

**MYRADA**

*Rural Management Systems Series*  
*Paper - 31*

No. 2, Service Road

Domlur Layout

**BANGALORE 560 071. INDIA**

☎ : 5353166, 5354457, 5352028, 5358279

Fax : 091 - 80 - 5350982

E-mail : myrada@blr.vsnl.net.in

Website : <http://www.myrada.org>

# **BUILDING INSTITUTIONS**

Aloysius P. Fernandez

January 1999

---

## **PART - 1**

### **1. The Core of MYRADA's Mission:**

The core of MYRADA's Mission is enshrined in the first 5 lines of the Mission statement that was first pulled together in 1984-85. This part of the Mission statement has remained unchanged since it was conceived. Subsequent parts of the Mission statement, however, have been marginally revised. The core of MYRADA's Mission is contained in the following lines:

"To foster a process of on-going change in favour of the rural poor in a way in which this process can be sustained by them through building and managing appropriate and innovative local level institutions rooted in values of justice, equity and mutual support".

### **2. The Key Words :** The key words are APPROPRIATE INSTITUTIONS.

This Paper will reflect on the content and significance of these key words.

#### **2.1. Institutions: Why does MYRADA focus on fostering INSTITUTIONS of the POOR?**

First, because from MYRADA's experience with poverty alleviation programmes, it became clear that these programmes were conceived and delivered in a package to people. They did not respond to a specific situation and were not flexible enough to cope with the diversity of needs of the poor. Where the Government brought in peoples organisations (and NGOs) as "partners", it was clear that these bodies were used to implement programmes; they quickly became "contractors"; they were the last link in the delivery chain. No investment was made in helping these bodies to develop their own vision and mission and to take ownership and control of these programmes. The result was that the impact of these interventions was limited and usually faded out after the project was over. Sustainability, which requires a long term perspective did not enter into the picture.

Second, because MYRADA believes that functioning institutions (established by people) at the village, form one of the major pillars of a healthy and sustainable democracy. These are the civic institutions at the base. MYRADA's experience indicates that

"participation", which like God is interpreted differently by each one depending on his or her needs and biases, is necessary but not enough; it must lead to institution building. Participation is a means to build an appropriate institution with a vision and mission of its own; it is also an end in itself, since people are empowered in the process. MYRADA believes that if participation does not foster these institutions it can make people vulnerable to manipulation by intervenors who promoted participation so that they in fact can conform to their own agenda, and pursue their own objectives and interests. Participation like religion easily becomes the "opium" used by development intervenors. Implementers who are under pressure to implement a project within the budgeted period and to show quick results, and others who hold positions of power in society and whose primary intention is to remain in power have all used participation to justify their own ends.

Third, because MYRADA's experience in rural areas provides sufficient evidence that a "people's institution" which is structurally appropriate to the resource to be managed, (be it credit, forests or milk) provides an instrument through which people can acquire, increase and sustain ownership of any investment from outside (e.g. the project). It is necessary, therefore, to foster "appropriate" institutions as will be explained later in this paper. This is why effective participation is so critical; it questions the tendency to standardise and to overload every institution. Evidence also indicates that the sense of ownership derived from an "appropriate institution" provides the basis for SUSTAINABILITY of the objectives of the intervention which are increases in productivity and in equity. "Appropriate" Institutions without a vision/mission also quickly fade out. To achieve sustainability of impact, requires that appropriate institutions develop their own vision and a mission strong enough to promote the other essential features required for an institution to survive and grow namely: organisational and financial accountability, learning, financial management and linkages.

Fourth, because equity is one of the core objectives that MYRADA seeks to pursue. MYRADA believes that in a society where class divisions (and conflicts) are sharpening, in many cases supported by a configuration with caste relationships, and where the official system (service, credit) is unable to reach the poor and when it does, is often inappropriate, it is necessary to foster institutions of the poor over which they have control and which in turn provide space for their growth and a basis to network and link up with other institutions in a sustainable manner. Hence MYRADA's interventions start by directly focusing on the poor particularly in the rural areas where caste and class work in synergy (particularly at the middle levels) to confirm relationships which are exploitative. For the poor to change this set of relationships they must first build a base - this base is an institution which they feel is their own.

MYRADA is often challenged: Are the Panchayat Institutions not enough to achieve this objective of equity? MYRADA's analysis indicates that the systems introduced by the Panchayat Raj Act continue to reflect the relations that dominate in society; they do not change them; in most cases the Panchayat Raj leaders do not have any interest or vision to

change them. The Panchayat Raj institutions do not provide space for the poor to participate effectively in decision making; it is because of this that MYRADA endeavours to foster institutions of the poor, which will empower them sufficiently to participate in Panchayat Raj institutions. The election of over 600 members of the Self Help Groups promoted by MYRADA to Panchayat Bodies is one indicator of the success of this strategy.

At the same time, MYRADA endeavours to transfer its vision and Mission to the Panchayat Raj institutions in its projects areas particularly with regard to concern for the poor and marginalised. Proponents of the strategy to give importance to "civil society" as a key component of a democratic society, need to keep in mind that society is conditioned by vested interests which resent any initiative for social transformation. The efforts of politicians to weaken institutions, the dominance of patriarchal attitudes and customs in civic institutions and the nexus between classes that dominate the various spheres of life - economic, political social and religious - provide adequate evidence that for equity to be achieved it is necessary to intervene directly to build institutions of the poor. The proponents of "community organisation" a strategy that relates to groups where the entire village in a body, decides plans and implements programmes also need to take into account that decentralisation of power does not automatically promote equity; rather it could strengthen inequitable relationships at the village/local level, and has done so repeatedly.

**2.2. Types of Institutions :** MYRADA fosters several types of institutions. The Self Help Groups focus on the poor; the watershed associations and Joint Forestry Management Committees have representatives from all groups with interests in the watershed or forest; however even in this case, the poor are first organised into SHGs so that they have a power base which can support their effective participation at village and watershed level meetings. The SHGs also provide a credit source which the poor can easily access; this, as will be later discussed, helps to decrease their dependence on the more powerful families who dominate village institutions. There are also Apex bodies which function according to the requirements of the SHGs that constitute them and not according to MYRADA's requirements; the number of SHGs in an apex is determined by the SHGs themselves; they are in effect controlled by their constituent SHGs; no Apex Body has been permitted by the SHGs to channel loans received from other sources or to operate as a micro-credit organisation.

The following table gives a consolidated list of institutions within MYRADA's projects. MYRADA has also trained other organisations to form SHGs, Watershed Associations, Forest Management Committees and Apex Bodies. Prominent among these organisations are the UP Land Development Corporation, UNDP Myanmar, PADEK in Cambodia, several Regional Rural Banks, and over three thousand Bankers from all over the country, Womens Development Corporations in several states and hundreds of NGOs. Besides MYRADA has also deputed its senior staff to the Mewat Development Agency in Haryana, to one Zilla Parishad (Belgaum) and to the Karnataka Women's Development Corporation. They are all

involved in fostering peoples institutions of various types. In Uttara and Dakshin Kannada Districts MYRADA staff who are posted permanently in the area have trained Joint Forest Management Committees on a regular basis over the past several years.

Project	SHGs	WDAs	Apex Bodies	VDCs	SBCs	VWSC	VPFA	Child Clubs	VFC	VHC
Gulbarga	201	10	2			2			1	
Chincholi	64	7	2							
DEVI	63									
Western Ghats	15								302	
Challakere	170	6	4	4	3					
Holalkere	280	18	6							
Molakalamuru										
Kamasamudram	130	4	6	8			2			
H.D.Kote	679	2		3	50	108		96		
Huthur	133	13	3	12	23					
Madakasira	673	23			25					
Kadiri	132	16	1	6						
Dharmapuri	640	15	24		34			106		8
Germalam	86	12	6	1	2					
Talavadi	146	2	6	7	9		6			
Kattery	54	13	1							
<b>TOTAL</b>	<b>3466</b>	<b>141</b>	<b>61</b>	<b>41</b>	<b>146</b>	<b>110</b>	<b>8</b>	<b>202</b>	<b>303</b>	<b>8</b>

**SHGs** : Self Help Groups

**VDCs** : Village Development Councils

**VWSC** : Village Water & Sanitation Committee

**VFCs** : Village Forest Committees

**WDAs** : Watershed Development Associations

**SBCs** : School Betterment Committees

**VPFA** : Village Progressive Farmers Association

### 2.3. What is an Institution?

In MYRADA the words "group", "institution" and "organisation" are often used interchangeably. However, there is a difference. MYRADA holds the position that a "group" is a gathering at one end of the spectrum, while an institution is an entity with particular features at the other end. The "organisation" comes in between. A group, is often a temporary gathering to achieve a particular purpose; it can develop (and does on occasions) into an organisation which has rules and regulations and defined functions; in most cases, however, these rules and functions are largely imposed from outside. An organisation develops into an institution when its members have full ownership of the body; where they have interiorised to a large extent the culture and systems that they (or others) have established. This is more easily achieved when the members have an active and effective say in drawing up the rules and regulations, in setting the agenda and building the culture that enables them to perform the functions that they choose. When the rules are drawn up by outsiders, the organisation can interiorise them adequately provided adequate training is provided to help it to develop its own vision and mission, and above all if the original rules are open to modification, addition and rejection; in most cases this is not the case.

An institution has a stable pattern of behaviour. Sanctions for deviant behaviour are not imposed from without, but are self imposed and accepted by all as necessary for the health and growth of the body. Conflict resolution is primarily the institution's responsibility. There is no tension between a members rights and responsibilities; both are given equal weight and respected; in some crisis situations, responsibilities easily take precedence over rights. An institution has a culture for self assessment and change, it does not need to be "restructured" from outside; in the case of an organisation, the initiative to start a process of self-assessment usually comes from outside. Finally an "organisation" can function within a "totalitarian regime"; an institution can function only in a genuine democracy. An institution, therefore, grows over a period; it requires at least two to three years before a group begins to develop clear signs of an institution. It is also quite possible for a functioning institution to loose its culture and undermine its systems through external or internal causes. An institution therefore requires both time to develop as well as constant commitment of all its members to remain healthy. In short, it must develop its own vision, its own financial and organisational management systems, its own learning mechanisms and the confidence required to link up with others to protect its identity and independence.

**2.4. Affinity :** The Mission Statement does not contain the word "affinity" to describe peoples institutions,. This is because MYRADA fosters a variety of institutions, all of which do not require to be based on affinity, though there has to be a degree of mutual support among members. It is the institutions at the lowest level that need to be based on a high degree of affinity among the members. MYRADA also promotes institutions at a higher level like apex bodies and watershed associations. It is, however, the Self Help Groups which are peoples institution's at the lowest level. They are the base institutions

in MYRADA's strategy for social transformation. The Mission statement uses the word "mutual trust" to describe the institutions that MYRADA's fosters. This "mutual trust" is required by all types of institutions; in the self help groups, however, it refers to "affinity". Affinity is based on mutual trust. It however goes beyond to include the complex set of relationships that exist among the members of a group and which is today referred to as "social capital".

Affinity exists even before any intervenor enters the scene. Identifying affinity, however, is no easy matter. It requires that intervenors unload the package they often carry - a package of predetermined criteria to select "beneficiaries", ideologies that tend to be absolutist and biases. The pressure to spend money and the growing trend to form village groups quickly and to invest them with funds to implement programmes must be resisted; such groupings tend to become the last link in the delivery chain; their members have little sense of affinity and ownership. Affinity will not be a major feature of a group if it is formed primarily to lobby for a particular objective or to implement any activity. The members may have one objective that is common to all, but there may also be several situations where their interests are in conflict. For example, all the people in the village may have a common objective to get a water system; here their interests coincide; but they may also be a set of oppressive relations based on money lending and labour; affinity cannot be based on these relationships.

Affinity is based on a set of inter-relationships among group members; mutual trust is perhaps the main source of these relationships. But there are also several other binding inter-relationships of support and inter-dependence as well as the systems that govern their activity and the culture that they develop; this set of relationships could be described as the SHGs "social capital" which provides the basis of its sustainability and the guarantee for any loans given to the SHG. These institutions give the poor space to grow in confidence and skills. This in turn helps them to reach out to forge links with other institutions, both formal and informal. Affinity can be strengthened by group perception of common threats from outside. It can be weakened if individual aspirations conflict with the groups common good.

The efforts to identify affinity groups often meet with several obstacles that arise from the way in which development programmes are conceived. It has become the fashion to base programmes or "schemes" on groups. People are brought together on the basis of criteria established by an external agency like an NGO or Government. These seldom develop into sustainable institutions. Further, the tendency in development programmes is to start by focusing on an activity rather than to identify a group whose members are willing to work together and to support each other. Such groups end up by being implementers of Government or NGO programmes; they collapse after the project is over (or often once the funds are disbursed).

While affinity is a necessary feature for sustainability, it is not adequate to achieve this objective. Taking off from this "affinity", the group needs to develop its own vision, organisational and financial accountability, learning mechanisms and linkages - all of which it interiorises over a period of time. The group - which develops the features of an institution - is in turn able to extend and sustain linkages with other institutions both formal and informal. It is able to do so because it gives the members a social identity; several studies have shown that once the group is able to mobilise people for common actions and to cope with emerging threats, it is respected by others in the village for its achievement based on its own efforts; it projects an image of a responsible institution with which others can deal.

Once they take off, the poor continue to need these institutions so that the objective of sustainability of the impact of investment can be achieved. As the group acquires an identity, it also attracts attention from other sectors of the village, some of whom suspect that their interests may be threatened if this group survives and grows in confidence. The group needs to be able to cope with these threats. MYRADA therefore does not focus only on identifying an affinity group. It realises that sustained effort is required for institution building if the impact is to be long lasting.

## **2.5. Appropriate Institutions :**

The Mission statement further qualifies institutions by the word "APPROPRIATE".

Most institutions formed initially for single purposes suffer from over-load over a period of time. It is a common assumption that an institution in the rural area can be saddled with several responsibilities all of which it can implement effectively. MYRADA's experience indicates that this assumption is wrong. Milk societies at the village level have to collect a certain quantity of milk in order to make the milk route viable. To achieve this target, it has to include in its membership both rich and poor farmers who have dairy animals. The rich farmers have several animals; they make the route viable. In fact the small farmer with one or two animals rides on the back of the richer farmer. Both rich and poor are required to make the institution (milk societies) viable. However, if these societies are given the responsibility of managing credit, the richer (and more powerful families) will syphon off the major part and use credit to increase their control over the poor, as is common in Cooperative Societies. If credit is the resource to be managed, therefore, the appropriate institution cannot be one where rich and poor are members; it will have to be an institution where only the poor have membership, and which they own. If they do not own these institutions and instead have to conform to rules and regulations of the official financial systems, they will continue to be exploited. The SHGs are institutions of the poor; experience has shown that they are also the appropriate institutions to manage credit.

In the case of watershed management, a single institution is not adequate or appropriate. MYRADA's experience indicates that in a micro watershed of about 70 - 100 families, the

initial intervention required is to form SHGs of the poor. Representatives from these SHGs as well as from other groups come together to form Watershed Associations. These Associations form *ad hoc* committees which, take the initiative to involve all concerned in every stage of the programme. The SHGs are in a position to lobby for the poorer sectors and to ensure that they have a share in the benefits of the investment.

A similar situation prevails in the case of Joint Forestry management Committees. The poor may attend meetings of the Committees but have little say in the proceedings. On the other hand it is the poor who depend on the forest for their livelihoods. MYRADA's strategy is to organise the poor into SHGs so that they are gradually able to play an effective role in the affairs of the Joint Forestry Management Committees. MYRADA's experience in forestry programmes in the Western Ghats indicates that the Joint Forestry Committees have captured some contracts, which formerly went to contractors, but the poor have hardly benefitted. Yet, it must be remembered that it is the poor who are primarily affected by forest closure which is being implemented in similar forestry projects.

The Joint Forestry Management Committee therefore may be appropriate institution to transfer power to the village but it is not an appropriate instrument to ensure that the poor share in the benefits.