

# Making Institutional Choices for Livelihood Interventions

A  
Research Study based on On-line Data Collection  
Through *Solution Exchange Network*

by  
Astad Pastakia

October 2007

Submitted  
to  
The Livelihood School,  
BASIX  
Hyderabad

## **Acknowledgements**

The study was commissioned jointly by The Livelihood School, BASIX, Hyderabad and UNDP, New Delhi under the *Solution Exchange Work and Employment Community Action Group Project* entitled **‘Emerging Institutional Models to Promote Livelihoods under Dynamic Market and Changing Legal Environment’**.

The author is grateful to Dr. Sankar Datta, Dean, Livelihood School, who not only provided the leadership for the Action Group Project but also contributed actively in developing the initial framework for documenting institutional arrangements through an e-discussion. The e-discussion was also facilitated jointly with Dr. Datta.

I am equally grateful to Anand Kumar, Prema Gera, Sumeeta Banerji and Arif Hussain of UNDP for their constant support and guidance throughout the project. It was Steve Glovinsky of UNDP, who first seeded the idea in our minds for carrying out the research study through an on-line data collection process leading to an *on-line resource guide*, which could grow over time and which could be hosted by the School’s website. I am grateful to Steve and other members of the core group who provided valuable feedback on various drafts for communication with network members at different stages of the project.

## 1.0 Introduction

Livelihood interventions like any other developmental interventions are implemented through institutions. In the past external agencies (both governmental and non-governmental) used to take upon themselves the task of delivering services to targeted populations, who remained passive “beneficiaries”. Today the scenario is completely different. With the growth of the self-help movement at the grassroots, groups and communities are taking up the responsibility of meeting their own developmental needs through their own institutions (both informal and formal) with help from facilitating institutions. The role of external agencies is now largely to support and promote people’s institutions, build their capacities and link them to external resource agencies. Most present day livelihood interventions therefore involve a combination of people’s institutions and external support institutions. As the scale and scope of economic activities taken up by the people’s institutions increases, so does the complexity of institutional arrangements.

Peoples’ institutions have therefore become indispensable in implementing any strategy for livelihood promotion of the poor whether in the urban or rural context. These institutions play a key role in collectivization of the efforts and in dealing with external forces including market forces that have become all pervasive in the context of globalization. Institutions provide a forum for stakeholder groups to articulate their interests and arrive at negotiated settlements. In the process they lead to unity and collective action which empowers the poor and marginalized communities and groups. In the long run they lead to self-help, self-governance and self-reliance. Hence the institution building process at the grassroots becomes a process of capacity building and is now recognized as a key ingredient in the development process.

The cost of making faulty institutional choices is prohibitive as institutions take time to grow and develop. They require considerable investments in time and human development. Hence it becomes important to make informed decisions. Theoretical frameworks help in structuring our thinking to make such informed choices.

It is in this context that an e-discussion was organized on the Poverty: Work and Employment group of the *Solution Exchange Network* from 11<sup>th</sup> July to 10<sup>th</sup> Aug 2007. The discussion led to the sharing of 18 experiences of livelihood interventions from all over the country. This paper attempts to distill the learning from these case-studies through cross-analysis of the cases, drawing implications for making informed institutional choices. The methodology of on-line data collection adopted in the study helped to speed up the data collection process. However, it is worth mentioning that such data has its own set of limitations. We have assumed that the information provided by participants is verified and correct to the best of their knowledge. Since this was a one-time data collection process, it was also difficult to probe and get additional information as is possible in a face to face interview. Hence we were obliged to take what ever data was generated during the e-discussion and make the best possible use of it. Also the

sample consisted of institutions that chose to participate in the e-discussion. Hence certain types of institutional forms such as labour unions etc. did not figure in the sample.

The paper is divided into five sections. In section two we profile the sample and identify the key variables across which cases could be clustered for meaningful cross-comparisons. In section three we present a mapping of institutional choices within the sample interventions. In the next section we carry out the analysis using a case-cluster method. Section five presents the perceptions of practitioners about the comparative advantage of different institutional forms. In the last section we provide the inferences and recommendations.

## **2.0 Profile of Sample Interventions**

Table 1 shows the profile of the sample interventions. The cases ranged from 1-2 year old projects like OTELP and e-sagu to very mature and scaled up interventions like those of poultry by PRADAN (21 yrs) and *Wadi* by DHRUVA-BAIF (25 yrs). Geographically the sample has a wide spread, with Gujarat in the west and Jharkhand in the east and UP in the north and Kerala in the south. In terms of scale and coverage, it ranges from small projects covering less than 300 households (PTDC, ASCENT, UTTHAN) to those covering several thousand households (KAWAD, DHRUVA, PRADAN- tasar silk, ASA – PVSP, ASA- microfinance, MSSRF, DSC ). The annual gross value of produce was the highest for PRADAN – poultry intervention at Rs. 200 million. The gross value of the scaled up *wadi* project of BAIF has not been shown, but would come close to that of PRADAN. Apart from these the other large sized multi-state projects include PRADAN – tasar silk, ASA- PVSP, and ASA – microfinance. In terms of gross value per unit household perhaps ASCENT is far ahead of the others, although this cannot be said for a certainty since comparable data for all the cases is not available. The net annual income from wages alone (i.e. not counting income from dividend declared by TAC every year @ 40% of profits) for an average artisan household in the project, increased nine times over the past ten years, from Rs. 6076/- to Rs. 54,000/-. ASCENT's remarkable achievement can be traced to the fact that it has successfully tapped the "low volume – high value" market of fashion accessories by exporting the products to developed countries.

### ***Typology of Livelihood Interventions based on Approaches***

Based on the approach used by different agencies, the interventions can be classified into three broad categories:

- a) Sectoral approach
- b) Functional approach
- c) Integrated approach

Figure 1 shows a mapping of the various interventions in the sample on the basis of their approach, including the approximate sectors and functions covered under each intervention.

**Table 1:  
Profile of Sample Interventions**

APPROACH	Location	Age (yrs)	Coverage	Turnover (Rs.)	Impact	Institutions used
<b>SECTORAL APPROACH</b>						
<b>Farm</b>						
ASA - PVSP & FPC for seed production	14 districts of MP; Gujarat, Jharkhand	11	13000 trials in 554 villages of 24 districts in 3 states; 12 crops; 14 seed producer companies with 20,000 farmers	29.0 m	Increase in productivity in 20 farmer preferred varieties is about 30-40%.	CIGs, PNGOs, Seed Producer Companies, Society (Support Agency -SA)
UTTHAN – Fisherwomen and men	Coastal Bhavnagar Amreli dists. Gujarat	3	17 SHGs, 138 fisher-women, 176 men	0.21 m	Rs. 45,000/- year /hh increased income; women's empowerment	SHGs, Fisheries Federation (to be registered), People's Learning Center (to be registered), Trust and Society (SA)
PRADAN - Broiler raising	Jharkhand, MP, Orissa, Chattisgadh	21	3200 women, 15 cooperatives in 4 states	200.0 m	Rs. 9-16,000/ yr/ hh increased income; women's empowerment	Women's SHGs, poultry cooperatives, Coop. Federation, Producer Companies, Society (SA)
PTCD – coir products	Vayalar village, Alappuzha district Kerala	15	300 women and 150 men in one village; Medicinal plants – 2500 hh in 8 panchayats	1.5 m projected value of compost alone	Rs. 6000/- yr/ hh increased income; women's empowerment and reduction in drudgery	Industrial SHGs, Society, Society (SA)
<b>Non-farm</b>						
ASCENT – leather foot-ware by Toe-hold Artisans' Collaborative	Athani and Nippani in Northwest Karnataka	8	200 households	4.5 m	Net income from wages increased from Rs. 6075/- to 54,000/- Annual dividends @ 40% of profits; Women's empowerment; dramatic revival of traditional livelihood	Women's SHGs, Section 25 Company, Trust (SA)
UDYOGINI – women entrepreneurs	Bikaner dist. Rajasthan; Mandla dist. MP; Urban Slums of Saharanpur, UP;	14	900 women embroiders in Bikaner; 1600 women in 107 WEGs in Mandla; 600 women and 60 WEGs in Saharanpur	-	6 NGOs in Rajasthan, Orissa and Bihar have initiated similar programmes; women's empowerment	Women's SHGs, CIGs, PNGOs, Society, Society (SA)
PRADAN - Tassar silk	Jharkhand, Bihar, Chattisgarh	>10	10,000 families, 10,000 ha in rearing; 2000 women in reeling; 60 Tasar vikas sanghas	16.0 m	Rs. 13,000/ yr/ hh increased income; women's empowerment reduction in drudgery	Women's SHGs, CIGs, MBTs, Producer Company, Private Company, Society (SA)

PRADAN – Lac production	Khunti, Jharkhand	6	5000 households; being scaled up to 20,000 hh in 8 districts through Govt & Other NGOs	0.15 m	Rs. 5000/ yr /hh increased income; women's empowerment	Women's SHGs, PNGOs, Society (SA)
OTELP - Marketing NTFPs	Koraput, Kandhamakalahandi, Gajapati districts, Orissa	1	Pilot: 56 villages, 60 SHGs and CIGs	2.44 m	Upto 100% higher price realised	SHGs, CIGs, VSSs, Society, PNGOs, GoNGO as society, Section 25 Comp. , Govt Dept (SA)
<b>FUNCTIONAL APPROACH</b>						
ASA – Micro-finance	Jhabua district, MP	7	30,000 hh, in 8 blocks; 831 SHGs, 4 Federations	9.8 m savings; 21.1 m credit	99 % on time repayment. 50% of credit requirements of average hh met; women's empowerment	SHGs, Societies as Federations, Section 25 comp as MFI, Society and Trust (SA)
MSSRF – Community knowledge center	TN, AP, Orissa, Maharashtra , ..... Pondicherry	10	80 village knowl. Centers; 15 Village resource centers in 5 states, 1 UT	-	Widespread social and economic impacts; national and international impacts through Mission 07 and policy advocacy.	VKCs, VRCs, PNGOs, Trust (SA). Informal national network
eSAGU – Customised agri-advisory	Warangal and 5 other districts, AP	2	35 villages, 4894 farms, 35925 advises in 30 crops; 8 centers	-	Rs. 3875/ acre increased income	Local Service providers, Society, Section 25 company (SA)
DSC – Participatory Irrigation Mgmt.	Dharoi, Guhai, Mazan Irrigation projects, North Gujarat	12	175 Irrigation coops. 56,7000 ha	-	Increased area under irrigation, tail-enders get water; increased cropping intensity; Major policy making impacts at national level	Irrigation Coops., Farmer's spear-head teams, Cooperative Federations, Irrigation Dept (SA), Society and Trust (SA), Informal national network
AKRSP(I) - Composting,	Junagadh dist. Gujarat	8-9	42 MVMs, 19 villages	2.66 m of just one MVM	Mainstreaming of Siddi community; women's empowerment	MVMs, Society as Women's federation, Section 25 company (SA)
AKRSP(I) - Agri-equipment library,	Narmada dist. Gujarat	8	70 women's SHGs 1104 women	0.218 m	Rs. 4-6000/ year/ hh increased income; Women's empowerment	Women's SHGs, Society as women's federation, Section 25 company (SA)
<b>INTEGRATED APPROACH</b>						
KAWAD – Karnataka	Chinnahagari, Bellary, Bijapur districts, Karnataka	8 (1998 - 2005)	62 villages, 134000 families; 54000 ha treated; 1113 SHGs, 57 village level federations	NA	Multiple benefits, not quantified	SHGs, area groups, micro-watershed committees, PNGOs, PRI, GoNGO as society (SA), Govt. Department (SA)
DHRUVA – Wadi	Navsari, Valsad,	25	208 villages, 18,000 farmers' 11	35.0 m (Gujarat)	Rs. 25-30,000/ yr / hh increased income;	Women's SHGs, Ayojan Samitis,

programme	Dangs, districts, Gujarat		Cooperatives; 12000 acres mango; 6000 acres cashew plantations	alone)	Being replicated in 4 other states, with 100,000 hh	WDCs, cluster cooperatives, Society (SA regional), Producer company, Society (SA national)
SAMPARK – women entrepreneurs	Koppal dist. karnataka	-	35 villages, 2400 women; 160 SHGs, 11 Clusters	NA	Women's empowerment	SHGs, Mutually aided coops. Society (SA)

**Figure 1**  
**Mapping of Sample Experiences**

Functions	Approach			
	Sectoral			Integrated
	<i>Farm</i>	<i>Non-farm</i>	<i>Service Sector</i>	
Input supply	AKRSP(I) 1 & 2;			
Credit supply	U T T H A N F	P R A D A N	T A S S A R  S I L K	L A C -  O T E L P
Risk Insurance		ASA - MF		
NR Augmentation		DSC-PIM		
NR Efficiency (primary production)	P T C D	P O U L T R Y	A S C E N T	D H R U V A
Post-harvest technology				S A M P A R K
Marketing primary output	A S A			K A W A D
Processing and product design (secondary production)	F P C		U D Y O G I N I	
Marketing processed output				
ICT 4 D	eSagu	MSSRF		

**Sectoral approach:**

This refers to different sectors viz. *farm*, *non-farm* and *service* sectors. Within farm sector there may be a number of sub-sectors like agriculture, horticulture, forestry, fisheries etc. Similarly within non-farm sector there could be handicrafts, leatherwork, NTFPs, weaving, etc. In a given sector the intervention could cover one or more functions in the value chain. These could range from input and credit supply to marketing of processed products as shown in Figure 1.

***Functional approach:***

In this approach the intervention specializes in one particular function and often serves several sectors. For example micro-finance which provides credit for a variety of micro-enterprises across different sectors; knowledge centers that provide knowledge related to livelihoods across sectors.

***Integrated approach:***

This usually involves holistic thinking and tackles a range of relevant sectors within the village economy in an integrated way. In a mature intervention it can move up the value chain in at least a few of the prime sectors. The most common example of an integrated approach is micro-watershed development.

Integrated and functional approaches often include welfare sectors like education and health. Sometimes sectoral approaches may also include mechanisms to take care of health and education services. Whether a people's institution such as a Federation of informal groups should include welfare activities in its portfolio or set up a separate institution for the purpose is a moot point. Both the practices are found in practice as reflected in the sample. It stands to reason that when a community decides to go for a specialized welfare activity on a long term basis, e.g. community health services, it would be advisable to promote a separate institution which can concentrate on this activity and network with other institutions in the sector. Until such time, community based institutions cannot ignore the welfare needs of its members and would always be concerned about meeting these in some way or the other through its own resources. This is particularly true in case of natural calamities or individual tragedies that may occur among member households.

Table 2 classifies the case studies as per the approach adopted. This classification is expandable since more functions and more sectors can be added as more examples come to light. This has been designed keeping in view the project's additional goal of setting up an on-line resource guide, to be hosted on the web-site of The Livelihood School, Hyderabad.

**Table 2**  
Case-studies classified according to Approach

APPROACH	EXPERIENCES SHARED
<b>I SECTORAL APPROACH</b>	
<i>Farm</i>	
<i>Agriculture</i>	ASA - PVSP & FPC for seed production
<i>Fisheries</i>	UTTHAN - Coastal Gujarat
<i>Poultry</i>	PRADAN - Broiler raising
<i>Tree crops</i>	PTCD – Coir yarn and products
<i>Non-farm</i>	
<i>Leather goods</i>	ASCENT – ToeHold Artisans' Collaborative
<i>Handicrafts</i>	UDYOGINI – handicrafts, NTFPs etc.
<i>Sericulture</i>	PRADAN - Tasar silk
<i>Forestry – NTFP</i>	PRADAN – Lac production
<i>Forestry – NTFP</i>	OTELP – NTFP marketing
<b>II FUNCTIONAL APPROACH</b>	
<i>Savings and Credit supply</i>	ASA – Micro-finance
<i>ICT for Development</i>	MSSRF – Community knowledge center
<i>ICT for Development</i>	eSAGU – Customised agri-advisory
<i>Input supply</i>	DSC – Participatory Irrigation Mgmt.
<i>Input Supply</i>	AKRSP(I) - Composting
<i>Input Supply</i>	AKRSP(I) - Agri-equipment library
<b>III INTEGRATED APPROACH</b>	
<i>Watershed development</i>	KAWAD – watershed development
<i>Horticulture &amp; watershed devp.</i>	DHRUVA – Wadi programme & MWD
<i>Micro-finance &amp; Micro-enterprise</i>	SAMPARK – micro-enterprise

### *Pilot vs Scaled up projects*

While some projects are still in the pilot / experimental stage others are in the process of scaling up or have scaled up significantly as shown in Table 3 below.

**Table 3: Pilot vs Scaled up projects**

Pilot / Experimental stage	Scaling up	Scaled up
AKRSP-I Agri-equipment library	ASA – PVSP and Farmers' Seed Production	PRADAN - poultry
eSagu – customized agri-advisory services	DSC – Participatory Irrigation Management	PRADAN – tasar silk
UTTHAN – fisherwomen and men	AKRSP-I composting by Siddi women;	MSSRF – Community knowledge center
PTDC – coir products	PRADAN – lac production	KAWAD – Karnataka
ASCENT – leather foot-ware by Toe-hold Artisans' Collaborative*	OTELP - Marketing NTFPs	DHRUVA – Wadi programme
SAMPARK - women entrepreneurs	UDYOGINI – women entrepreneurs	
	ASA – Micro-finance	

Although ASCENT is a very successful and mature project it has not been scaled up with other artisans. Rather a concerted effort has been made to continuously increase the

returns to member households through improved marketing, product design and quality control.

***Scaling-up Strategies:***

Interestingly different interventions have used different strategies for scaling-up or replicating successful pilots. These strategies are not mutually exclusive and interventions are often found to deploy more than one strategy in conjunction.

While *Collectivisation of informal institutions* appears to be a common strategy (barring a few exceptions), there are also specialised strategies at work as shown in the table below:

**Table 4: Specialised Strategies for Scaling UP**

Sl. No.	Specialised Strategy	Examples from sample
1	Policy Advocacy	DSC, MSSRF
2	Decentralised Facilitation Institutions/ Units	PRADAN (poultry), DHRUVA-BAIF ( <i>wadi</i> programme)
3	Partner NGOs:	PRADAN (lac intervention) UDYOGINI, ASA – PVSP and KAWAD
4	Piggy back riding on larger programmes	ASA (PVSP), MART- OTELP (NTFP marketing)
5	Self-sustaining business model	ASA (micro-finance), PRADAN (poultry)
6	People to People replication	DSC (PIM), PRADAN (poultry), ASA (micro-finance)

These are discussed in more detail in section 4, while comparing the institutional requirements of different strategies.

***Collectivisation of grassroots institutions***

As discussed, collectivisation of informal institutions at the grassroots through federations of people’s institutions or through cooperatives or producer companies has emerged as the most important strategy for scaling up and strengthening livelihood interventions. In 14 out of the 18 interventions grassroots institutions / groups had been federated. ToeHold Artisans’ Collaborative (ASCENT) and coir spinning and fabric making (PTCD) are two interventions which are limited in coverage to less than 300 families. Here, the *families* have set up their own collective institutions for management of collective enterprise. In many ways these artisan families are similar to the informal groups with all members of the family contributing to the livelihood activity. Therefore these two interventions are also included in the assessment of collectivization. These federations/ collective institutions have been put to a surprising array of uses as shown in table 5.

**Table 5: Uses of Federations**

SI No.	Uses of federated people's institutions	Tally (out of 14)
<b>Group A</b>		
1	Providing a legal personality and identity (default)	14
2	Nurturing leadership (default)	14
3	Facilitating women's empowerment	13
4	Leveraging credit with or without financial guarantee	12
5	Oversight of production/ management; monitoring and control	12
6	Collective marketing of produce including creating brand equity	11
7	Platform to share experiences and forum for learning	11
<b>Group B</b>		
9	Establishing linkages with knowledge resource institutions	8
10	Providing Welfare services like health, education, child-care etc.	7
11	Motivating others and formation of new groups	7
12	Channeling funds	7
13	Collective procurement of quality inputs	7
14	Facilitating and strengthening grassroots level groups; hand-holding services	6
15	Providing Business advisory services and support to micro-enterprise	6
16	Liaison with government	6
17	Providing specialized technical services	6
18	Training	6
<b>Group C</b>		
19	Addressing social and gender issues beyond the economic activity	4
20	Risk insurance at enterprise level (e.g price assurance) and individual level (e.g. micro-insurance)	4
21	Processing of and value addition to primary produce	4
22	Creating local infrastructure like local markets, repair of irrigation systems, check-dams and other watershed structures etc.	3
23	Tackling governance issues including conflicts at grassroots level	2
24	Backward integration for reliable supply of inputs at cheaper price	2
25	Promoting other specialized institutions	1
26	Distribution and management of natural resources e.g irrigation water	1

The uses are classified into three groups on the basis of frequency of occurrence in the sample. The first two in the list are by default and so even if many of the respondents did not state it these have been given full score. The rest are based on the case details. Some of these may in fact be under-estimates as some of the respondents may not have stated all the benefits/uses in detail.

Category C functions are not necessarily less important than the others. Take for instance "Improving the ability to deal with market and enterprise risks". The PRADAN poultry case shows that during the recent bird-flu scare, large number of small poultry producers was wiped out but the PRADAN facilitated cooperatives survived because of their reserves and marketing skills. Some of the points which presently figure in group C may move up the chart in future as the livelihood activities start progressing up the value chain e.g. processing, risk management, backward integration, specialized institutions etc. Again as the intervention matures, one may find welfare activities, social issues etc being taken up by separate welfare institutions created for the purpose.

***Interventions in which federations were not formed:***

- a) *ICT related interventions* – In both, eSagu and MSSRF the block level and/ or state level hubs are managed by the NGOs themselves. Some of these hubs involve considerable investment in technical equipment. Hence the agencies may have felt more comfortable handling these through their own institutions. However other interventions have shown that technical and professional staff can be managed well by people’s institutions if they are given a chance and if sufficient investment has been made in the institution building process. The need to scale-up quickly often prompts agencies to skip the institution building process as it is rather slow and time-consuming. Ironically such top-heavy structures become difficult to sustain in the long run and there are limits to the scaling-up possible through this route.
- b) *Nascent interventions* – In OTELP which is only 1-2 years old, federations have not come into existence but are definitely planned.
- c) *Where the need was not felt:* PRADAN’s Lac intervention is one where no collectivization was done since marketing channels created through a state intervention already existed. However, it is likely that the intervention is missing out on the various benefits other than collective marketing that federations can provide.

***Gender Focus in the Sample Interventions:***

Nine of the 18 interventions were specifically targeted to women. In addition six interventions had a strong component for women’s development. Only the farmer specific interventions like PIM (DSC) agri-advisory services (eSagu) and farmer production of certified seed (ASA) currently lack gender focus. However, DSC and ASA have already started initiatives to incorporate the concerns of women in PIM and PVSP respectively. eSagu is only two years old and it may not be long before it starts expanding its domain of farm-advisory to include activities carried out by women. Hence the issue of women’s empowerment and gender balance in livelihood interventions has been addressed very strongly in the sample interventions (see table 6).

**Table 6: Gender Focus in the Sample Interventions**

<b>Strong gender focus: <i>Specifically targeted to women</i></b>	<b>Moderate gender focus: <i>Strong component for women</i></b>	<b>Weak genderfocus: <i>Mainly Farmer focused</i></b>
AKRSP-I Agri-equipment library	KAWAD – watershed development	eSagu – customized agri-advisory services
AKRSP-I composting by Siddi women	ASA – Micro-finance	ASA – PVSP and Farmers’ Seed Production
PRADAN – poultry	DHRUVA – Wadi programme	DSC – Participatory Irrigation Management
UTTHAN – fisherwomen and men	MSSRF – Community knowledge center	
PTDC – coir products	PRADAN – lac production	
ASCENT – leather foot-ware by Toe-hold Artisans’ Collaborative	OTELP – marketing of NTFPs	
SAMPARK - women entrepreneurs		

UDYOGINI – women entrepreneurs		
PRADAN – tasar silk		

### ***Type of Facilitating Institutions***

Broadly two types of facilitating institutions were to be found: Private (i.e. civil society institutions) and governmental (Departments and GoNGOs). In all the cases where Governmental institutions were involved, the interventions were carried out in partnership with private institutions. The institutional arrangement could be expected to be some what different in purely private interventions to those with public-private partnership (PPP).

Interventions with PPP were as follows:

- KAWAD – watershed development
- MSSRF – Community knowledge center
- PRADAN – lac production (during scaling-up stage only)
- OTELP – marketing of NTFPs
- eSagu – customized agri-advisory services
- ASA – PVSP and Farmers’ Seed Production
- DSC – Participatory Irrigation Management

The rest were all private interventions initiated by civil-society organisations.

### ***Variables Identified for Cross-analysis of cases***

From the above analysis of the variability in the sample cases the following variables were identified as the basis for case-cluster analysis:

- *Approach adopted*: sectoral vs. functional vs. integrated
- *Scale of operations*: Pilot vs Scaled up projects
- *Specialised scaling-up strategies*: policy advocacy, decentralized institutions, partner NGOs, piggy back riding, self-replicating business model, people to people replication
- *Gender focus*: Interventions specifically designed to empower women vs. farmer focused interventions
- *Facilitation institution*: Private vs. public-private partnership

### **3.0 Mapping of Institutional Choices**

Table 1 (Annexure) shows the choices made by different developmental agencies in their interventions at various levels. This includes both *formal* and *informal* institutions directly involved in the intervention. These may be *people’s institutions* and / or civil

society or governmental/ quasi-governmental *support institutions*.<sup>1</sup> Table 7 gives an overview of the institutional choices made in the sample interventions.

**Table 7: Matrix of Institutional Choice in Sample**

	<b>People's Institutions</b>	<b>Support Institutions</b>	<b>Total</b>
<b>Formal</b>	24	32	<b>56</b>
<b>Informal</b>	22	2 (networks)	<b>24</b>
<b>total</b>	<b>46</b>	<b>34</b>	<b>80</b>

As the matrix shows, in the case of people's institutions the formal and informal choices are equally balanced. The two together form a pyramid with the informal institutions forming the base of the pyramid. In the case of Support institutions however, except for the informal networks at the national level, all institutions are formal in nature.

### **3.1 Informal Institutions:**

#### ***Grassroots level institutions:***

Majority of the informal institutions were located at the grassroots level i.e. from hamlet to cluster levels. The importance of informal institutions at the grassroots level is now universally acknowledged. An overwhelming majority the interventions in the sample started off with one or more types of informal institutions at the group or hamlet level<sup>2</sup>. These informal institutions became the building blocks of social capital in the rural communities and the stepping stones for empowering the poor and women in particular. Informal institutions varied depending on the need:

- *Affinity groups* were better suited for savings and credit and for social empowerment. The *Mahila Vikas Mandals* and women's SHGs are good examples. In a few cases SHGs had ventured into micro-enterprise and in one case an industrial unit was registered in the name of the SHG. (14 cases)
- *Area groups* were formed when land based activities compelled farmers of the same contiguous area to come together for a particular treatment or for creation of a common asset. These are generally found in watershed development interventions (1 case).
- *Common interest groups* are formed by producers involved in the same productive activity. The CIG becomes a forum for sharing and exchanging

---

<sup>1</sup> It does not include the institutions with which linkages have been established for credit, finance, technology and other services. Hence interventions which show sparse alignment of institutions may actually be outsourcing many of the services through linkages. To get a more complete picture, the reader may refer to the mapping of institutional arrangements shown in the individual cases.

<sup>2</sup> The only exceptions were Irrigation Cooperatives of DSC, VCDC of PTDC, Silk Reeling centers of PRADAN and the eSagu centers set up by IIIT, which opted for formal institutions even at the grassroots level.

- experiences and learning from each other. In addition members can plan together, and aggregate inputs as well as outputs while dealing with the market. (2 cases).
- *Ayojan Samitis* used only by DHRUVA can be considered one type of CIG where the livelihood activity is land based. Planning of the *wadi* activities can be done together since these are similar in nature. Aggregation of produce is also a function taken up by these samitis. (1 case)
  - *Farmers' Spearhead Team* represents an episodic institution used only by DSC in order to promote PIM in new areas. Once the drive to set up new Irrigation Cooperatives is over these institutions will in normal course fold up, having served their purpose. However, it also possible that these groups may grow into new functions and get re-established in some other form. (1 case)
  - *Industrial SHGs*: The case of PTDC shows that SHGs have even been used to establish small scale industrial units. These units are registered in the name of the SHG. Hence to some extent they are recognized by the Government, although they do not have a legal personality. (1 case)
  - *Watershed Development Committees and Sub-committees*: These are informal village level institutions found in watershed development projects. (2 cases)

As the tally (in brackets above) shows, by far the most popular informal institutional form is the affinity group which includes various kinds of SHGs and MVMs. The rest are specialized groups some of which like watershed committees and Spear-head teams are likely to fold up once their purpose is served. SHGs on the other hand have a long term agenda and are likely to grow through an aggregation process. CIGs can also be seen moving in the same direction as SHGs. In cases where all the SHG members opt for the same livelihood enterprise (e.g. NTFP collection and marketing) SHGs themselves take up the micro-enterprise activity and hence there may not be a need for formation of CIGs. However, in many cases different members of different SHGs may come together bound by a common livelihood activity. In these cases it makes sense to allow them to set up CIGs which in due course could get federated in order to better deal with the market forces.

#### *Service Providers:*

It is worth noting that some agencies preferred to establish a team of local *service providers* who were trained to provide specific services to the producers. These service providers often worked in tandem with local institutions, but sometimes they also substituted for them (as in the case of eSagu). A special case of such service providers are the entrepreneurs who provide specialized inputs to other producers at the grassroots level. The *grainage entrepreneurs* in the case of tasar silk and the *brood centers* for lac institutionalized by PRADAN are good examples.

#### *Informal Networks:*

Informal institutions were also found at the national level where several like minded support agencies got together to create a movement for a particular livelihood programme. Since these institutions need to be loosely federated and come together only for limited purposes like policy advocacy, sharing of experiences and convergence of resources, it was found better to keep these informal.

### **3.2 Formal Institutions**

Again, drawing upon the data in Table 1 (Annexure) an attempt was made to see which type of institutional forms were more popular among People's institutions (tables 6 & 7) as well as among Facilitating or External Support institutions (tables 8 & 9) . The data was then pooled together to get the overall picture (table 10).

#### ***People's Institutions (tables 6 & 7):***

Table 6 shows that the cooperatives (under both the old and new laws), continue to be the most preferred alternative for self-managed community based enterprise with a combined tally of 8. However, many of the interventions which previously started with the cooperative structure, are now shifting over to Producer Company format. PRADAN and BAIF have both chosen Producer company over multi-state cooperative to federate their cooperatives across states. Since this option has become available only since the amendment in the Company Act in 2002, most of the producer companies have limited experience of not more than two to three years. So far all the agencies promoting these companies seem to be satisfied with the outcome. The main advantage seems to be lack of interference from government officials. It also enables the organization to focus entirely on the economic activity in a professional way so as to compete in the open market with other private companies. Hence in the emerging economic context of globalization and free market economy, producer companies are expected to be more suited than cooperatives.

Among the other emerging institutional options are the Sector 25 Company (not-for-profit), MBT and private company with tallies of 2, 1 and 1 respectively. The private company option was used by PRADAN (tasar silk) as a specialized institution to market a value added product range in a highly competitive and sophisticated market. Placed in a similar situation, ToeHold Artisans' Collaborative chose to be a Section 25 company. The latter started out as a Trust and is only now changing over to Section 25 Company as the focus on the enterprise aspect becomes sharper. While PRADAN has hired a professional marketing person to run the company and provided him a stake in the business, TAC relies on e-marketing through its website and direct marketing through participation in international fairs and exhibitions.

The Society with a tally of 6 continues to be a popular option for creating federations of informal groups. The society allows members to widen the scope of activities to welfare over and above the productive ones. Again, those who are not sure of the precise nature of developmental activities they would like to pursue, find this institutional form very convenient. The non-descript institutions refer to people's institutions at the village level in the case of MSSRF's knowledge center initiative. Since different institutions like PRI, Temple Trust, Fishermen's Association etc are involved in different villages, it was difficult to place this in any one category.

**Table 6: Choice of Formal Institutional Form among People's Institutions**

APPROACH	Types of Institutions							Non-descript
	Coop. old	Mutually Aided Coop.	Producer Comp.	MBT	Society	Section 25 comp.	Private comp.	
<b>SECTORAL APPROACH</b>	1	1	4	1	3	1	1	-
<i>Farm</i>	1	1	3	-	1	-	-	-
<i>Non-farm</i>	-	-	1	1	2	1	1	-
<b>FUNCTIONAL APPROACH</b>	2	-	-	-	3	1	-	1
<b>INTEGRATED APPROACH</b>	2	2	1	-	-	-	-	-
<b>Total</b>	5	3	5	1	6	2	1	1

While the informal institutions were restricted to the grassroots level, formal institutions were spread across all levels (table 7). Interestingly there are more number of interventions opting for Producer Company at the national and state levels rather than at block and cluster levels.

**Table 7: Choice of institutional form at different levels**

Level	Types of Institutions							Non-descript
	Coop. old	Mutually Aided Coop.	Producer Comp.	MBT	Society	Section 25 comp.	Private comp.	
<b>Hamlet/group</b>	1	-	-	-	1	-	-	-
<b>Village</b>	-	-	-	1	-	-	-	-
<b>Cluster</b>	3	2	-	-	2	-	-	-
<b>Block</b>	-	-	-	-	2	1	-	-
<b>district</b>	-	-	1	-	-	-	-	1
<b>State</b>	1	1	1	-	1	1	-	-
<b>National</b>	-	-	3	-	-	-	1	-
<b>Total</b>	5	3	5	1	6	2	1	1

***Facilitating / Support Institutions (Tables 8 & 9)***

The 'non-descript' category in this case consists of Partner NGOs mainly at the block and district levels. These could belong to any one of the first three columns and precise information for all the partner NGOs was not available through the case studies which did not go to that level of detail.

Discounting the non-descript institutions, we find that the most popular and conventional form of formal institution for social entrepreneurs is the society. 13 (9 plus 4) out of 24 interventions had opted for this form, representing 54 % of the sample choices. The other traditional form of institution the Charitable Trust, was not as popular with a total tally of 6 (2 plus 4). In 4 cases the social entrepreneurs preferred to get the organizations registered as both society and trust presumably to get the benefits of both forms at little extra cost.

Although the option for Section 25 Company has been around for several years, it is only now emerging as a strong contender for the more traditional forms of institutions. Four out of the five Section 25 companies were following a functional approach towards livelihood augmentation in the interventions documented. It would however, be erroneous to draw any conclusions out of this since organizations like AKRSP(I) are involved simultaneously in a number of other interventions many of which are sectoral and integrated in nature.

Only three governmental departments were directly involved in the interventions. There is a growing trend for Departments to set up specialized NGOs which can work in a non-bureaucratic manner and partner with civil society institutions. Examples from the sample include: KAWAD (society) in Karnataka, DPIP (society) in Madhya Pradesh, ITDA (society) in Orissa, and MLA (section 25 company) of the DoIT, Central Government.

**Table 8: Choice of Formal Institutional Form among Facilitating Institutions**

APPROACH	Types of Institutions						PRI
	Society	Trust	Society & Trust	Section 25 comp.	Govt. Dept.	Non-descript	
<b>SECTORAL APPROACH</b>	6	1	2	1	1	5	-
<i>Farm</i>	3	-	2	-	-	1	-
<i>Non-farm</i>	3	1		1	1	4	-
<b>FUNCTIONAL APPROACH</b>	1	1	2	4	1	1	-
<b>INTEGRATED APPROACH</b>	2	-	-	-	1	2	1
<b>Total</b>	9	2	4	5	3	8	1

Table 9 indicates that the smaller NGOs are located at the block and district levels while the larger ones are based at the state and national levels. The latter however, may have several branches in the project areas. In some cases these branches or resource centers may be designed to hive off as independent NGOs in the long run, catering to the specific needs of the local population while continuing to draw support from the mother institution.

**Table 9: Choice of institutional form at different levels**

	Types of Institutions						PRI
	Society	Trust	Society & Trust	Section 25 comp.	Govt. Dept.	Non-descript	
Hamlet/ group							
Village							
Cluster							
Block						6	
district					1	2	1
State	5	-	2	3	2	-	-
National	4	2	2	2	-	-	-
<b>Total</b>	9	2	4	5	3	8	1

### ***Combined choice***

Putting the figures of people's institutions and support institutions together one can see the overall pattern of institutional choice (tables 10 and 11). After discounting the non-descript categories, the combined percentage for cooperatives under old and new laws is 17.0 as compared to 10.6 for producers' company. The combined percentage for society chosen separately and with trust is 40.4 as compared to 12.7 for the combined percentage of trust and 14.9 for Section 25 Company.

**Table 10: Institutional Choice in the Sample Interventions**

<b>Institutional type</b>	<b>People's Instns.</b>	<b>Support Instns.</b>	<b>Total</b>	<b>Percentage (discounting non-descript)</b>
Cooperative (old Act)	5	-	5	10.6
Mutually Aided Cooperative	3	-	3	6.4
Producer Company	5	-	5	10.6
MBT	1	-	1	2.1
Society	6	9	15	31.9
Section 25 Company	2	5	7	14.9
Private company	1	-	1	2.1
Trust	-	2	2	4.2
Society & trust	-	4	4	8.5
Government Dept.	-	3	3	6.4
PRI	-	1	1	2.1
Non-descript	1	8	9	19.1
Total	24	32	56	c100.0

## **4.0 Comparative Analysis of Cases**

### **4.1 Comparison across approaches**

No significant differences in the institutional arrangements could be observed when comparing across approaches and between farm and non-farm sectors. However, some differences could be observed while comparing simple and complex interventions. To compare interventions on a gradient from simple to complex, two interventions each were taken for each of the following categories (See table 1 of Annexure):

- Single sector – Single function
- Single sector-Multiple functions
- Single Function – Multiple sectors
- Multiple sectors – Multiple functions

Comparison between pilot scale and scaled-up interventions is possible with the same set of data since the single sector – single function examples are pilot scaled while the rest are all scaled-up or in the process of being scaled up.

### **Observations:**

- 1) Even for a single sector-single function intervention (pilot scale), a minimum of two tiers is needed in the structure, with the Federation having a legal personality. Such a structure is sufficient when the scale is limited to specific communities and if the activities provide goods or services to members themselves or cater to local markets. However when the activity is promoted beyond the local community and if distant markets are to be tapped, additional tiers would have to be added to deal with the market forces as well as the needs of the producers to upgrade technology and product design. This is reflected in the other mature and scaled up interventions like DHRUVA, PRADAN tasar silk and poultry production.
- 2) In general the number of institutions and tiers increase when more functions are added or when more geographical coverage takes place. Two strategies for increasing the number of functions have been observed.
  - i) Within the same institution: e.g. Poultry cooperatives of PRADAN which started backward integration to set up its own hatcheries and feed units,
  - ii) Mutually supportive separate institutions at the same or different levels e.g. PTDC set up separate grassroots institutions for Fibre Extraction unit, Coir Fabric and products unit and Support and welfare functions.

It is not know which of the two strategies is more effective, but the second one seems to be more common than the first.

- 3) Creating linkages with external agencies is a critical function of the Support institutions. Between 2 (AKRSP – composting) to 8 types (MSSRF – community knowledge centers) of linkages were created in the sample.
- 4) The need for linkages increases with knowledge intensive interventions and with scaling up of the project at the national level. When an intervention is scaled up at the national level, networking becomes critical and separate networking institutions need to be promoted. The nature of these are typically informal so that the institutions remain loosely federated and come together only for limited purposes like policy advocacy, sharing of experiences, convergence in efforts etc.

## **4.2 Scaling up Strategies**

Six specialized strategies for scaling-up interventions were discernible in the sample interventions as discussed in the previous section. The institutional choices under each of these strategies is shown in Table 2 of the Annexure and discussed below:

i) *Policy Advocacy*: In the cases of DSC and MSSRF, scaling up has been achieved in other states through a successful policy advocacy campaign and setting up of national networks for PIM and ICT4D respectively. This strategy calls for setting up an *informal network of agencies* working in the same sector with similar goals. When it is taken up in *mission mode*, it becomes more effective as it provides a sense of urgency for scaling up

the interventions throughout the country. Such strategies cannot be successful unless the central government is taken on board and provides its full support.

ii) *Decentralized facilitation institutions:* In the cases of PRADAN (poultry intervention) and DHRUVA-BAIF (*wadi* programme) replication of the programme has been achieved through decentralized facilitation institutions/ units and mobilization of funds from government and bilateral agencies in a big way. In the initial years the Facilitating institution may set up a regional facilitation unit or a resource unit, run by its own staff. In due course this unit gets spawned off into a separate institutional entity.

iv) *Partner NGOs:* Capacity building of other NGOs or involving them in larger initiatives as partners is yet another effective strategy for scaling-up. It can be implemented if the initial developmental agency has a strong training wing which is able to build the capacities of the partner NGOs. Examples include PRADAN (lac intervention) UDYOGINI, ASA – PVSP and KAWAD.

v) *Piggy back riding on larger programmes:* A relatively small but effective NGO can scale up a good idea by piggy-back riding on a larger programme. This strategy was used very effectively by ASA which was appointed as a resource agency by MPDPIP to build the capacity of its staff for implementing Participatory Varietal Selection and Promotion. In this way the ASA-DPIP partnership was successful in institutionalizing PVSP and Certified seed production by farmers' producer companies in all 14 rainfed districts of MP. MART, an NGO specializing in marketing used a similar strategy with OTELP to scale up its marketing intervention with tribals gathering NTFPs. The institutional arrangements are usually quite elaborate in such large programmes and targets can be achieved on scale, provided the training provided by the resource institution is effective and the Programme staff is receptive.

vi) *Self-sustaining business model:* Some agencies prefer to set up self-sustaining business models. For example ASA has a business model for its federations which break-even once they cover about 300 SHGs. Similarly, PRADAN (poultry intervention) has four cooperatives which can pay for all the services it provides to its members including professional services like veterinary care, supply of chicks, supply of feed etc. Others are on the way towards self-maintenance. This is likely to be the most sustainable strategy because once the model is economically viable and the services paid for by the members themselves, the model becomes immediately replicable. As the data shows, this strategy works equally well in the micro-finance sector as it does in the cooperative sector. However, it takes a lot of nurturing and subsidizing of salaries of professional staff in the initial stages, before the model is established.

vii) *People to People replication:* In the PRADAN poultry, case the older cooperatives help other interested communities in setting up their own cooperatives. In the ASA micro-finance case the federations help to set up new SHGs by creating awareness and organizing exposure visits of potential groups. DSC has tried to institutionalize this method by promoting *Farmer's Spearhead Teams* from existing Irrigation Cooperatives.

The teams consist of experienced leaders who help neighbouring communities to join the PIM movement.

### **4.3 Gender Focused Interventions**

Table 3 (Annexure) shows the institutional choices in gender focused interventions vs. farmer focused interventions.

All the gender focused interventions were initiated with the formation of small informal groups of women where they took up savings and credit or common women's issues as the main activities. Once the confidence of these groups was built up they took up larger issues and began to enter new domains hitherto considered male bastions. This became possible through collectivization of the informal groups either through associations or federations or cooperatives usually at the cluster or block levels.

The three farmer focused interventions were each of a different kind. In the irrigation cooperatives (DSC) it was difficult to include women since agricultural land is usually owned by men and by law only land owners can become members of the cooperative. In the eSagu case the services have just been started with men. In due course these services could be extended to meet the needs of women in agriculture. Much depends on the orientation of the agencies providing the services. In the seed production companies again only men have become members since seed production was seen to be a male occupation. The institutional structure is not much different from those of women focused interventions.

### **4.4 Type of Facilitation Institutions**

As discussed in the previous section, 7 interventions were carried out under public-private partnership. The rest were all facilitated by private (civil society) developmental agencies.

Interestingly, 6 out of the 7 PPP interventions are also scaled up interventions. This indicates the importance of PPP in scaling up livelihood interventions. It also highlights the role of Governmental institutions in bringing projects to scale. Except of the PIM initiative where the Irrigation Department itself was involved in partnership with DSC, in all other PPP interventions, Government had promoted specialized GoNGOs to oversee the interventions. This comes from the realization that livelihood interventions need a different organizational structure and culture which is non-bureaucratic and non-hierarchical in nature. The GoNGOs are better equipped to establish partnerships with civil society organizations. The need for this partnership has also been realized as Government now acknowledges the specialized skills of NGOs in facilitating and establishing people's institutions on a sustainable basis. In fact most of the GoNGOs in the sample have tried to outsource much of the facilitation and implementation work, leaving only the administrative and monitoring tasks to themselves.

GoNGOs however, are at risk of being folding up after the project implementation phase is over or when the political climate changes (as it happened in the case of KAWAD). Including *Partner NGOs* in such interventions is beneficial in the long run as these can provide the much needed support to the people's institutions in the long run, even when the lead GoNGO has folded up.

However, this is not to say that all GoNGOs can be expected to fold up after some time. Media Lab Asia (which promoted eSagu) has been set up with an ambitious and long term goal by the DoIT. It is manned by professional staff and invests in state of the art equipment in order to achieve its goals. It can be expected to make significant contributions in the field of ICT4D, much as ISRO has been doing in the field of space technology.

## 5.0 Comparative Advantage of Certain Formal Institutional Forms

The advantages and disadvantages of some of the important formal institutional forms as perceived by the practitioners were collated through the questionnaire in the guide to case writers. These perceptions are summarized in Table 10.

It is worth noting that while some of the reasons for selecting particular institutional forms were very specific in nature, others were rather vague and impressionistic. Very few respondents provided precise information on the comparative advantages of the institution they had selected. This suggests that the decision making could become substantially more informed if practitioners had access to precise information about the legal, statutory and accounting implications of selecting a particular institutional form.

## 6.0 Conclusion

### *General Observations*

- i) Majority of the interventions in the sample are focused on groups or communities rather than individuals. *Collectivisation* of production and of informal groups/ institutions seems to have emerged as a major tool for dealing with external forces including markets.
- ii) Most organizations cited have created more than ONE Institution to handle the complexity of the livelihood promotion task. Most of the facilitating organizations have created *separate organizations for specialized functions* like marketing, except possibly PRADAN in the case of Poultry.
- iii) It is in this context that development of social capital and institution building at the grassroots has assumed *strategic importance* in livelihood interventions.
- iv) *Informal institutions* like user groups, self-help groups, common interest groups and affinity groups etc. form the building blocks of this social and institutional capital. However, as these groups become more ambitious and

**Table 10: Advantages and Disadvantages of Selected Institutional Forms\***

SI No.	Type of Formal Institution	Advantages	Disadvantages
1	Primary <b>Production Cooperative</b> ; Cooperative federation; Multi-state cooperative – registered under Cooperatives Act	Channeling funds from government; Tax benefits; Ensuring member ownership, Tapping collective strengths; Useful when working in partnership with a government department e.g. Irrigation Dept.	Interference from government officials; Difficulties in dealing with incompetent or corrupt auditors; Usually restricted to particular sector - difficult to diversify into other activities
2	<b>Mutually Aided Cooperatives</b> - according to new Act passed in 15 states (Mutually Aided Cooperative and Thrift Societies Act) since 1997.	Ideal for collective self-management of enterprise; Flexible and ideally suitable to give a legal form to the SHGs at a collective level.	One view is that interference continues due to orientation and attitude of government officials
3	<b>Producer Company</b> - Registered under Section 581C(5) of the Indian Companies Act (Amended in 2002)	It combines the advantages of a private company and a cooperative without having the negative points of a cooperative; No interference from government; Flexibility in defining the scope of activities; Business orientation rather than welfare orientation; Useful in dealing with private sector	-
4	<b>Mutual Benefit Trust</b> - registered under .....	Most suitable for federating institutions especially mf institutions	-
5	<b>Society</b> – registered under Literary, Scientific and Charitable Societies Registration Act (Act xii of 1955)	It is one of the most chosen form for social initiatives; Broad scope of activities including welfare activities; Easy to set up and disband; Useful when the collective is not very clear about the scope of activities; This is the only form suitable to having both groups and individuals as members;	-
6	<b>Not-for-profit</b> organisation – registered under Section 25 of Companies' Act	Easy to set up; Easy accounting procedures; Wide scope of activities; Under the companies act, the financial norms are more strongest; interference from Government in minimal and professional approach is enabled;	-
7	<b>Private Limited Company</b> - registered under Indian Companies Act	Private company is needed to carry out marketing of collective produce in a highly competitive market; can attract professionally trained staff who can be paid salaries at market rates	Mechanisms to maintain control over the company and its staff must be in place to safeguard interests of the members.

\* The table summarises only those advantages and disadvantages listed by participants in the e-discussion. Hence this may be seen as a first step in moving towards a more comprehensive list.

wish to engage in the main-stream economy in a bigger way they need not only to come together but also to do so under a legal banner or personality. It is therefore at the federated level that formal institutions assume an important role.

- v) Apart from providing a legal personality, federations of formal and informal groups and people's *institutions perform a bewildering array of functions* as brought out by the different case studies. Some of the more important ones include:
- Aggregating production to deal with the market forces
  - Mobilizing financial and other resources; linking up with main-stream financial institutions
  - Standing guarantee for member groups
  - Providing institutional sustainability by strengthening the grassroots institutions and creating new ones
  - Providing valuable services which are currently not available to the members because of under-developed markets and inefficient or non-existent government delivery systems
  - Taking over the capacity building and hand-holding function from the NGO
  - Creating a new collective identity for the poor and augmenting their capacity to deal and negotiate with external forces
  - Increasing the scale and scope of the enterprise and progressively moving up the value chain
  - Dealing with risk both at the enterprise level as well as at the individual member level
  - Creating linkages with external resource institutions in order to access technology, credit, inputs etc.
  - Building up local infrastructure including local markets
  - Transforming the gender equation and addressing social issues through women's empowerment
- vi) The complexity of institutional arrangements increases with increase in the number of *functions/ tasks, sectors and levels* that are incorporated in the intervention. The most complex are the interventions that follow an integrated approach and which are also scaled up across geographical regions.
- vii) It is for this reason that scaling up interventions which have adopted an integrated approach is more difficult and time consuming than scaling up those which follow only a sectoral or functional approach.
- viii) A variety of specialized *scaling-up strategies* were discovered through the case studies, each of which needed a different institutional approach. Some interventions have a deliberate strategy of establishing decentralized branches as local facilitation centers with a view to incubating them for the initial years and making them autonomous facilitating institutions in the long run. Informal networks were used for policy advocacy and scaling up programmes at a national level. People to people replication was sought to be institutionalized through "farmer's spear-head teams". NGOs with specialized skills and knowledge could scale up their ideas by piggy back riding on larger

programmes. Horizontal spread could take place by building the capacities of partner NGOs and so on.

- ix) No significant differences were found in the pattern of institutional arrangements while comparing interventions across approach adopted (sectoral vs. functional vs. integrated).
- x) Similarly interventions specifically designed to empower women were structurally not very different from those designed to serve farmers in general. The only difference here would be in the nature and intensity of capacity building at the informal institution stage before the intervention can get scaled up. In places where the gender equation is skewed, it takes longer for women to develop self-confidence within their own groups before they can emerge into the main-stream decision making at the community level or before they can assert themselves in male bastions.
- xi) The question of *institutional sustainability* is also important. According to Dr. N.K. Sanghi, Advisor, WASSAN (e-discussion), studies on post-watershed institutional scenario indicate that it is usually the SHGs and CIGs which survive while most of the village level committees get dissolved. His suggestion is to federate the SHGs for strengthening the linkages with main-stream financial institutions and to federate the CIGs for purposes of business development and marketing. By converse logic he also suggests that the cooperative sector can be re-vitalised if a cooperative is re-organised into smaller solidarity groups and each of these groups find adequate representation in the executive committee.
- xii) Some of the case studies showed that where all the members of the SHG are involved in the same productive activity e.g. handicraft making or NTFP marketing, it may make more sense to federate and empower the SHGs themselves and provide them enterprise related inputs rather than creating a parallel structure for the same.

### ***People's Institutions***

- i) In tribal areas cooperatives become attractive because governmental funding is often routed through this particular form of institution. Cooperatives as such continue to be the most preferred form of institution for self-managed community based enterprise.
- ii) As pointed out by Dilnawaz Mahanti of ILO, in the e-discussion, "there is a general lack of awareness on the new developments with regard to cooperative policy and hence the stigma against cooperatives as quasi-governmental structures still continues. The people in general and cooperative functionaries in particular need to be educated on the new cooperative law and the possibilities it offers for truly member based organizations of the poor." While the new form of cooperatives may represent an improvement, the experience of one NGO in the sample seems to suggest that cooperatives continue to suffer from governmental interference even after the new law. The experience of cooperatives in different states needs to be collated in this regard.

- iii) Since 2002, when the Companies Act was amended to make a provision for self-managed collective enterprise to be registered as Producers' Company, many NGOS have started promoting such companies in place of cooperatives (e.g. ASA, PRADAN, BAIF etc). The initial experience (mostly of 2 to 3 years), with this form of institution suggests that these are more flexible than cooperatives and therefore more amenable to the needs of collective enterprise. Some even feel that the private sector would prefer to deal with a private company rather than an institution that mixes production objectives with welfare objectives.
- iv) Similarly, Mutual Benefit Trusts have emerged as a flexible, institution to federate SHGs, CIGs and other such informal institutions.
- v) According to one practitioner, when the objectives of a particular collective are still in the process of evolving and are not very clear, the easiest option would be to register it as a Society under the Society's Act.

### ***Support Institutions***

- i) The most popular form of institution for social entrepreneurs in the past has been the society. The other traditional choice has been the charitable trust. In fact some have preferred to go for a double registration in order to combine the advantages of both the society and the trust. However, of late, Section 25 Company has emerged as a strong contender.
- ii) There is an increasing trend for Government Departments to set up government controlled NGOs with an informal culture, which coordinate and implement large scaled livelihood programmes in collaboration with civil society organizations. However, such organisations are subject to political and other pressures which make them vulnerable. When such an organization folds up due to reasons beyond its control, it is left to the partner NGOs and the federated CBOs to carry on the work.

### ***Recommendation***

Very few respondents provided precise information on the comparative advantages of the institution they had selected. This suggests that the decision making could become substantially more informed if practitioners had access to precise information about the legal, statutory and accounting implications of selecting a particular institutional form. It is therefore recommended that a few experts in the field of law and chartered accountancy who are also associated with or familiar with the developmental sector be contacted to provide expert opinion on the following aspects of institutional choice:

- a) Comparative advantage of the following institutions: i) primary cooperative under old act ii) Mutually aided cooperative iii) producer company iv) mutual benefit trust v) private company and vi) Section 25 company, when being considered for:
  - Promoting a self-managed collective enterprise

- Promoting a professionally managed but producer owned and controlled enterprise
- Aggregating SHGs involved in Savings and Credit

b) Comparative advantage of the following institutions for working as a *support institution* or an external developmental agency: a) Society b) Trust c) Section 25 company d) any other?

c) Comparative advantage of the following institutions for setting up a Non-banking Financial Institute or a Micro-finance Institution: a) Society b) Mutual Benefit Trust c) Section 25 company d) any other?

## Annexure

**Table 1: Mapping of Institutional Choices in the Sample**

APPROACH	Level						
	Hamlet/ Group	Village	Cluster	Block	District	State	National
<b>SECTORAL APPROACH</b>							
<i>Farm</i>							
ASA - PVSP & FPC for seed production	CIGs	-	-	PNGOs	Seed Producer Companies	<a href="#">DPIP</a> (Society)	<a href="#">ASA</a> (Society & Trust))
UTTHAN – coastal fisheries	SHGs of Women and men	-	Fisheries Federation (being registered as Fisheries Coop.)  PLCs (to be registered)	-	-	<a href="#">UTTHAN</a> (Trust and Society)	-
PRADAN – Broiler raising	Women's SHGs;  Individual Poultry rearers	-	Poultry Coops.	-	-	Coop. Federation and/ or Producers Comp.	National Collective (Producers Comp.)  <a href="#">PRADAN</a> (Society)
PTCD – Tree crops	V Fiber Mills, Coir Fabrics and other SHGs  VCDC (Society)	-	-	-	-	PTDCF (Society)	-
<i>Non-farm</i>							
ASCENT – Toe-hold Artisans' Collaborative	Women's SHGs  Artisan Families	-	-	ToeHold Artisans' Collab. (Trust, being converted into Section 25 Comp.)	-	-	<a href="#">ASCENT</a> (Trust)
UDYOGINI – handicrafts, NTPCs, others	Women's SHGs; Women's enterprise groups (CIGs)			Local NGOs		<a href="#">UJAS</a> (Society)	<a href="#">UDYOGINI</a> (Society)
PRADAN – Tassar silk	Womens' SHGs,  Grainage entreps.'  Silk rearers	Tassar Vikas Samiti (CIGs)  Reeling centers (MBTs)	-	-	-	-	MASUTA Producers' Comp.  Eco-tassar Silk Pvt. Ltd.  <a href="#">PRADAN</a> (Society)
PRADAN – Lac production	Women's SHGs  Brood centers;	-	-	PNGOs	PNGOs	PRADAN branch	<a href="#">PRADAN</a> (Society)

	lac producers						
OTELP – Marketing NTFPs	SHGs; CIGs; User groups; VSSs	Village level sub-commit.	VDCs (Society)	FNGOs	ITDA (GoNGO regd. Society)	OTELP- PSU, SC & ST Decp Dept.	MART (Pvt. Comp.)
<b>FUNCTIONAL APPROACH</b>							
ASA – Micro-finance	Women's & men's SHGs	-	Cluster meetings	SHG Federations (Society)	-	ASADS-MFI (Section 25 company)	<u>ASA</u> (Society & Trust)
MSSRF – Community knowledge center	VKCs (formal or informal Village Committees)	-	-	VRCs (MSSRF or PNGOs)	-	State hub (MSSRF)	<u>MSSRF</u> (Trust) Mission 07
eSAGU – Customised agri-advisory	Service providers	Local Centers (part of IIIT)	-	-	-	eSagu Main Center (IIIT - Society)	<u>MLA</u> (Section 25 company), Dept of Comm. and IT
AKRSP(I) - Composting	MVMs	-	Siddi Women's Federation (Society)	-	-	<u>AKRSP(I)</u> (Section 25 comp.)	-
AKRSP(I) - Agri-equipment library,	Women's SHGs	-	-	Federation of SHGs. (Society)	-	<u>AKRSP(I)</u> (Section 25 comp.)	-
DSC – Participatory Irrigation Mgmt.	Irrigation Coops. Farmers' Spear-head teams	-	Branch/ Project level Federations (Coops.)	-	-	<u>Irrigation Dept.</u> <u>DSC</u> (Society and Trust)	National Support Group
<b>INTEGRATED APPROACH</b>							
KAWAD – Karnataka	SHGs, Area groups;	Sub-watershed commit.	MWSDCs	PNGOs	PIAs (NGO, PRI, WSD dept.)	<u>KAWAD</u> society (GoNGO)	-
DHRUVA – Wadi programme	Women's SHGs, Ayojan Samitis,	WDC	Weekly Haats Cluster coops.'	-	-	Vasundhara Coop. <u>DHRUVA</u> (Society)	VAPCOL (Producer company) <u>BAIF Foundation</u> (Society)
SAMPARK	SHGs	-	Cluster Associations (Being registered as Mutually Aided Coops.)	-	-	<u>SAMPARK</u> (Society)	-

Notes: 1) Informal institutions and individuals are shown in light colour and formal institutions are shown in dark blue colour. 2) The main support institution which initiated the intervention is shown in capitals and underlined. 3) The institutional form in case of formal institutions is shown in brackets unless it is obvious from the name of the institution. 4) Linkage institutions (some of which provide substantial support in terms of services and resources) are now shown in this matrix.

**Table 2: Institutional choice across approaches**

APPROACH	Level						
	Hamlet/ Group	Village	Cluster	Block	District	State	National
<b>Single sector – Single function</b>							
AKRSP(I) – Composting	MVMs	-	Siddi Women's Federation (Society)	-	-	<a href="#">AKRSP(I)</a> (Section 25 comp.)	-
eSAGU – Customised agri-advisory	Service providers	Local Centers (part of IIT)	-	-	-	eSagu Main Center (IIT - Society)	<a href="#">MLA</a> (Section 25 company), Dept of Comm. and IT
<b>Single sector-Multiple functions</b>							
PRADAN – Tasar silk	SHGs, Grainage entresps.' Silk rearers	Tassar Vikas Samiti  Reeling centers (MBTs)	-	-	-	-	<a href="#">MASUTA</a> Producers' Comp.  Eco-tasar Silk Pvt. Ltd.  <a href="#">PRADAN</a> (Society)
PRADAN – Broiler raising	Women's SHGs;  Individual Poultry rearers	-	Poultry Coops.	-	-	Coop. Federation and/ or Producers Comp.	National Collective (Producers Comp.)  <a href="#">PRADAN</a> (Society)
<b>Single Function – Multiple sectors</b>							
MSSRF – Community knowledge center	VKCs (formal or informal Village Committees)	-	-	VRCs (MSSRF or PNGOs)	-	State hub ( <a href="#">MSSRF</a> – Trust)	Mission 07
ASA – Micro-finance	Women's & men's SHGs	-	Cluster meetings	SHG Federations (Society)	-	ASADS-MFI (Section 25 company)	<a href="#">ASA</a> (Society & Trust))
<b>Multiple sectors – Multiple functions</b>							
DHRUVA – Wadi programme	Women's SHGs,  Ayojan Samitis,	WDC	Weekly Haats  Cluster coops.'	-	-	Vasundhara Coop.  <a href="#">DHRUVA</a> (Society)	<a href="#">VAPCOL</a> (Producer company)  <a href="#">BAIF</a> Foundation (Society)
KAWAD – Karnataka	SHGs, Area groups;	Sub-watershed commit.	MWSDCs	PNGOs	PIAs (NGO, PRI, WSD dept.)	<a href="#">KAWAD</a> society (GoNGO)	-

**Table 3: Institutional choices under different scaling-up strategies**

APPROACH	Level						
	Hamlet/ Group	Village	Cluster	Block	District	State	National
<b>Policy Advocacy and networking</b>							
DSC – Participatory Irrigation Mgmt.	Irrigation Coops.  Farmers' Spear-head teams	-	Branch/ Project level Federations (Coops.)	-	-	Irrigation Dept.  DSC (Society and Trust)	National Support Group
MSSRF – Community knowledge center	VKCs (formal or informal Village Committees)	-	-	VRCs (MSSRF or PNGOs)	-	State hub (MSSRF)	MSSRF (Trust)  Mission 07
<b>Decentralised facilitating institutions</b>							
DHRUVA – Wadi programme	Women's SHGs,  Ayojan Samitis,	WDC	Weekly Haats  Cluster coops.'	-	-	Vasundhara Coop.  DHRUVA	VAPCOL (Producer company)  BAIF Foundation
UDYOGINI – handicrafts, NTPCs, others	Women's SHGs; Women's enterprise groups			Local NGOs		UJAS (Society)	UDYOGINI (Society)
KAWAD – Karnataka	SHGs, Area groups;	Sub-watershed commit.	MWSDCs	PNGOs	PIAs (NGO, PRI, WSD dept.)	KAWAD society (GoNGO)	-
<b>Partner NGOs</b>							
PRADAN – Lac production	Women's SHGs  Brood centers; lac producers	-	-	PNGOs	PNGOs	PRADAN branch	PRADAN (Society)
O TELP – Marketing NTFPs	SHGs; CIGs; User groups; VSSs	Village level sub-commit.	VDCs (Society)	FNGOs	ITDA (GoNGO regd. Society)	O TELP- PSU, SC & ST Decp Dept.	MART (Sec 25 Comp.)
KAWAD – Karnataka	SHGs, Area groups;	Sub-watershed commit.	MWSDCs	PNGOs	PIAs (NGO, PRI, WSD dept.)	KAWAD society (GoNGO)	-
UDYOGINI – handicrafts, NTPCs, others	Women's SHGs; Women's enterprise groups			Local NGOs		UJAS (Society)	UDYOGINI (Society)
<b>Piggy-back riding</b>							
ASA - PVSP & FPC for seed	CIGs	-	-	-	Seed Producer	DPIP (Society)	ASA (Society & Trust))

production						Companies	
<b>Self-replicating business model</b>							
ASA – Micro-finance	Women's & men's SHGs	-	Cluster meetings	SHG Federations (Society)	-	ASADS-MFI (Section 25 company)	<a href="#">ASA</a> (Society & Trust))
PRADAN – Broiler raising	Women's SHGs; Individual Poultry rearers	-	Poultry Coops.	-	-	Coop. Federation and/ or Producers Comp.	National Collective (Producers Comp.) <a href="#">PRADAN</a> (Society)

**Table 4: Institutional choice and gender focus**

APPROACH	Level						
	Hamlet/ Group	Village	Cluster	Block	District	State	National
<b>Farmer focused</b>							
DSC – Participatory Irrigation Mgmt.	Irrigation Coops. Farmers' Spear-head teams	-	Branch/ Project level Federations (Coops.)	-	-	Irrigation Dept. <a href="#">DSC</a> (Society and Trust)	National Support Group
eSAGU – Customised agri-advisory	Service providers	Local Centers (part of IIIT)	-	-	-	eSagu Main Center (IIIT - Society)	<a href="#">MLA</a> (Section 25 company), Dept of Comm. and IT
ASA - PVSP & FPC for seed production	CIGs	-	-	-	Seed Producer Companies	DPIP (Society)	<a href="#">ASA</a> (Society & Trust))
<b>Gender Focused</b>							
UDYOGINI – handicrafts, NTPCs, others	Women's SHGs; Women's enterprise groups			Local NGOs		UJAS (Society)	<a href="#">UDYOGINI</a> (Society)
ASCENT – Toe-hold Artisans' Collaborative	Women's SHGs Artisan Families	-	-	ToeHold Artisans' Collab. (Trust, being converted into Section 25 Comp.)	-	-	<a href="#">ASCENT</a> (Trust)
PRADAN – Broiler raising	Women's SHGs; Individual Poultry rearers	-	Poultry Coops.	-	-	Coop. Federation and/ or Producers Comp.	National Collective (Producers Comp.) <a href="#">PRADAN</a> (Society)
PTCD – Tree crops	V Fiber Mills,	-	-	-	-	PTDCF (Society)	-

	Coir Fabrics and other SHGs  VCDC (Society)						
AKRSP(I) - Composting	MVMs	-	Siddi Women's Federation (Society)	-	-	<a href="#">AKRSP(I)</a> (Section 25 comp.)	-
AKRSP(I) - Agri- equipment library,	Women's SHGs	-	-	Federation of SHGs. (Society)	-	<a href="#">AKRSP(I)</a> (Section 25 comp.)	-
SAMPARK	SHGs	-	Cluster Associations (5 Committs.) (Soudhara Coops.)	-	-	<a href="#">SAMPARK</a> (Society)	-