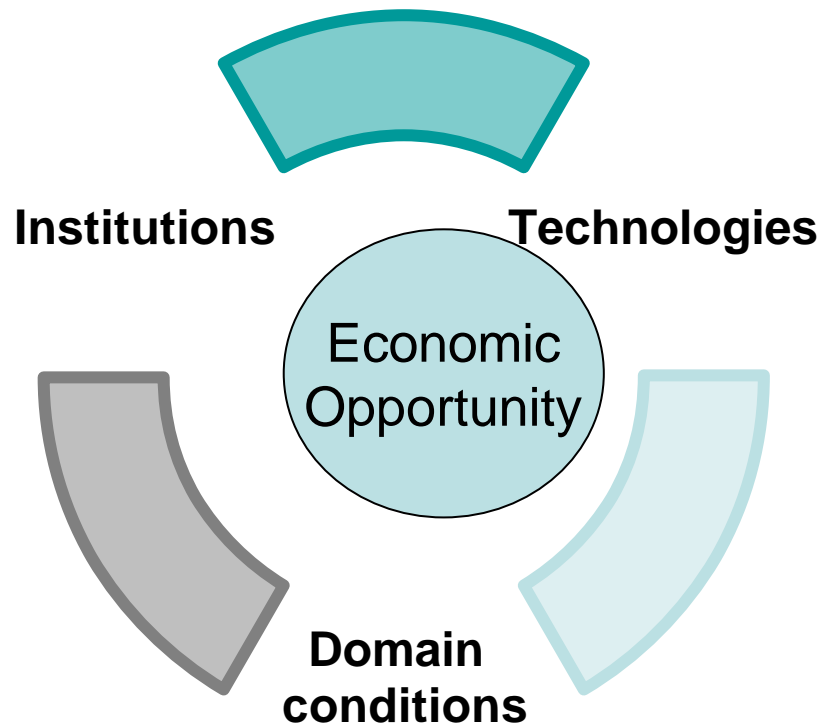


Survival Institutions: Co-operation, Markets and the Poor

Lessons for Effective Intervention from Studies of
Irrigation Institutions in South Asia and Sub-Saharan Africa

The focus of this presentation..



- ‘Institution’ is a social mechanism in recurrent use—norms and operating rules, customs/ conventions, organizing protocol—that enable people access and exploit economic and livelihood opportunities they find worthwhile.
- Institutions, especially economic, are always ‘purposeful’; and their members’ outlook is always utilitarian and ‘instrumental’.
- Institutions interact with technologies to produce new social outcomes; for these to sustain, ‘fit’ with the prevailing domain conditions is central

The litmus test of the robustness of a survival institution is..

- Capacity to self-create and mutate
- Capacity to survive adversity
- Capacity to propagate by itself across regions and cultures
- ‘Internal locus of control’
- **Examples fro South Asia: pump irrigation markets; chitty’s/bishi’s; wara-bandi in North-West India and Pakistan Punjab; water harvesting movement in Eastern Rajasthan and Saurashtra region of Gujarat**

A survival institution is viewed as a social mechanism which plays a central role in the livelihoods and survival of its members.

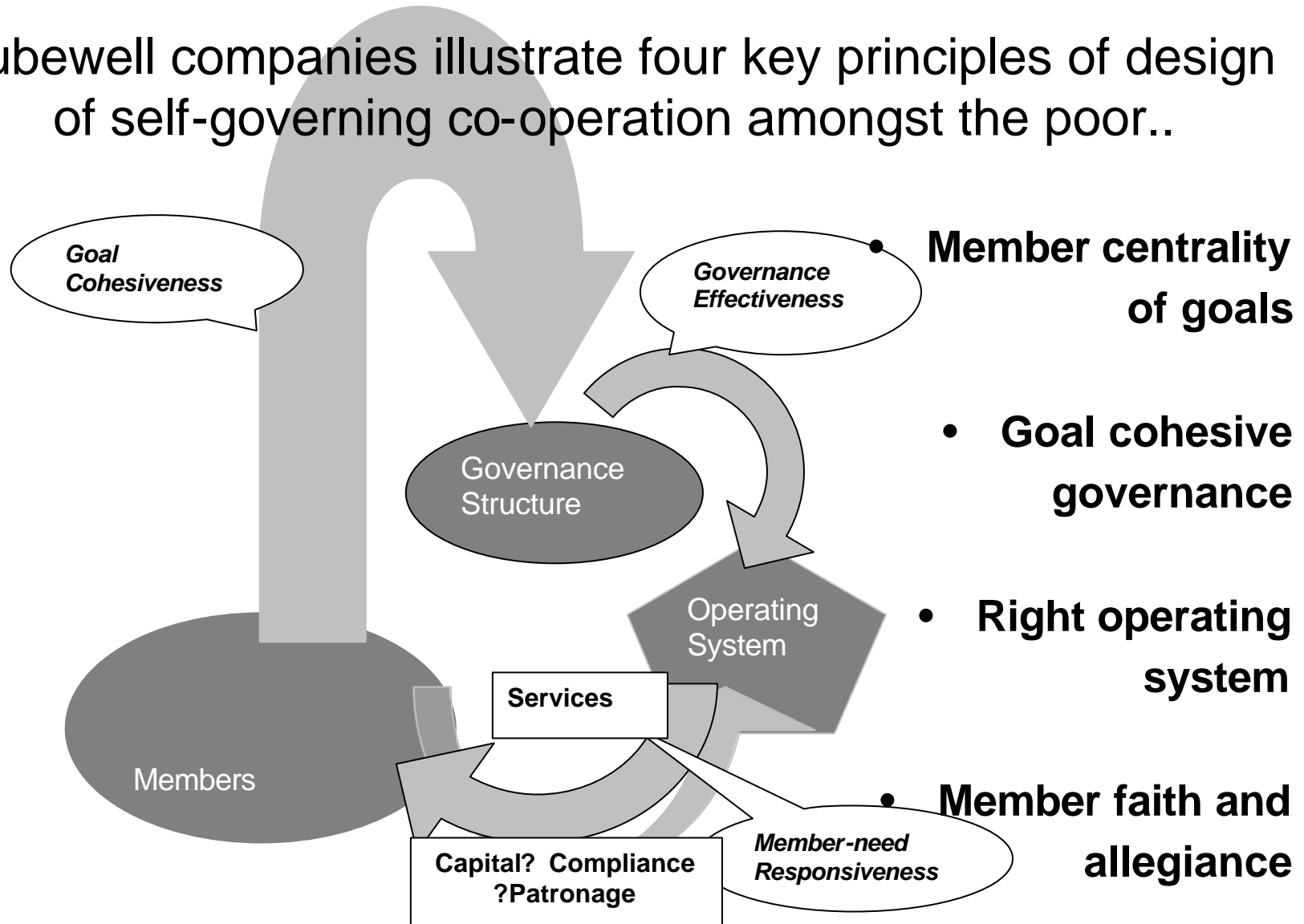
Tubewell Companies of North Gujarat as idealized co-operative institutions of the poor..



- Economic Co-operation is deliberate, instrumental and necessitates careful design and orchestration.
- They are driven by the sole purpose of wealth-creation for their small-holder owners.
- Their institutional design is failure-proof; the technology may fail, the resource system may fail them, but there is no example of a tube-well company failing.

Where opportunities for beneficial economic co-operation exists, powerful institutional intervention is possible through design support

Tubewell companies illustrate four key principles of design of self-governing co-operation amongst the poor..



Study of successful examples of economic co-operation worldwide suggest some operating principles to guide catalytic institutional support

Irrigation Management Transfer to WUAs: Australia, North America versus Sub-Saharan Africa and South Asia

IMT of small holder irrigation schemes in Sub Saharan Africa is proving unworkable because it fails each pre-condition for success of an institutional intervention:

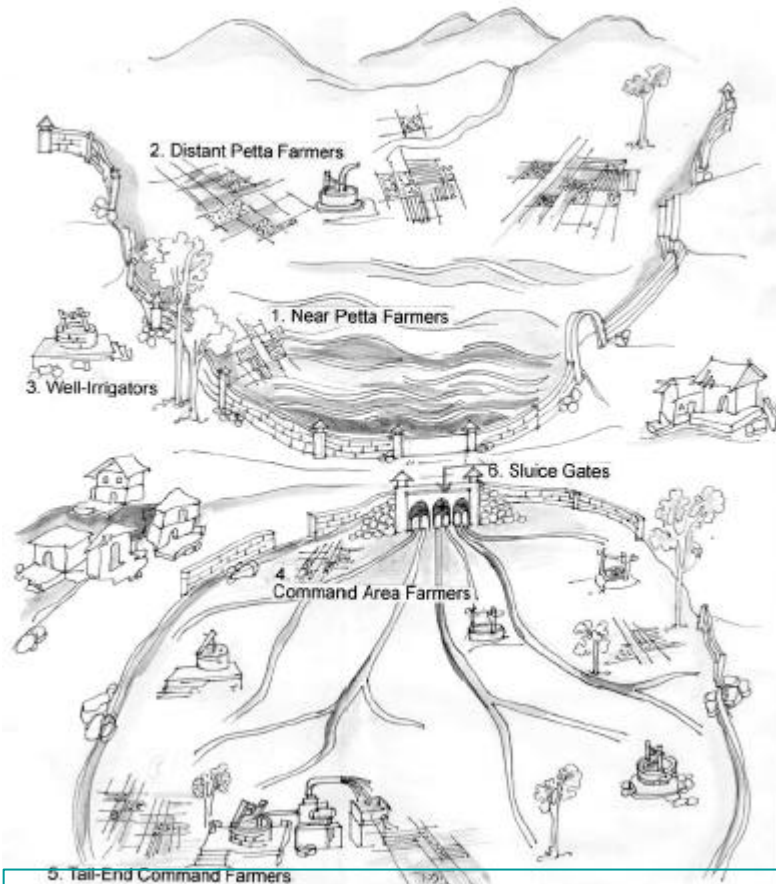
- [a] It must hold out the promise of a significant improvement in the life-situations of a significant proportion of members involved;**
- [b] The irrigation system must be central to creating such improvement;**
- [c] The cost of sustainable self-management must be acceptably small proportion of improved income; and**
- [d] The proposed organization design must be—and be seen to--have low transaction costs.**

Africa's small holder irrigation schemes satisfy none of these conditions. Transferring them to User Associations therefore can not work. An institutional intervention that can succeed will have to aim at improving overall value-productivity of African small-holder farming by attacking its multitude of constraints all at once.

Where co-operation can not confer significant livelihood benefits to members, institutional intervention will not work, no matter how well designed.

Avoiding 'over-organising': Fitting institutional interventions to the needs

Figure 1 : Multiple Stakeholders In Rajasthan Tanks



Institutions of co-operation can promote 'strong', lasting co-operation or 'weak', task-based temporary organisation .

Where an institution is promoted to serve dominant interests of a single or homogenous stake holder group, 'strong' design works best.

Where multiple stake holder groups with varied interests are involved, 'weak', ad hoc, task-oriented and need-based organizing works best.

This is most evident in the groundswell of popular action on rainwater harvesting and groundwater recharge in Western Indian states of Rajasthan and Gujarat

Since economic institutions are instrumental in nature, the 'strength' of their design needs to be commensurate with the scale of member-value they create

Intervening to Create Poor-friendly Markets



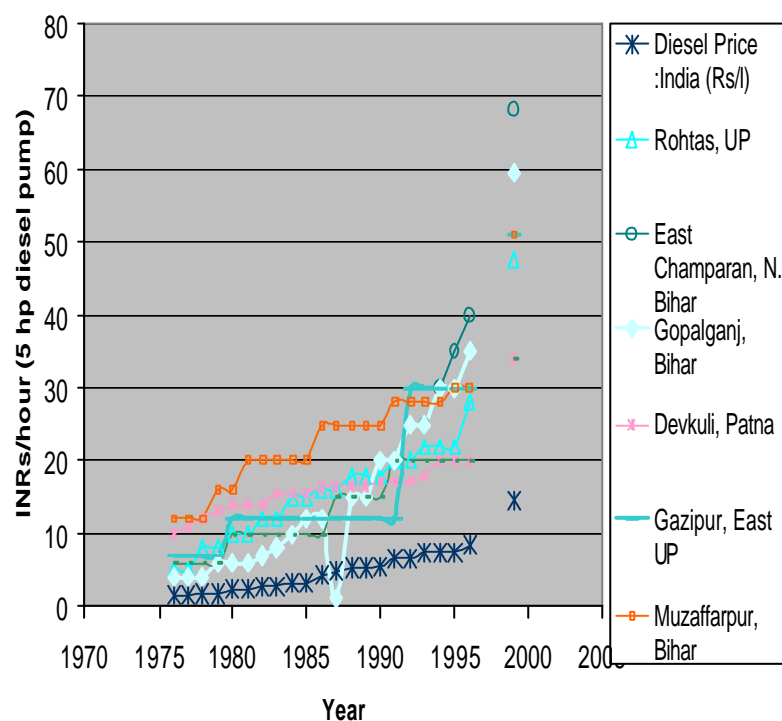
- The ultimate in the fine art of institutional intervention is catalyzing, shaping, influencing markets which have capacity for vast and quick impacts. E.g., pump irrigation service market in India and Bangladesh has an annual turnover of US \$ 2-3 billion; and a vast majority of buyers are the rural poor. Interventions that can make these markets poor-friendly can have huge livelihood impacts.

But doing this is a different ballgame than forming SHGs. It entails understanding the beast and its behaviour. Often, the trick is to find out the right string to pull; and the resultant change spreads in cascades like wildfire.

Modifying the behaviour of existing markets or catalysing new markets where none exist is a smart way of producing large-scale livelihoods.

'Dealer Dynamic': Stimulating Competition among 'Rent-seekers' to Cut Transaction Costs for the Poor

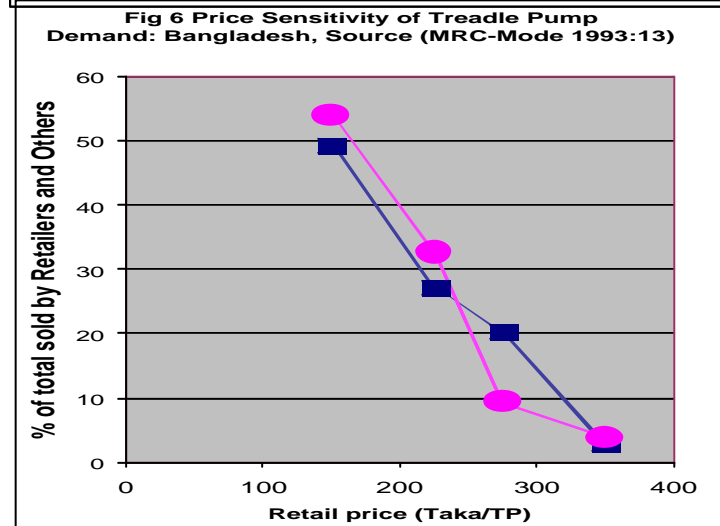
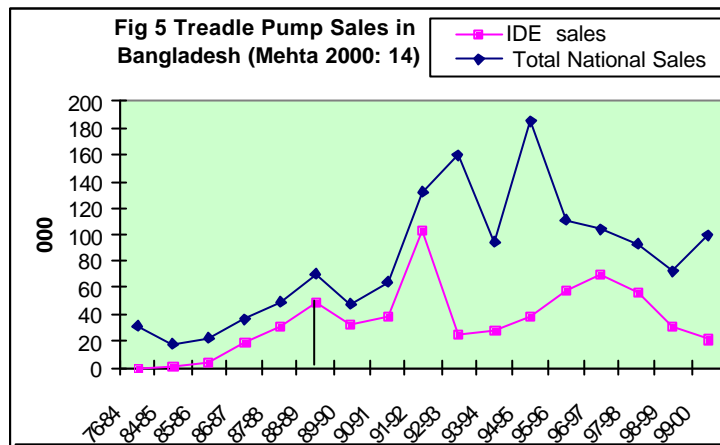
Figure 9: The Impact of 35% Diesel Price Hike on Pump Irrigation Prices (INR/hour: 5 hp diesel pump)



- **Subsidies to enable the poor to access livelihood capital invariably invite 'rent seekers'. This often shrinks the market than expanding it; and poor would be better off without them.**
- **One option is to remove subsidies. Diesel pump prices in Ludhiana versus Lahore and Dhaka.**
- **Another is to make design interventions that increase competition amongst 'rent seekers'. Free Boring Scheme in Eastern UP has done this and catalysed a Green Revolution in which the poor are at the forefront.**

Design interventions in subsidy markets that enhance competition Amongst rent seekers can create poor-friendly market conditions.

The art of catalyzing a market for a pro-poor technology: The Bangladesh story



- Why are 1m+ treadle pumps sold in B'desh?
- Step 1: IDE/RDRS/SDC develop and field-test and test-market the product
- Step 2: RDRS trains NGOs and local parties in manufacture;
- Step 3: Commercial operation starts, led by IDE's KB
- Step 4: Competition follows
- Step 5: IDE tries to beat the competition but fails; over 80 private operators put on the market TPs from Rs 150-3500 tk/piece offering the poor the choice they need.
- Step 6: Competition wins; IDE loses the battle but wins the war
- IDE replicates upto step 5 in India but keeps winning the battles; to catalyze a vibrant TP market, it needs to create the competition to which it can lose.

The art of catalysing markets for pro-poor technologies lies not in increasing your market share but in getting the market to do your work.

<p>Stage 1 Concept Establishment</p>	<p>Stage II: Promotional Pioneering</p>	<p>Stage III: Market take-off</p>
<p>Adoption as a % of Ultimate potential</p> <p>Chhotaudepur Gujarat Nepal Maikal Kolar</p> <p>Bandwagon effect</p> <p>Direct Sales from IDE Labour</p> <p>Time in months</p>		
<p>IDE as well as its offerings have no presence in the social setting</p>	<p>IDE emerges as a pioneer of a new technology</p>	<p>IDE ends up as one of the many players on the market, but in some ways is more equal than the rest.</p>
<p><i>Focus on getting the technology to work for 'target' farmers</i></p> <ul style="list-style-type: none"> • Understanding the target customer and her needs; • Understanding the potential of the technology • Product development, trials, adaptation • Customer feedback and adaptation 	<p><i>Focus on market development for IDE product line</i></p> <ul style="list-style-type: none"> • Promotion of the KB product range among target segments • Developing manufacturers, distributors, dealers. • Establish and defend quality and pricing benchmarks for KB range • Encourage, stimulate, support competing chains 	<p><i>Focus on strategic management of the market</i></p> <ul style="list-style-type: none"> • Focus on the MI products market as a whole to influence its <i>structure, conduct & performance</i>. • Identify opportunities for 'standard setting' and market expansion. • Keep working with the 'target' segment. • 'Boundary maintenance' for the market as a whole

Lessons ..

- *A survival institution is viewed as a social mechanism which plays a central role in the livelihoods and survival of its members.*
- *Where opportunities for beneficial economic co-operation exists, powerful institutional intervention is possible through 'smart' design support.*
- *Smart design of member-institutions: [a] give centrality to members' immediate goals; [b] create governance structure that coheres around aggregates of member goals weighted by member-stakes; [c] installs operating system appropriate to the goals; and [d] constantly seek member allegiance.*
- *Smart institutional design creates significant 'member-value'; without it, no design can work, no matter how smart.*
- *Emphasis on robust sustainable institutions is often misplaced; significant benefits are often created by ad-hoc or temporary, task based institutional formations.*
- *Modifying the behaviour of existing markets or catalysing new markets is by far the smartest route to creating large scale livelihood benefits for the poor.*
- *It is one thing to abhor subsidies; it is another to intervene so that they work for the poor.*
- *In catalyzing new markets, the catalyst must learn not to stave of or fight the competition but to spur it and embrace it. The trick is in getting the market to do your work.*

The lesson I learnt as a student of development..

Reflection in Action* (Research with intervention)

Frame Analysis: Bounding the phenomena for paying attention; design of school as 'imposing discipline on a screwy site'; malnutrition as a problem of 'gaps in a process of nutrient flow.'

Repertoire Building: accumulating and describing exemplars in ways useful to reflection-in-action through a process of enquiry which serves to structure the 'solution space' [pump prices in Lahore and Ludhiana]

Generating Action Theories: Formulating new action hypotheses and collecting evidence to support or refute these; prioritizing and choosing theories to serve as basis for action.

Research on the process of reflection-in action: Questioning 'how are we thinking about it?'. Our construction of the reality around us and the social context of inquiry

***Donald Schon: 'Reflective Practitioner: How Professionals Think in Action', New York: Action Books**

