability to reaching different groups. Studies such as the recent work of Margaret Grosh (1992) assessing targeting mechanisms in Latin America provide some useful guidelines for choosing between these approaches.

**Integrating Women into Poverty Programs**

It has been emphasized throughout this report that there is a systematic gender bias in the formulation and implementation of many development policies and programs (Chapter 7). These biases are equally evident in many poverty alleviation programs. Consequently, it is essential to adopt a proactive approach in the selection, design, and management of all poverty alleviation programs to detect and eliminate any gender biases. The following guidelines would be useful in this regard:

a. Increase the awareness of policymakers and planners of the fact that the economic contribution of women is underestimated and promote the use of gender analysis in policy formulation and project planning and implementation (Chapter 14).

b. Develop political and economic organizations to assist women in the labor market, help them protect their land rights, and help them fight for political, economic, and social equality (Shreshta 1991; Bhatt and Vyas 1991).

c. Strive for flexible and targeted credit programs. Such programs play a particularly important role in providing women with access to the capital and technical assistance they need to break out of their economic and social dependence on their families and male relatives. Many of the more successful credit programs have provided an entry point for a broader range of legal, economic, and political support (Chapter 8; Arunachalam 1989; Azad 1986).

d. Promote programs that reduce the time women spend on collecting water and fuel so as to free up more time for work as agricultural producers.

e. Endeavor to understand and protect women's existing sources of livelihood (D'Silva and Bysouth 1992).

f. Eliminate discriminatory laws governing ownership and the control of productive assets.

g. Promote the concept of equitable access to agricultural inputs.

h. Help strengthen women's urban networks and support groups, which can be used as a survival strategy (Arunachalam 1989; Clarke 1993).
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Abdul Aziz is a professor and head of the Economics Unit in the Institute for Social and Economic Change in Bangalore, South India. Earlier he worked in the Shri Ram Centre for Industrial Relations and Human Resources and taught economics at the University of Mysore. His special interest is industrial economics and local-level planning, and his publications in this field include a dozen research monographs and numerous journal articles. He has also edited three seminar volumes. He is associated with the academic programs of several Indian universities.

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Dieter Bucher is a senior project specialist in the Social Dimensions Unit of the Asian Development Bank. Before joining the ADB, he held positions with Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and the World Bank.

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Neefeen Heyzer is the gender and development program coordinator for the Asian and Pacific Development Centre (APDC) based in Kuala Lumpur. She has edited a number of books on gender issues in development, including Daughters in Industry and Women Farmers and Rural Change in Asia, and has directed many research and training programs throughout Asia on gender and development issues.

Neil O'Sullivan is a senior consultant with International Development Support Services, an Australian-based company specializing in poverty alleviation and related consultancy work. For most of the last two decades he has been intimately involved with the appraisal and evaluation of grass roots development projects throughout South and Southeast Asia. In recent years, he has worked extensively with the Asian Development Bank and other agencies in developing policies and strategies designed to apply successful grass roots development lessons at the national level.
Jayantil K Saria is a professor at the Indian Institute of Management in Ahmedabad. He has worked extensively in the areas of operations management, information systems, and management and their application to the health and population sectors. He has conducted numerous international consulting assignments in the field of training and health management in Asia and Africa.

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Dr. B. S. Bhargava
Mr. M. VenkATA Reddy
Dr. M. R. Narayana
Mr. M. Vivekananda
Dr. V. S. Sathyapriya
ANNEX 2

SEMINAR PROGRAM

South Asia Seminar on the Design and Management
Sustainable Poverty Alleviation Projects

(July 29–August 9, 1991)
Bangalore, India

MONDAY JULY 29

9.00 - 9.45
Introductory Session with Participants

1. Objectives and organization of the seminar
2. Review of the program
3. Administrative arrangements
4. Introducing participants and resource persons

10.00 - 11.00
Inaugural Session

1. Introductory remarks by:
   - Mr. T. R. Satish Chandran, Director, ISEC
   - Dr. Dieter Bucher, Asian Development Bank
   - Dr. Michael Bamberger, Economic Development Institute, World Bank
   - Dr. Erling Dessau, Resident Representative, UNDP, India
   - Professor Abdul Aziz, Head, Economics Unit, ISEC and Seminar Coordinator

2. Inaugural Address by: Professor M. N. Srinivas, Chairman, ISEC

3. Vote of thanks by Mr. M'Nageswara Rao, Registrar, ISEC

11.00 - 11.30
TEA BREAK

MODULE 1: SEMINAR FRAMEWORK, OVERVIEW AND IDENTIFICATION OF KEY ISSUES

11.30 - 12.45
1. "The South Asia Poverty Scenario"

Presentation: Dr. Michael Bamberger
2. "The UNDP Human Development Approach to Poverty Alleviation"

Presentation: Dr. Erling Dessau, Resident Representative UNDP, India

Chairman: Mr. T. R. Satish Chandran
Discussant: Dr. A. S. Seetharamu

12.45 - 2.00 LUNCH BREAK

2.00 - 3.15 "A Framework for the Assessment of Poverty Alleviation Programs: Key Issues to Be Discussed during the Seminar"

Presentation: Dr. Michael Bamberger

Chairman: Dr. D. M. Nanjundappa
Discussant: Dr. M. V. Nadkarni

3.15 - 3.30 TEA BREAK

3.30 - 5.00 Reports on group discussions followed by general discussion.

Rapporteurs: Mr. Mathiyazhagan
Dr. M. Prahkadachar

TUESDAY JULY 30

9.00 - 9.15 Review of Day 1

Presentation: Rapporteurs

MODULE 2: POVERTY ALLEVIATION PROGRAMS IN SOUTH ASIA: EXPERIENCE AND ISSUES

9.15 - 10.30 "Poverty Projects in Health and Nutrition: A Review of South Asian Experience"

Presentation: Professor J. Satia, Indian Institute of Management, Ahmedabad

Chairman: Dr. Dieter Bucher
Discussant: Dr. P. H. Rayappa

10.30 - 10.45 TEA BREAK
10.45 - 12.00  Poverty Projects in Health and Nutrition: continued

Chair: Sri Lanka

Presentation of case studies by 2 participants, followed by general discussion.

12.00 - 12.30  Briefings on the projects to be visited in the afternoon

Chairperson: Dr. (Mrs.) Hemlata Rao

Project: A Study of Jayarajendra Rag Pickers Project
Briefings by: Dr. M. Prahladachar and Mr. P. Thippaiah

Project: Lacquerware Handicraft Project
Briefing by: Dr. S. N. Sangitha and S. A. Pasha

Project: Poverty Alleviation through Sericulture
Briefing by: Dr. K. G. Gayathri Devei

12.30 - 1.45  LUNCH

2.00 - 5.00  Project visits:

Each group will be given an outline of the questions they should address in their presentation the following morning.

Evening  Groups meet informally at their own convenience to review their visit and to organize the presentations they will make the next morning.

Rapporteurs:

Dr. R. Kanbangi
Dr. K. N. M. Raju

WEDNESDAY JULY 31

9.00 - 9.45  Reports on project visits

9.45 - 10.30  "The role of credit in poverty alleviation: a review of Asian experience in rural and urban areas"

Presentation: Ismael Getubig: Asia and Pacific Development Centre
Chair: Dr. Michael Bamberger
Discussant: Dr. Vinod Vyasulu

10.30 - 11.00 TEA BREAK

11.00 - 12.15 Role of Credit in Poverty Alleviation (continued)
Presentation of case studies by 2 participants, followed by general discussion
Chair: Nepal

12.15 - 2.00 LUNCH BREAK

2.00 - 3.15 "Poverty Projects in Housing and Urban Development: A Review of South Asian Experience"

Presentation: Michael Bamberger, Economic Development Institute
Chair: Pakistan
Discussant: Dr. Krishna Kumar
Followed by general discussion

3.15 - 3.30 TEA BREAK

3.30 - 5.00 "Survival Strategies of Low-income Households"

Presentation: Professor Abdul Aziz (ISEC)
Chair: Dr. Getubig
Discussant: Dr. N. Bhaskara Rao
Rapporteur: Dr G. K. Karanth, Mr. V. S. Parthasarathy

THURSDAY AUGUST 1

9.00 - 9.15 Review of previous day

Presentation: Rapporteurs


Presentation: Dieter Bucher, Asian Development Bank
Chair: India

Discussant: Dr H. G. Hanumappa
10.15 - 10.45  TEA BREAK
10.45 - 12.00  Rural Development and Poverty Alleviation (continued)

Presentation of case studies by participants followed by general discussion.

Chair: Bangladesh
Rapporteur: Dr. K. N. Ninan

12.00 - 12.45  LUNCH

1.00  Departure for train station
1.50 - 8.00  Train journey to Madras

FRIDAY AUGUST 2

MODULE 3:  FIELD VISIT AND PRACTICAL EXERCISES IN MADRAS

Group 1. Working Women’s Forum
Group 2. Tamil Nadu Integrated Nutrition Project
Group 3. Sites and Services and Slum Upgrading

SATURDAY AUGUST 3

GROUP DISCUSSION ON PROJECT VISITS

MONDAY AUGUST 5

MODULE 4:  WORKSHOP ON THE PLANNING AND DESIGN OF POVERTY PROJECTS

(Module directed by the International Development Support Services)

9.00 - 10.15  Introduction
10.15 - 10.45  TEA BREAK
10.45 - 12.15  Small group discussion on factors contributing to poverty
12.15 - 2.00  LUNCH BREAK
2.00 - 3.15  Presentation and discussion of the concepts of Social Analysis
3.15 - 3.30  TEA BREAK
3.30 - 5.00  Presentation and discussion on project social analysis

Rapporteurs: Ms. Mabel Koilpillai
Dr. S. N. Sangitha

TUESDAY AUGUST 6

9.00 - 10.15 Presentation and discussion on gender analysis

Presentation: Noeleen Heyzer (APDC)
Discussant: (name)

Followed by general discussion

10.15 - 10.45 TEA BREAK

10.45 - 12.15 Group discussions on the incorporation of gender and social analysis in poverty alleviation projects.

12.15 - 2.00 LUNCH BREAK

2.00 - 3.15 Case study on the ZOPP approach to project design.

3.15 - 3.30 TEA BREAK

3.30 - 5.00 Case study/exercise on ZOPP

Rapporteurs: Mr. B. G. Kulkarni
Dr. C. S. Nagaraju

WEDNESDAY AUGUST 7

9.00 - 10.15 Presentation of exercises on ZOPP

10.15 - 10.45 TEA BREAK

10.45 - 12.15 Discussion on ZOPP continues

2.00 - 3.15 "Decentralised Planning for Poverty Alleviation"

Presentation: Dr. Abdul Aziz

3.15 - 3.30 TEA BREAK

3.30 - 5.00 Discussion on decentralised planning continues

Rapporteurs: Dr. B. S. Bhargava
Mr. M. Venkata Reddy
THURSDAY AUGUST 8

9.00 - 10.15  Presentation and discussion on NGO/Government collaboration models.

10.5 - 10.45  TEA BREAK

10.45 - 12.15  Presentation/discussion on flexible/responsive project designs for poverty alleviation

12.15 - 2.00  Lunch Break

2.00 - 5.00  Group exercises on the application of the planning techniques.

Rapporteurs: Dr. M. R. Narayana
              Mr. M. Vivekanada

7.00 - 9.30  Closing supper and cultural performance: West End Hotel

FRIDAY AUGUST 9

9.00 - 10.15  Presentations on group exercises

10.15 - 10.45  TEA BREAK

10.45 - 12.15  Group discussions on specific recommendations for improving the design and management of sustainability poverty alleviation projects

12.15 - 2.00  Lunch Break

MODULE 5: CONCLUSIONS AND EVALUATION

2.00 - 3.15  Presentation and discussion on group recommendations

Rapporteur: Dr V. S. Satyapriya

3.15 - 3.30  TEA BREAK

3.30 - 4.30  Seminar evaluation and discussion of follow-up
Presentation of certificates
REFERENCES


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References


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