



**Institutions and Coalitions Building
by the Poor**

**Presentation
by**

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WHAT ARE INSTITUTIONS?

- Rules of the game
- Mechanisms to structure political, economic and social interaction
- Institutions are different from organisations

Question:

How can the poor benefit from institutions

★ Introduction

★ Decentralisation

★ Financial services

★ Markets

★ Coalitions

★ Conclusion



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★ Rural Finance

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DECENTRALISATION...

- Redefining the boundary between state and market
 - Local institutions tend to be more accountable to local people

Question:

Under what conditions decentralisation works?



DECENTRALISATION...

Nature of polity and decentralisation

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- ★ Rural Finance
- ★ Markets
- ★ Coalitions
- ★ Conclusion

Is there any connection?
Examples of India and South Korea



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DECENTRALISATION...

- **Common property resources management for sustainability of resources**

- **Poverty reduction too often a secondary goal**



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DECENTRALISATION...

- **Nepal and Bangladesh: Two examples of successful community managed schemes**
- **India: a case where direct benefits to the poor was small**



DECENTRALISATION...

Question:

Can cooperation emerge when vast inequalities and asymmetries between rich and poor exist?

Do we need to have an inclusive policy, or institutions should be for the poor only

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DECENTRALISATION...

Successful local CPS Management

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Attribute of the resources	<p>Strong resource base</p> <p>Predictable availability of resources</p>
Attribute of the user groups	<p>Small size: less than 40 members</p> <p>Clearly defined boundaries and rights to use</p> <p>Strict enforcement of discipline: sanctions against breaking rules</p> <p>Prior identification of users</p> <p>Local system of justice and quick dispensation of justice</p> <p>Autonomy</p> <p>Fair distribution of decision making rights</p>
Relationship between use group and resources	<p>Location overlap between user group and resource</p> <p>Knowledge about yields that is sustainable</p> <p>Low discount rate to future benefits</p> <p>Equity in sharing costs, including labour</p>
Relationships between users	<p>Recognition of the effect of ones action on others use of resources</p> <p>Trust</p>



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Financial Services...

- Credit helps the poor to smooth consumption and acquire assets
- Range of financial services: savings, credit and insurance
- Poor must devise ways to spread risks

Question:

How can credit, savings and insurance be treated in a unified way?



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Markets...

- Markets are central institutions for sustainable rural development
- For the poor to gain access to markets, they need organisations

Question:

How can the poor be supported to create their own organisations to access markets?



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Coalition building...

- Coherent anti-poverty strategy requires stable partnerships
 - Putting the poor at the centre of the process: empowering them
- Strengthening the coalitions of the poor is essential

Question:

How can the poor participate as partners in development processes?



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Coalition building...

- One way to increase participation and collective action is to increase resources available to them
- Gains from cooperation need to be large
- Although this is not a must, as examples from India and Bangladesh show



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Conclusion

- More questions than solutions
- No universal blueprints for creating institutions and building coalitions
- There are many pathways for ending rural poverty



INSTITUTIONS...

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How can the poor benefit from institutions?