

MYRADA's Community Managed Resource Centers: A Promising Withdrawal Strategy Vehicle

One of the most critical components of any Program is an effective exit strategy to ensure that services and institutions are sustained, even after external management and support is withdrawn. MYRADA¹, a large NGO working directly with 1.5 million poor in Southern India, has instituted Community Managed Resource Centres (CMRCs, or simply RCs) since late 2002 as the appropriate institutions to manage affairs where it has withdrawn—or is in the process of withdrawing—from its project areas.

AN AGGRUPATION OF CBOs

An RC is essentially an aggrupation of Community Based Organizations (CBOs)—mainly SAGs²—that provides a range of services like training, counselling, secretarial support, and information dissemination to its member-CBOs for a fee.³ The features which distinguish the MYRADA RCs are: (i) self reliance; (ii) rating of CBOs before they are admitted as RC members and annual ratings thereafter; (iii) an RC Management

¹ MYRADA is a large NGO with 450 staff working directly with 1.5 million poor in Southern India. “Building poor people’s institutions” is its short mission statement. Its major activities are promoting self-help affinity groups (SAGs); watershed, water and wasteland management; forestry; community management of sanitation and drinking water; housing and habitat; improvement of primary school education; technical skills for school dropouts; micro enterprise generation; preventative health care; and HIV/AIDS prevention.

² Self-help affinity groups (SAGs) consist of 10-20 members drawn from a relatively homogeneous economic class (i.e., poor), self-selected on the basis of existing affinities and mutual trust; members meet regularly at a fixed time and pool their savings into a common fund from which they take need-based loans. The objectives of the SAGs go beyond thrift and credit—to include the overall development of members in the social, political, cultural and economic arena, i.e., SAGs are ‘credit plus institutions’.

³ Patkar, Saleela. 2005.

Committee comprising members from the CBOs; and (iv) a separate account managed by the RC Committee.

In MYRADA's program, the RC is managed by a Board called the RC Management Committee, comprising representatives of CBOs who govern and are governed by a set of rules and conventions which the CBOs have decided are the most appropriate to run an institution which can achieve their own vision and mission. Each RC covers a specific geographic area and a limited number of CBOs (around 120) who apply to become members. Each application is reviewed by the RC Board to determine the CBO's level of performance and organizational maturity. This assessment is repeated annually.

Any CBO which is a participatory body (as distinct from a representative one)⁴ and which has evolved as an institution is eligible to apply for RC membership. In general, CBOs require at least 18 to 24 months of operation to achieve the required level of performance to be approved for membership.

With regard to financial support, the RCs share MYRADA's strong commitment to self-sufficiency. Accordingly, member-CBOs

pay a monthly fee to retain membership and are assessed or rated yearly to ensure that their standards have not declined to a level where they lose RC membership. The RCs have a separate office and their own bank account. They have a financial management system, and present their Annual Reports before the General Body. Each RC has a full-time staff, RC Manager, who reports to the RC Management Committee. The Manager performs an executive function and is supported by several Community Resource Persons selected by the CBOs.

While most RCs have features in common (*see Box 1*), they often differ in management policy and functions. There is no standardized framework that all the RCs have to fit into.

A RESPONSE TO IMPENDING WITHDRAWAL

The RCs were instituted following the decision of MYRADA to withdraw from areas where it had worked for several years. One of several recommended withdrawal strategies was the formation of a new institution in which MYRADA would continue to provide an experienced and competent staff, as well as support the institution financially during a transition period (3-4 years) until it was

⁴ The exclusion of CBOs which are representative bodies (namely, bodies formed through elections) is largely a MYRADA suggestion based on the belief that, given the present scenario in the rural areas, the representative bodies reflect (and often strengthen) the feudal, caste and oppressive relations in society. Besides, election to these bodies requires money, and is therefore considered to be an investment for which there must be an adequate return—the means adopted to achieve this return often being questionable.

Box 1: CORE FEATURES OF MYRADA'S RCS

1. Only institutions (CBOs) are eligible for membership, not individuals.
2. Membership in the RC depends on the quality of the CBO which is assessed by the RC in a participatory manner. A CBO's existence in the "service area" of the RC does not make it automatically eligible for membership.
3. Each member CBO pays a monthly membership fee (Rs 50 has become the norm) to the RC which entitles it to certain services decided by the RC Management Committee.
4. All other services are paid for on an ad hoc basis.
5. The RC is managed by a Management Committee elected from the CBOs.
6. One RC can serve around 120 CBOs only. If more CBOs emerge, another RC is to be formed to support them.
7. The RC Manager must be competent, committed and with entrepreneurial skills, and must be trusted by the people. He/she reports to the RC Management Committee, but continues to remain a staff of MYRADA.
8. The functions of each RC will be determined by the demand coming from the CBO members. Each RC will decide whether to respond to non-CBO members and, if they decide to respond, on what terms.
9. RCs should not lend money to the SAGs (as per MYRADA's recommendation) - this is the role of the Financial Institutions.
10. In areas from where MYRADA has still not fully withdrawn, the RC should not implement any program which is a part of the MYRADA budget as this will undermine the independent image of the RC.

able to manage its own affairs. Hence, the emergence of the RCs.

Underlying MYRADA's Mission was an ideology to promote institutional and financial self-reliance at various levels: institutional self-reliance through investment in upgrading staff skills and constantly reviewing the organizational structure and culture; financial self-reliance through responding to the demand for services and being paid for services provided. This corporate culture supported and nurtured the birth of RCs. Their formation and subsequent performance have shown that self reliance is achievable within the context of NGO-initiated programs.

SAGS: THE FIRST RC MEMBERS

The self affinity groups (SAGs) were identified as the most appropriate institutions to take the lead in developing the early RCs. Other CBOs could follow as the idea caught on. The SAGs were recognized as having managed their institutions well, raised resources through savings and from the Banks, settled problems when they arose, and lobbied for better management of government institutions and programs as well as for their rights. Most of the SAGs had the additional experience of forming and managing federations.

In late 2002, MYRADA staff met with the SAGs and proposed the idea of an RC. Within

eighteen months, 53 RCs emerged (as of May 2004) in nine MYRADA Projects which were scaling down their programs at the time.

Thus, early membership in RCs was largely of SAGs. Gradually, however, resource user groups (e.g., Watershed Management Associations covering micro catchments of 150-200 hectares, with about 35 families) also joined in. Among the strengths of these two categories of CBOs were: (i) their members included all castes and creeds; and (ii) they were united by a degree of affinity among their members who are from the poorer sectors.

A general observation was that the emergence and strength of the RCs depended to a large extent on the quality of the SAGs that formed them. Where the SAGs had already been functioning well, the RCs emerged quickly and likewise functioned well. In contrast, where the nature of the programs had been conditioned largely by donor priorities and systems, it took some time for the people to respond to the change required to prioritize self reliance (*see Box 2*).

RC FACILITIES: SEPARATE, ACCESSIBLE, AND VISITOR-FRIENDLY

The RC office must be separate from MYRADA's infrastructure. If the MYRADA Project wishes to donate its Sector office to the RC as it withdraws from the area, it can do so. The office should be centrally located within the RC service area, and be easily

accessible by a regular bus service. It should preferably be close to a Bank and a market place.

The RC office should have at least one large common room and two additional rooms with electricity. It must have a telephone, one or two computers, internet access, and a motor bike. Optional items are a fax machine and a camera.

RC ACTIVITIES: "CUSTOMER SATISFACTION" AND "VALUE FOR MONEY"

The priority of the Resource Centres is to ensure "customer satisfaction" of its member CBOs. As these members pay for their services, they must receive "value for money." Among the needs that have to be addressed are:

- To support small and marginal farmers
 - With information (e.g., prices prevailing in local markets) and possible linkages (e.g., to promoters of new technologies and opportunities related to contract farming in agriculture and horticulture)
 - With attitudinal change, i.e., to introduce a culture of "business and entrepreneurship" among the farmers
 - By promoting a culture of efficiency and management of scarce resources (water and good land); "Every drop must produce a crop"

Box 2: THE RC MANAGER: QUALIFICATIONS AND FUNCTIONS

The RC Manager functions like an executive who is responsible to the RC Management Committee. He/She is considered to be part of the core staff of MYRADA.

Qualifications:

- Is a middle level MYRADA staff (Sector Officer and above) with at least 10 years experience in the organization
- Has exhibited consistently good performance
- Is a good communicator
- Has good rapport with and is able to bring people together
- Is honest and transparent in dealings
- Is aware of the latest developments related to services provided by Government and of the general political-economic scenario
- Has a grasp of accounting systems and procedures
- Has basic computer skills and is able to write reports

Functions:

- Call for a monthly meeting of the RC Management Committee
- Submit a monthly report of activities to the RC Management Committee with a critical analysis and suggestions for improvement and new initiatives
- Submit a monthly income and expenditure statement to the RC management Committee with a critical analysis and suggestions of how to achieve and maintain self-sufficiency
- Monitor the performance of the Community Resource Persons and the CBOs
- Introduce the latest MYRADA computer package to collect SAG data and ensure that data is collected
- Analyze the SAG data monthly to identify patterns of loans taken for various purposes to see if the RC can provide services to add value to products or services through technical support or marketing (if the RC cannot provide this support, the RC Manager needs to approach MYRADA for it)
- Visit member CBOs at least once in 3 months
- Visit CBOs which are not approaching the RC for services
- Build a corpus fund for the RC
- Open and operate one Bank account, the signatories of which are the RC Manager and one (or two) members of the RC Management Committee
- Audit the account twice yearly
- Prepare an annual report and present it to the Annual General Body Meeting of all CBO members

- By providing or ensuring quality inputs in agriculture (seed, fertilizers, pesticides); making farmers aware of what to buy and how much; helping them to assess the result of using inputs from different traders, create a

blacklist of those traders who regularly indulge in malpractices.

- To support marginal farmers and the landless to take up off-farm activities including training in job-related skills; to

collect information regarding the types of skills required in the job market, the institutions which can provide these skills, and the sources from which funds can be obtained to support trainees.

- To respond to people approaching the RC for counselling support related to domestic problems (violence, rape, drunkenness, dowry, abandoned women); possibly linking with professionals or even experienced local people for their services; setting up a legal cell; establishing ties with the local police station.
- To work out a strategy to help those who are sick and have health-related problems; mobilizing a team of doctors who are willing to be contacted for their advice.
- To evolve a strategy to cater to the market in the RC's service area. With 120 CBOs as members, each RC has contact with at least 8,000-10,000 people; plus at least 25,000 people in the service area who are not members of the CBOs. The SAG members are producing and trading homemade products (processed foods, poultry products, as well as household items such as cloth, mats, plates, ropes, pots, etc). The RC can help its members to add value in terms of quality and packaging so that they can cater to this internal market and compete with major brands.

- To promote proper storage practices, local markets (with adequate water, storage, and sanitation facilities) and “small is beautiful” (mini tractors, threshers, mini units for processing, storing, packaging, etc.) where technology is concerned.

HOW DO RCS PROVE THEIR SUSTAINABILITY?

Unless the RC has the potential to achieve both financial and organizational sustainability, it will soon collapse. Financial sustainability requires that the RC is capable of raising—not immediately, but over a period—Rs 18,000 to Rs 20,000 per month to cover all costs (including the salary of the RC Manager, payments to the Community Resource Persons, rents, postage, telephone, stationery, transport, etc.). Those RCs who have managed to achieve this admittedly have some advantages: their proximity to towns, membership of well-established SAGs, good location near markets, donations of land and computers from private persons, Panchayat and Government.

Organizational sustainability is more difficult to achieve and to assess. Attempts have been made, however, to assess the level of organizational sustainability that each RC has achieved—through six indicators namely: Vision/Mission, Organizational Management Systems, Financial Management,

Organizational Accountability, Linkages and Learning/Evaluation efforts.⁵

FULFILLING THE POST-WITHDRAWAL PROMISE?

In a 2005 update,⁶ the number of such Resource Centres had risen to 80, with a combined membership of over 8,000 CBOs (about 120,000 individual members). Between July and September 2004 alone, these RCs had conducted over 15,000 training programs for their members and other paying institutions through trained local resource persons—mostly members of SAGs, over 75% of whom are women. From their tentative beginnings in 2002, RCs have enabled SAGs access to a range of inputs that support the overall development of members and their communities. These RCs are taking a central role in initiating pro-poor development activities in geographies that coincide with Panchayat Raj Institutions (PRIs) and it is hoped that they would make local government institutions more effective, accountable and just.

Given this performance record, the promise of RCs as appropriate institutions to sustain programs post-Project withdrawal appears promising. At the same time, there is also a realization that much still has to be done to develop: (i) a capacity building training

package for the RC Management Committee, (ii) criteria for assessing the RC, (iii) staff and systems that will respond more proactively to emerging needs, and (iv) new skills. □

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⁵ Rural Management Systems Series, Paper 33. MYRADA, Bangalore, India. Website: www.myrada.org

⁶ Patkar, Saleela. 2005.