

LESSONS FOR MACRO—MICRO POLICY

Akmal Hussain, Susil Sirivardana
and Ponna Wignaraja

In the light of the Setting and Conceptual Framework in Part I, The Six Illustrative Case Profiles in Part II and the evolving School of Thought from several previous SAPNA studies, what is the state of the art on strategic macro—micro policy options for synthesizing good governance with decentralization reforms and pro-poor growth with poverty eradication? Have a set of core issues in governance, decentralization and poverty eradication been critically challenged and further probed to assert the imperative of boldly moving towards a new social contract between the poor and their states. Or, are we still mired in uncertainties and ambiguities which prevent us from understanding the South Asian reality of our times, its value systems and the time dimension of the next transition to a manageable polity and sustainable pattern of development?

All the evidence mustered up to now and the discourse being articulated emphatically reinforce that an alternative transitional macro—micro policy framework exists and is derived from unambiguous fundamentals founded on the creativity efficiency and struggles of the poor. Several organizations of the poor, creatively supported by activist groups, have sustained themselves, gone to scale and become social movements, which provide further underpinnings for the new assertion. The task now is to accept the challenge of re-visioning our polities as well as our political economies and acting on those fundamental premises.

For over five decades since South Asian countries got Independence, we have been absorbed in cluster after cluster of policies based on a priori theorizing mid eclecticism, which have precluded nor responding to our reality on the basis of the success achieved by the poor, who represent a major and indispensable resource of generating growth through a new accumulation process. Reformists of conventional capitalist or socialist paradigms and transitions have also failed to transcend this eclecticism. Even in narrow economist terms they have not recognized the compulsions for seeking alternative driving forces for accumulation, eradicating the worst forms of poverty and enriching good governance. Those who subscribe to the alternatives too have failed to recognize the efficiency of the poor as a major resource. Their lack of an understanding grounded in spirituality in the largest sense and rooted in the culture has prevented scholars, policy-makers and activists from working together and hammering out a substantive consensus on a Set of core values and both options. This situation has inevitably led to many false debates quick-fixes, shortcuts and keeping up with changing intellectual fads backed by ample flows of resources. The result has been more fragmentation and more unsustainable processes, making the adoption of hard policy options all the more difficult.

We have been leaping from one confusion to another on issues of strategic thinking and action, on the how of moving to good governance through participatory democratic

processes and the eradication of the worst forms of poverty through the participation of the poor as subjects in the process. The holistic and innovative action research that has emerged has led to even greater clarity on critical macro—micro policy options for a Transformative transition. The holistic approach to governance, democracy and poverty eradication analysis the lessons and issues of a complex process of bringing about social change. Though presented separately for convenience, the options outlined below add up to a common vision and a consistent policy framework. They demonstrate the proven preference of the poor for a changed system of governance based on an alternative value frame of active participation as subjects; ownership and autonomy of processes initiated by them: keeping their surplus in their own hands; and For deciding themselves on how to respond to their felt needs.

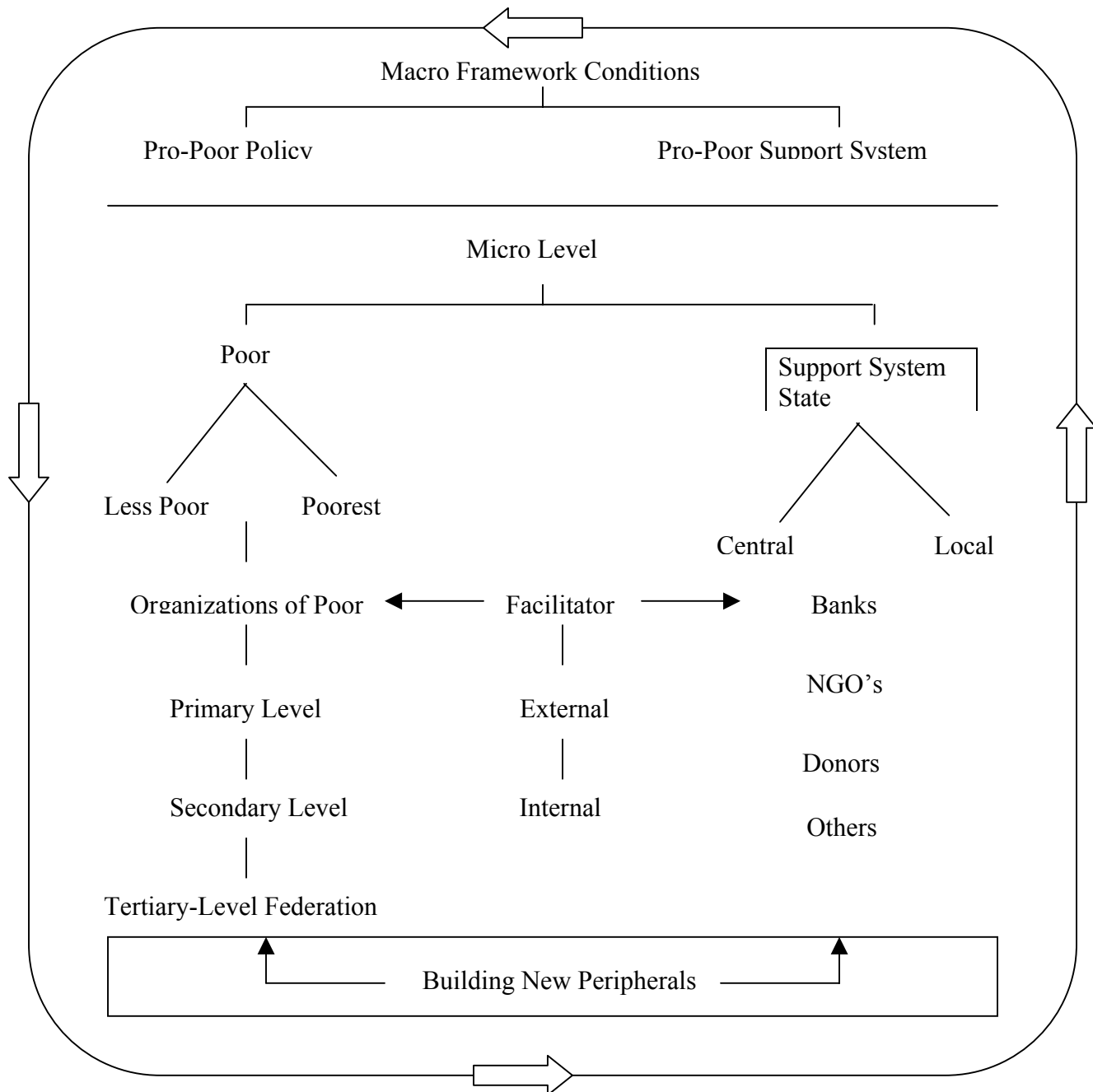
There has been a further inhibitive structural corollary to this failure to adequately comprehend the reality and its sharpening contradictions. That is the process of under development and stagnation of our civil societies and social movements—where the poor are an essential segment—in spite of the energies demonstrated in their struggles for survival and identity. The poorest are excluded from the system, but new evidence shows that many civil society initiatives also exclude them. It is only in more recent times that the mounting disillusionment with non-participatory systems has provoked the poor to question received and mystified wisdom.

The insensitivity of eclecticism was so deep that even when a document like the Report of the Independent South Asian Commission on Poverty Alleviation, backed by the consensus of heads of states, synthesized the elements and fundamentals to give them a coherent framework and policy perspective, the system was incapable of seizing the opportunity to challenge itself and change strategic choices. It continued with business as usual, with cosmetic additions to the rhetoric of new words and concepts like pro-poor, broad-based growth, social capital, transformative development, human development and governance. The fact that Keynesian and other welfare reformist options were in crisis in the industrialized countries was conveniently forgot ten. Throughout this long period of multifaceted crisis, the majority of the poor kept faith in themselves and acted with resilience in their search for peace, justice, basic rights and democracy. They were supported by committed activist groups who remained rooted in the struggles and dreams of the poor.

In the concluding part of this book, the key lessons for macro and micro policy have been unambiguously drawn. It is to enhance the understanding of some of these critical elements in the alternative paradigm of good governance and pro-poor growth-oriented poverty eradication that the authors have probed the link between decentralization reforms and pro-poor growth in six socio-political locations in five South Asian countries. In the case studies, an attempt has been made to go beyond decentralization as such, and look at attempts at real devolution and empowerment of the poor and to go beyond welfare, delivery and redistributive justice to a more sustainable transitional pro-poor growth strategy also see the linkages between the two. These core macro—micro policy options articulate the paradigm shift and a new South Asian school of thought. The crucial challenge to policy now is to catalyze more and more political space for

multiplication and expansion of success cases, of which there are many, through the methodology of praxis and social mobilization.

For a simple though not simplistic visual representation of the core methodology of praxis and rigorous social mobilization, its key actors and its dynamics, framed within a macro-micro setting, see Figure 8.1.



supported for it to mature, be sustained, and sailed up. The countervailing power that is consequently build is a factor that leads to good governance. Catalyzing or facilitating the

process by committed facilitators should not be confused with organizing the poor merely to receive predetermined inputs from outside.

The paradigm shift in the cases studied came through a variety of interrelated actions at various levels and a complex transitional social change process at the micro level. At the macro level the shift in paradigm at the micro level needs to be supported positively and with new pro-poor strategies, policies and institutions.

Box 8.1 Interrelated Actions in the Paradigm Shift

Decentralization, if it results in genuine devolution of power to the poor and vulnerable groups and is not a device (or extending vested interests and sharpening contradictions), should lead to further devolved power and pro-poor growth at the base of the economy simultaneously, as a transitional strategy

There are some fundamental components of the paradigm shift advocated. They are:

1. Reorienting the support system to be pro-poor.
2. Holism and conscientization on the basis of self-reliance equity autonomy and assertion of their rights by the poor.
3. Participatory local government.
4. The new accumulation process and the poor keeping their surplus in their hands.
5. A new social contract between the poor, civil society and the state.

Source: Chapter by Maqsood Au (*this volume*).

Participation of the poor at the micro level to build their human, natural and economic resource base for breaking out of the vicious cycle of poverty needs rigorous support. The case studies show that it specifically aims at achieving a localized capital accumulation process based on the progressive development of group identity skills dev and local resource generation.

The essential feature of participatory development and democracy is social mobilization or the formation of group identity and organizing conscientized groups of poor. It is a creative process and one by which the poor themselves generate self-transformation. This can be started by committed and trained facilitators initiating a series of dialogues with the poor, which can result in the formation of their organizations. The beginning of the process is therefore the emergence of a nascent form of group consciousness. This then deepens, as a homogeneous group identifies and implements activities for increasing income, acquires new skills, begins to engage in collective savings and also takes responsibility for primary education and healthcare according to the group's priorities.

As their sense of group identity deepens, it gives the group a new self-confidence through which they can engage in more ambitious activities in response to their felt needs and aspirations with collective action and management. All the case studies demonstrate that the poor cannot solve their problems individually; they need to work in groups and through new partnerships.

The new paradigm reflects a process whose moving forces are the growth of consciousness and a sense of group identity, and the realization, in practice, of the

creative potential of the poor. In this sense participation is a basic need and must be part of any poverty eradication strategy

Participatory development is an empowerment process within a rights framework. The process of reconstructing a group identity of raising consciousness, of acquiring new skills and of upgrading their knowledge base, progressively imparts to the poor a new power over the economic, social and political forces that previously dominated their daily lives, reproduced poverty and increased dependence. It is through this power that the poor change the perception of being passive victims of the process that perpetuates their poverty and become instead, active forces in initiating interventions that will improve their economic, social and political condition, and help overcome poverty

The acquisition of the power to break the vicious circle of poverty is not through 'representatives' who act on their behalf or through a bond of paternalism and dependence but, rather, through the actual involvement of each member of the organization and building greater self-reliance. It is in open meetings of members at the micro level that decisions are collectively taken, on issues such as income generation, savings, conservation practices in land use, infrastructure construction and asset creation, as well as in social and human development activities.

The process of participatory development is a dynamic interaction between the achievement of specific objectives for improving the resource position of organizations of the poor and the inculcation of a sense of group identity. Collective actions for specific objectives such as small irrigation projects, building a school, provision for clean drinking water or agricultural production activities can be an 'entry point' for a localized capital accumulation process. This is associated with the poor retaining their surplus in their own hands, with group savings schemes, reinvestment and asset creation. Participatory development is based on the possibility that with the achievement of such specific objectives, the poor will acquire greater self-confidence and strengthen their group identity which in turn will reinforce their empowerment.

These dynamics of empowerment and assertion of their rights, when realized and deeply internalized, generates among those who were once poor; a transformative momentum that enables to negotiate as autonomous groups and communities and enter the mainstream of society. It also gives the private and public sectors time to reorient themselves, become socially responsible and enter into a new social contract and partnership with the poor.

Whether a country opts for a more centralized or pseudo decentralized system, can depend significantly on the nature of its power elite and its commitment to transforming the system by a shift to the next transition. If the system survives mainly through transfer of resources from the poor to the rich even though the poor are efficient, then there is a strong case for promoting a pro-poor structural change as a priority for effectively meeting the challenges of poverty and good governance. Here, the critical question is: Would the rich who are the main beneficiaries of the mainstream system, catalyze a paradigm shift on their own initiative or would the 'empowered' poor themselves assert their right to bring it about?

The transition can be more complex when countries depend heavily on foreign assistance, and feel they have to continue to accept a simplistic growth model which is mainly neo-

classical, with low labour productivity of the poor, and keep the poor as a cheap labour pool. The situation can become further complicated when aid-receiving countries come under pressure of powerful international financial institutions to accept narrow, ideologically oriented structural adjustment reform policies with various aid conditionalities and pseudo- decentralization and participatory processes instead of moving to the new paradigm and a new pattern of pro growth based on the lessons from the ground in the turbulent era of globalization.

Lesson No. 2—Integrating Pro-Poor Growth and Decentralization Reforms

All the cases in this study confirm that in the first three decades of the post-war period, governments of the South Asian countries as well as donor agencies aimed at achieving high GDP growth in a two-sector economic growth model without much concern for distributional issues. This model implemented policies within centralized, top-down administrative structures. For the poor, there was delivered 'fragmented inputs and charity. By the 1980s, the persistent high levels of poverty and, in some cases, growth in poverty emerged as an important factor in social polarization and put the political structures of the South Asian countries under pressure. These were tensions of culturally diverse societies of the nation-states that over three decades had failed to give the bottom 30 per cent to 40 per cent of the population an economic stake in the system.

Consequently, there was a political assertion and, in some cases, violent expression of various sub-national identities along ethnic, linguistic, regional and sectarian lines. The cases reconfirm that this mainstream approach of top-down development and delivery of services is being challenged by the poor governments and donors alike, and that it does not lead either to sustainable development or eradication of the worst forms of poverty in a given time-frame.

Further, the mainstream approach that high GDP growth would 'trickle down to the poor over time has been rejected in the cases as inadequate and unsustainable. This approach failed in practice because:

1. The level of GDP growth required (over 9 per cent) to make a major impact on poverty was so high at the existing levels of inequality that it could not be achieved, given the export-earning capability and domestic savings rates of South Asian countries.
2. The public sector failed to deliver even basic services to the poor on a sustainable basis because of management inefficiency resource constraints and an inability to effectively reach the poor. Over the last decade, growing budgetary constraints have severely restricted the financial ability of the public sector to sustain even limited gains to the poor within traditional centralized administrative structures.
3. The private sector was not sufficiently socially responsive to become the lead sector and was also constrained by outmoded banking and financial systems.

A number of governments and some multilateral agencies are now propounding pro-poor growth, poverty eradication and decentralization. Yet, the sense in which these policy issues are being articulated still locates them in the paradigm of the isolated individual, making choices in free markets, and providing credit and some skills training to the poor within existing structures of power. Within the institutional framework of socially

irresponsible markets, weak private sectors, corrupt and ineffective institutions wielding state power, and fragile sections of civil society the poor continue to be conceived as a marginalized stratum of society. Thus, the policies of pro-poor growth, pseudo-decentralization and poverty eradication tend to signify what may be termed sustainable marginalization. It could result in some marginal mainstreaming of the less poor at best, but it is more an attempt at pacifying the poorest so as to defuse the pressures on the system of power as it is presently constituted. While appearing to be making a break from the past, the mainstream policies are in reality still located in the mainstream paradigm quite different from the paradigm of participatory development and democracy as has been articulated in the preceding section.

Byway of illustration, the cases point to two fundamental conceptual differentiations which can inform macro development policy choices:

- (1) Pro-poor growth is conceived of in the conventional paradigm in terms of: i) laying greater emphasis on micro enterprises simply by creating new institutions for giving the poor access to micro credit or skills training. Market distortions in this paradigm are supposed to be overcome merely through government deregulation. The implicit assumption here is that the poor exist as isolated individual entrepreneurs who are free to respond to market opportunities.

In the participatory development paradigm by contrast, the poor are seen as efficient but not homogeneous entities who are locked into a structure of power which keeps them dependent on the rich and on vested interests like the landlord, money lender, trader and local state officials. Local markets are mediated by local elites which give the poor unequal access to both input and output markets, even if the state at the national level has undertaken de-regulation⁷, or withdrawal of official governmental controls. The key issue, therefore, with respect to economic initiatives by the poor in the participatory development paradigm is to enable the poor to break out of this local nexus of power keep their surpluses in their own hands and assert the right to resources intended for them. The cases show that this local power nexus constrains the poor from independent economic initiatives and deprives them of their actual and potential economic surplus.

The participatory development paradigm conceives of the poor not as isolated individuals but as groups, the common interests, whose creative potential can be unleashed by a sequenced process of social mobilization, recovery of consciousness, institution building and income generation. The challenge here is to establish a new relationship between groups of poor to enable them to conduct a localized process of capital accumulation which ensures that their surplus remains in their own hands. Through this process the poor can save even at low levels of income and manage sustainable capital accumulation at the local level, cost effectively based on keeping their surplus in their own hands. These savings can subsequently be invested at a low capital—output ratio, which will contribute not only to eradicating the worst forms of poverty in a given time-frame, but, when supported by macro policies, also contribute to a restructured aggregate GDP growth on a geographically national scale. The cases show that the poor can contribute an additional 2 per cent to 3 per cent growth from their creative initiatives, using unutilized local resources and knowledge to supplement growth from the organized public and private sectors. This contribution to growth constitutes an efficient third sector, even in narrow economic terms.

Box 8.2 Example of Pro-Poor Growth at the Base of the Economy

- With the initial savings and by keeping their surplus in their own hands and then establishing their group credit scheme, the dependency of the poor on moneylenders has reduced to a great extent. This group credit scheme, operated with the savings generated by the members, amounts to nearly Rs. 2 million. Money lenders have also reduced their interest rates from 60 per cent to 24 per cent due to competition.
- Average household income has increased by Rs 6,100, primarily through the cultivation of different vegetables, mainly in the off- season. The nutrition and food security situation has also improved from the 30 per cent vegetables consumed at the household level. A total of 1,039 mt of vegetables valued at Rs 9.04 million were produced. The increased income has enabled the members to save more for future investment and security.
- The drinking water schemes have saved an average of 2.6 hours per day of women's time per household which was used in other productive activities and in the care and education of the children.
- The literacy rate has increased from 2.7 per cent to 9.4 per cent. Women's literacy rate has increased from 0.5 per cent to 10.3 per cent.
- The level of confidence among the group members has increased tremendously particularly towards improved farming and live stock rearing.
- The earlier desperation is transforming into hope for the future.
- On-farm fodder tree plantation has increased in 26 ha. which has not only provided fodder for livestock but has also helped in mitigating soil erosion in sloping terraces.
- The addition of 365 latrines and 96 smokeless stoves has improved the health and sanitation situation. This is supported by the basic health education provided by the community health workers.

Source: Chapter by Upadhyay and Koirala (*this volume*).

In orthodox terms, poverty eradication is (i) increasing the calorific intake of the individual; (ii) providing basic services such as primary education, primary healthcare, sanitation and drinking water through line departments of the government; (UI) provision of micro credit on a national scale. In contrast, the participatory development paradigm conceives of poverty eradication essentially as a part of a social mobilization process with empowerment of the poor within a rights framework through social mobilization, consciousness raising, skill development and income generation, all of which are part of a new holistic accumulation process where growth, human development and equity need not be trade-offs. Poverty alleviation in the conventional paradigm signifies a marginal increase in income while subsisting as a marginalized social stratum within the existing power structure. In the participatory development paradigm, empowerment involves shifting the location of the poor from the margins of the existing structures of power into the mainstream through building of countervailing power. Poverty eradication implies

small improvements in the economic and social conditions of the poor through greater self-reliant activities. Empowerment implies that the poor acquire greater control over the material conditions at a higher level of consciousness that determine their existence.

Box 8.3 Decentralization by Itself is Not Sufficient

One of the most significant developments in the direction of decentralization in India has been the 73rd and 74th Constitutional Amendment of 1992. Though the amendments had several unique features, such as granting of constitutional status to gram sabha (assembly of voters in a ward/village), positive discrimination for backward castes, 33 per cent reservation of seats for women, etc., this was insufficient to mediate the sharp contradictions and bring about a transformative change in the lives of the poor.

The small southern state of Kerala, always considered a paradox in development, proved to be somewhat an exception. The Peoples Plan Campaign in the state was an experiment in decentralized governance with social mobilization and participation that is unparalleled in the history of governance.

The campaign saw an unprecedented level of devolution of powers and resources (to the extent of 40 per cent of the state's plan outlay) to nearly 1,200 local bodies, enabling them to draw up and implement their own development plans. To ensure constructive participation of the people, several enabling provisions were also incorporated in the policy framework.

However, a closer analysis of the experience so far reveals that the above political space was effectively utilized in only a handful of instances. While there have been a number of success cases, these have remained exceptions rather than the general rule in the Peoples Plan Campaign both in time and space. The vertical deepening, wherein the success of one experiment motivates the mobilized poor to take up more complex activities, as well as the horizontal expansion, wherein the experiment gets replicated elsewhere, which are characteristic of rigorous social mobilization, have not happened in any notable measure. On the other hand, wherever the poor have been mobilized through sensitive facilitation, there have been organic collectives of the poor which have availed of the support offered and have moved to a path of growth with dignity and a new set of values.

Source: Chapter by Madhu Subramanian (*this volume*).

(2) Decentralization: It is clear that decentralization by itself is not sufficient to bring about social change without rigorous social mobilization and empowerment where the contradictions are sharp.

The conventional paradigm conceives of decentralization as a set of formal administrative measures without changing the balance of power at the local level. Participatory development implies decentralization as the provision of the space for empowerment. Therefore, in this paradigm an institutional link is required between local government structures and autonomous organizations of the poor. Decentralization here is not simply government planning through better information of local conditions, it is a changed structure of power within which the poor can participate not only in policy decisions that affect their immediate existence, but also at every stage of the designing, implementing and monitoring of activities.

The conventional paradigm seeks to identify through local governments the ‘vulnerabilities’ of the poor. This is to enable them to undertake individual risk and human development management with respect to “free markets”.¹ The participatory development suggests the vulnerabilities of the poor lie in the nature of their social relationship with their community, with local elites, with the state, and with their physical environment. The issued therefore is not one of risk management by individual but of building organization of the poor. In this context decentralization would not simply mean changing the procedures for Government administration. It would involve a new structure of power at the local level where the poor become active subjects of decisions that affect their lives rather than being the objects of, at best, paternal policy action of local government.

The defining feature of organizations engaged in empowering the poor is values and commitment. It is not just emotion but a form of consciousness and motive force for action. It comes from transcending the ego and experiencing a relatedness with the poor and their organizations. Thus passionate consciousness is both is cementing force of the poor and also a synergy through which participatory, democratic and development organizations can engage in action and reflection. This principle could be the basis of work culture and the methodology of action of organizations engaged in empowering the poor. The dialogues within these participatory organizations could be conducted by the social mobilizers with the aim of identifying and actualizing the creative potential of the individuals.

The form of learning and creative growth emerging through such dialogues can be called prophetic as opposed to *messianic*.² The messianic leader/ teacher/manager is one who claims to embody the truth, and If his/her followers want to become something they can only be his shadow. By contrast, the prophetic leader/teacher/manager is one who abnegates his/her own exceptionality and recognizes each individual as a unique source of change. The participants in such dialogues are essentially co-equals in a journey of actualizing each other’s creative potential in the context of social change.

The organizational structure reflecting the messianic approach is hierarchic and restricts the space for independent thinking. Its work procedures involve issuing instructions or blindly simple. On the other hand, the organizational structure associated with prophetic approach is non-hierarchic, designed to provide for thought and action, and release creative energies by groups with common interests. Its work procedures are not just a dichotomy instructions and compliance, but are designed for mutually enriching dialogues, action and collective reflection.

The lesson for policy is to integrate the pro-poor growth and decentralization processes with a sensitive support system an ship between organizations of the poor and institutions This has to be done in the right manner and in the dg

¹. ‘...identify vulnerable groups and identifying the root cause of vulnerability to inform poverty reduction through risk management.’ World Bank, Poverty in Pakistan: Issues, Priorities and Policy Options, A Concept Note (Draft Report), Mimeo 2000.

² For a more detailed analysis, see Akmal Hussain, Punjab Rural Support Programme: The First Four Months, Report of the CEO, December 1998.

Lesson No. 3—Towards Building Partnerships and a New Social Contract

The experience since the mid-1970s shows that many new social movements like ecological movements and gender equity movements and new independent actors in successful organizations of the poor have provided a material basis for a paradigm shift. This implies that issue of building new partnerships among the poor, state institutions, NGOs and the private sector at different levels matter which can be taken for granted. On the contrary, there are important lessons to be learnt from this body of recent experience and the case studies.

As mentioned earlier, the very concept of ‘empowerment’ of the poor is problematic in the form of governance typical in South Asia where political support is to some extent acquired through formal representative democracy and maintained through patron-client relations between those in power and the poor, that is, those who govern and those who are governed. As the cases show, disbursement of the state’s financial resources and provision of employment opportunities or used as a means of enlarging patronage and power. Even some of those who are heading large government initiated, but formally autonomous poverty programmes, tend to operate them as fiefdoms and form alliances with politicians and the bureaucracy by granting them unwarranted access to resources and employment decisions within their “demesnes”. Consequently, resources (whether granted by donors or government) apparently provided to create a space of empowerment for the poor, tend to get reappropriated by the ruling elite and reinforce the dominance—dependence relationships between those in power and the poor. The space for empowerment of the poor tends to get restructured into a more complex space which, though it appears to be empowering the poor, is actually reinforcing the various cycles of poverty reproduction, continued surplus leakages and increasing the dependency of the poor through patron—client relations. Some of the government-sponsored large NGOs or support organizations’ have also become subject to this dialectic. While being formally autonomous, they are in reality subordinate to the ruling elite and its forms of exercising power. It is noticed that this also happens because NGOs themselves move directly from mobilization to organization (for grant of some delivered inputs) bypassing the vital phase of conscientization. The new paradigm calls for mobilization, conscientization and organization in that sequence.

The support system working within the old paradigm has yet to work out its equation both with poverty eradication in general and with the form of participatory social action by the poor. A variety of innovative approaches described in the cases resulted in partnerships. While some evidence exists to the contrary many support system institutions are as yet poorly equipped to support participatory processes—that is, enabling vulnerable groups and the poor to move into sustainable development. This is due to lack of conceptual clarity technical difficulties, procedural lacunae and lack of political commitment. Some have overcome these difficulties at the margins of their operations, but they have yet to bring the lessons from their successes to centre stage and move to strong partnerships.

Most support system institutions have difficulties in following in detail the logic of concepts like ‘the poor’, ‘participation’, ‘self-reliance’, and ‘process approach’, which are integral parts of an alternative conceptual framework. These terms are often used rhetorically with out conceptual clarity or a detailed working out of the implications of

the concepts in the implementation phase. Second, technical, administrative and procedural difficulties arise in relation to the type of actions to be undertaken with donor support. These relate to the methodology, design and evaluation of programmes and projects, the need and quality of expertise, the timetable for action, and the speed of implementation. Third, the participatory process approach and participation by the poor as subjects requires new kinds of intermediaries like innovative NGOs and alternative banks, all working with a great deal of flexibility new norms and political space. Fourth, narrow financial accountability often results in needless sophisticated controls, careful adherence to narrow budgetary procedures and required predictable results. In the process approach, one activity leads to another with continuous evaluation built into the process. The only safeguard is participatory monitoring with self-corrective mechanisms when problems are small. Not every stage can be predicted in advance. Finally, effective poverty eradication implies, at the least, a sharing of power with the poor and acceptance of this countervailing power by a mediatory state, which is contrary to centralized decision-making processes. It also means allowing the poor access to resources, which were hitherto being used by the rich. In other words, the process requires the building of this countervailing power and accepting this political approach to eradication of the worst forms of poverty in a given time-frame.

The question that this chapter seeks to answer is how have some sensitive partners sought to overcome the constraints and complications mentioned above. The successful participatory approaches in South Asia (described in the cases), show that support system institutions that have unlearned old lessons and learnt new ones from the ground, that have acquired new insights into the problem, conceptual clarity a committed and trained staff with the energy and perseverance to stay with the process long enough to overcome the difficulties, the confidence to enter into a new kind of dialogue with partners and the poor groups and make maximum use of the procedural 'space' that exists within their own organizations, have contributed in a significant way to the participatory process which has enabled the poor to move out of poverty into sustainable development through innovative partnerships. Reorientation of the support system has become an urgent priority for policy

The question also arises as to how expansion of support organizations for participatory development is to be achieved without bureaucratizing the process. How can the space for the empowerment of the poor be prevented from being used for the exercise of power by the elite?

It has been seen that formal decentralization per se will not help the poor It must be backed up and complemented by a rigorous process of social mobilization encompassing consciousness-raising, conscientization and building organizations of the poor Only such a complete process of social mobilization will empower the poor by enabling them to acquire countervailing power, without which, the elites will capture the fruits of decentralization for their own benefit.

Decentralization has to be both holistic and reach down to the grassroots levels through all levels of participation, and its content has to incorporate political, administrative and fiscal devolution. Decentralization should also fully encompass all levels of development needs because it has a tendency to stop at certain intermediate levels without reaching down to the bottommost level.

Box 8.4 Partnership for Self-reliance

The OPP model clearly shows that communities that have generated their own funds and managed development themselves, establish a more equitable relationship with local government institutions and take over some of their functions. This in turn leads to their control over the decisions made by their councilors and administrators.

Source: Chapter by Hasan and Aleemuddin (*this volume*).

Facilitating support organizations like NGOs, centralized state organizations and local governments, banks, cooperatives and donors, which are either already sensitized to a pro-poor perspective or which are ready to be sensitized, are needed for enabling the process of mobilizing, conscientizing and organizing poor communities.

Autonomous organizations of the conscientized poor can be federated. Successes can be multiplied through innovative partnerships with the support system, thereby building strong civil society organizations at the base of the democratic polity and economy with clear values and perspectives, which can provide countervailing power to the dominant power structure. These then can form innovative partnerships with re-oriented support system organizations as shown in the cases.

The lessons to be drawn from these innovative partnerships and the new social movements can provide the material basis for a new social contract between the state and the poor in South Asia.

As the process of innovative partnership building in the cases demonstrates, such partnership brings together diverse social forces and communities and macro support system institutions into newer and newer alliances of solidarity. It also demonstrates the value of pluralism, and creates the material basis and inspirational environment for a new social contract between the state and the poor. This social contract is the only force that can help regenerate the trust that has

Box 8.5 Negotiating Support

State Support System—the organizations of the poor farmers have succeeded in negotiating with the support system of the State to be responsive to certain major development infrastructure support, which only the State is equipped to supply. By systematically working with the system on the basis of priority needs, they have succeeded in acquiring these infrastructure supports. First, restoration of small reservoirs (drinking water, raising water table, limited irrigation). Second, building a network of internal gravel roads. Third, by constructing a successful lift irrigation system. Fourth, by getting electricity and drinking water on tap. Fifth, organizing a responsive marketing system.

Source: Chapter by Susil Sirivardana (*this volume*).

been eroded and help mediate and reverse sharp contradictions and polarization in South Asian societies.

Lessons for Micro Policy

Lesson No. 4—Building Sustainable Organizations of the Poor and the Core Methodology of Rigorous Social Mobilization

The critical element emerging from the cases of social mobilization at the micro level is participation of the poor in development as subjects not objects of the process. This kind of participation is a socially vibrant and holistic democratic process brought about by the release of the creative energies of the poor.

It is an integral part of the paradigm shift, the micro framework conditions and rigorous social mobilization involving action, reflection and further action at the micro level. It bears repeating that in this process the poor investigate their reality to achieve progressively deeper levels of consciousness and awareness which permits them to take their own decisions, set priorities and collectively address responses to their felt needs. This is not a matter addressed by narrow technical skills training or a manipulative process in the name of participation. It is a political approach and not a technocratic or tool kit approach, with words like participation added to the delivery of inputs to the poor. The poor develop awareness, organize themselves to identify and implement their responses to their felt needs, put new layers of technological capability to knowledge that they already have, use available resources and manage their actions efficiently and cost effectively. It is mainly a value-led process rooted in the culture.

This critical process of mobilization and conscientization then leads to sustainable primary secondary and, ultimately, to tertiary organizations, which empowers the poor and also permits them to assert the right to resources to which they are entitled.

Empowerment is a countervailing power that enables the poor to overcome the dominance—dependence relationships in their communities and the contradictions arising from dominant groups like land lords, traders, moneylenders and others who prevent the poor from keeping their surplus in their own hands. The continuous leakage of the surplus from their hard work is the primary cause of their poverty reproduction.

The cases also show that the process of mobilization, conscientization and organization rarely happens spontaneously; it has to be catalyzed or facilitated by a trained facilitator, who could be external or internal to the process. The role of trained facilitators is crucial in generating participation of the poor and enriching the process. They cannot remain outside the daily lives of the poor: they have to be sensitive to the poor, and identify with and have commitment to wards them.

The trained facilitator not only helps build sustainable organizations of the poor, but also helps reorient the local decentralized support system through new kinds of partnerships which, over time, helps deepen the poverty eradication process in a given time-frame. Once, organizations of the poor are built and partnerships with the support system established, the facilitator withdraws and becomes progressively redundant.

To sustain and deepen the action reflection process, it needs to be continuously monitored by the poor themselves and corrective action taken systematically while problems are still small and manageable. Very different from conventional evaluation by an outside evaluator who exercises control over the process, participatory monitoring provides both the necessary control over the process by the poor and reinforces their capacity for self-management as they learn from this holistic approach.

Box 8.6 Lessons from Ranna

- (i) Where the contradictions and polarization between rich and poor have sharpened, the process of rigorous social mobilization and participation of the poor as subjects in development has to be facilitated—it cannot always happen spontaneously.
- (ii) A trained external facilitator initially assists in the release of the creative energies of the poor through mobilization, conscientization and organization, in that sequence. The poor become the ‘subjects’, not ‘objects’ of the process.
- (iii) The process becomes sustainable through the building of primary organizations of the poor, then of larger secondary organizations and their federations.
- (iv) At each stage, the efficiency of the poor, wise use of local resources and knowledge results in pro-poor growth.
- (v) External facilitators become progressively redundant as internal facilitators emerge.
- (vi) The poor are not the problem and can be part of the solution.

Poverty eradication is a value-led process leading to the building of new innovative institutions and partnerships between organizations of the poor and the support system. It cannot be done through soft ‘toolkit’ approaches, or merely through micro credit or delivery of other fragmented sectoral inputs to the poor or organizing them to receive these inputs as objects in the process.

Poverty eradication is a holistic process. It is also a new process of accumulation through the release of the active energies of the poor and their empowerment, where growth, human development and equity are complementary processes and not trade-offs. This is what leads to self-reliance and dignity.

Source: Chapter by Susfi Sirivardana (*this volume*).

The understanding these lessons lead to is that the worst forms of poverty can no longer be eradicated, in a given time frame, through technocratic or pseudo participation or welfare approaches. The latter are residual policies and can only be complementary to a value-led political approach.

Lesson No. 5—Pro-poor Growth and a New Accumulation Process at the Local Level, Not Welfare

The paradigm shift underlying the chapters points to a second lesson for micro-level policy. The chapters confirm that the nature of the accumulation process in conventional development thinking and the social relations on which it was premised are no longer relevant for South Asian countries, carrying as they are such a large number of poor. Neither is the conventional notion of risk-taking. The poor do not maximize risk, they minimize risk.

The cases show that unlike conventional economics where growth is generated first in the organized public or private sectors and then redistributed to the poor as welfare, subsidies or charity or trickles down to them, the poor themselves can contribute to a new pattern

of economic growth at the base of the economy, through their efficiency. In this third ‘growth sector’, growth, human development and equity need not be trade-offs. Thus at the local level it is not necessary to grow first and redistribute afterwards to achieve a higher level of human development and ensure greater equity—they can be simultaneous and complementary processes and represent a new pattern of development.

The approach suggested in the cases starts with the recognition that the poor are efficient. This efficiency is borne out not only by their coping mechanisms, but is more positively demonstrated by their capacity to save at low levels of income. When organized as subjects in the process, this efficiency increases and they can find creative responses to a variety of problems in their lives. They find additional ways of saving from current consumption. They learn how to keep the surplus from their work in their own hands. They get free from debt. They identify unutilized resources and utilize knowledge from their experience. They then invest and create productive assets. When sensitively supported through partnership with local government in situations, banks, NGOs, donors and others, the poor are able to expand their activities, assert their right to additional resources—natural and financial—access mainstream markets, and themselves invest in primary education, healthcare and other human development activities which enhance their self-respect and dignity.

This economic process is more self-reliant and as a result becomes sustainable through the dynamic new accumulation process. Thus the political process through empowerment of the poor is mutually

Box No. 8.7 Efficiency of the Poor, as a Basis for Pro-Poor Growth

Whether the poor in a country are treated as subjects or objects of development depends primarily on a related question: are the poor largely ‘efficient’ or inefficient? This question is particularly important for countries like Bangladesh where over 40 per cent of its large population (of about 130 million) are poor and about half of which are hard-core poor. If the poor, are by and large accepted as ‘inefficient’ and, therefore, more as a ‘liability’ than an ‘asset’, policy-makers might opt for a system of governance that is relatively more centralized. In such a system, the state takes upon itself the major responsibility of directing the poor to development through implementation of a series of centralized projects/programmes. Consequently, the poor become and remain largely passive actors in development. A local government structure in such a situation works more under the ‘benevolent guidance’ of the centre than independently. On the other hand, if the poor are accepted as generally ‘efficient’, then they might be regarded as more of an asset than a liability and there might be strong grounds for devolving more decision-making power in their favour so that they can play their legitimate role in the larger arena of planning and development.

Source: Chapter by Maqsood All (*this volume*).

reinforced by a sustainable economic process and complemented by a social process and new partnerships. Thus, the poor are not the problem with the concomitant waste of their efficiency and creativity, but become a part of the solution by contributing directly to growth.

Box 8.8 New Accumulation Process in Ranna, Sri Lanka

1. Marketing—by effectively challenging and struggling against the monopoly and inequity of the vegetable traders, the poor have been able to exercise their bargaining power to get the highest possible prices in the market.
2. Cost of living and freedom from debt—by organizing their own purchase and supply of consumer goods, the poor have been successful in reducing the cost of daily consumer items and eliminating the leakage of their surpluses.
3. Cost of production—by organizing their own purchase and supply of agricultural inputs once again prices have been lowered.
4. Since proper social mobilization fully supports pro-poor growth, the poor will be able to generate resources and increase income within their own locations—which have human, financial, natural and knowledge resources—once they are organized on the premise of a holistic perspective. The resources with the poor are of no small magnitude. The resulting accumulation process which unfolds at the base of societies (where the poor live), is premised on the fact that the conscientized and organized poor have succeeded in keeping the people's surplus in their own hands, something which used to leak out before. The unique accumulation process is not normally perceived or quantified by analysts.
5. Internally generated resources may be insufficient to cover wider and wider scales of need within foreseeable time-frames. Hence, additional externally generated resources will become necessary to meet the shortfalls. Where internal and external resource flows can be linked in a complementary fashion, the worst forms of poverty can be eradicated within a time frame of five—seven years, leaving only a small number of poor to be covered by safety nets.
6. External funding has to be institutionalized innovatively in a multi level form and to meet a diversity of needs, so that organizations of the poor, which are well organized and with a proven performance on the ground, will have a continuous source of funding support for their development needs.

Source: Chapter by Susil Sirvardana (*this volume*).

The multiple actions orchestrated by the poor have resulted in their building up an impressive accumulation process at the local level. With more food, more work and increased income and savings, the poor can even pay for other felt needs which will enhance their dignity.

Lesson No. 6—Strategizing to Meet the Challenge of Transforming the Base from Dependence to Self-Reliance

Both governance and development with equity demand an alternative, sensitive and particularized order to be instituted in the space called 'the local', if the premise of transforming the base of South Asian society is to be rapidly revisioned and realized on the ground. Despite reams of rhetoric spread over many decades post-independence, the transformation of the base has been eluding the best efforts of our elites. Conventional integrated rural development strategies and money-led poverty programmes have not proved to be sustainable. Hence, it is reasonable to assume that there are serious flaws in

our understanding of the concerned dynamics. Let us use this awareness as the point of departure for this lesson for micro policy.

In terms of micro policy, the local space occupied by the base of society is the rudimentary arena of all transformative effort. It is rudimentary because it is the indispensable space for creating both private and public identity. It is from action emanating from this source that identity is constructed. But as we have seen from the case studies, the one factor that is totally absent in conventional development and governance is the real local identity of communities and people. The absence derives from such identity being taken for granted or totally abstracted out of existence. Vertical hegemonies dominate, and there is no presence or concern for the base in horizontal terms. Interestingly, feudal history was different because the base of society was an important level in the polity and society as it is in conditions of developed capitalism. But, both colonialism and post-colonialism in South Asia repudiated the base and centralized the polity. This continues to date, despite all attempts at formal decentralization.

Identity is a cross-cutting attribute, equally fundamental to both governance and poverty eradication, the transformation of the identity of the poor from being objects to becoming subjects lies at the core of the problem of social change and empowerment. The case studies have shown us the methodology or the 'how' of achieving this change. In poverty eradication, there is the core methodology of rigorous social mobilization. In governance, there is the strategy of real devolution to the lowest possible level at the base of society. Both strategies directly and indirectly facilitate a level and quality of participation by the poor, in a way conventional top-down development does not and cannot.

Several case studies show that South Asia has an inheritance of the practice of such strategies. What has been conceptualized as pro-poor growth has been achieved on the ground. Under particular and favourable political conditions, whenever they were offered real devolution of power the poor have shown both interest and creativity in responding to opportunities created by decentralization reforms.

It is important to focus further on how this kind of strategizing for transformative action at the base is qualitatively different from conventional conditions. When India got independence in 1947, Gandhi wanted all the cadres in the then Congress party to go into the country's village and engage in what was called 'constructive work'. Constructive work referred to a very special quality of transformative even revolutionary-action, which would help produce a new liberated India by way of a transformed base. The liberated village would erode all inhuman and caste-oriented social relations by challenging them and transforming them through a praxis of inner spiritual and social action. When it became a material force with scale, the synergistic impact was expected to catalyse a process of social transformation.

There is an important principle embedded in the Gandhian analogy: that is, the value-led and spiritual-ethical root of the Gandhian 'constructive worker'. His or her discipline and mindset did not emanate from a political structure or a state structure. He or she was not driven by the authority of power of such a structure. There was an other source of that moral and spiritual authority. It was rooted in 'dharma'. Gandhi sought to chart a completely alternative approach and methodology. He gave meaning to a paradigm where the spiritual

Box No. 8.9 Women-led Pro-Poor Growth

The changes have resulted in an observable upgrading of the roles and perceptions in the area of gender relations. Formerly, husbands dominated the process of determining the family budget; there was little consultation with the wife; the man dominated the organization to the poor; and often the men were prone to excessive drinking and gambling. With awareness raising and conscientization, all these trends began to reverse. Women and wives were consulted and listened to, they were trusted to manage the home budget and determine priorities. The acquisition of self-esteem and identify resulted in men giving up alcoholism and gambling, and women played equal roles in the organization of the poor and assumed responsible position therein.

Source: Chapter by Susil Sirvardana (*this volume*).

content was paramount, and transcending the ego a natural corollary. Pluralism was inherent it. Its worldview comprised a sensitivity to earth, sky, water and nature—the whole cosmology. Life was an art and transcendent experience. Contentment, not greed, was its goal. Such was the path of liberation. In the cases that have been analysed, the nuances and elements of this transformative trajectory have been subtly articulated.

In many of the cases the transformation of gender relations too is clearly brought out. The conclusion is inescapable that these lessons for policy in strategizing to meet the challenge of eradication of the worst forms of poverty transforming the base of society are compelling. The experiential and material basis for it is in place.

The social transformation processes that have been conceptualized and revalidated in the case studies, investigated constructive possibilities that transitional changes to historical processes in societies can be brought about through a combination of policy and committed human activism. This process can be further deepened by continuously probing the reality, raising the consciousness of the poor, putting in place supportive macro framework conditions, and identifying further feasible macro—micro policy choices.