

Leadership Matters

Annual Report 2003
DHAN Foundation

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**DHAN Foundation
Madurai**



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Abbreviations and Acronyms

| | |
|---------------|---|
| CAPART | Council for Advancement of People's Action and Rural Technology |
| DHAN | Development of Humane Action |
| DPAP | Drought Prone Area Programme |
| HDFC | Housing Development Finance Corporation Ltd. |
| HRD | Human Resource Development |
| HUDCO | Housing and Urban Development Corporation |
| INAFI | International Network for Alternative Financial Institutions |
| IWMI | International Water Management Institute |
| MFG | Micro Finance Group |
| NABARD | National Bank for Agriculture and Rural Development |
| NGOs | Non-Government Organisations |
| NOVIB | Netherlands Organisation for International Development Co-operation |
| SHG | Self Help Group |
| SIDBI | Small Industries Development Bank of India |
| SRTT | Sir Ratan Tata Trust |
| TFA | Tank Farmers' Association |

DHAN Foundation – An Introduction

Development of Humane Action (DHAN) Foundation, a professional development organisation, was initiated on October 2, 1997. It has been incorporated as a Trust under the Indian Trusts Act (1882). The Trust has been promoted with the objective of bringing highly motivated and educated young women and men to the development sector. They would work on bringing out new innovations in rural development and for upscaling development interventions to eradicate poverty in vast areas of the country. The Foundation works towards bringing significant changes in the livelihoods of the poor through innovations in themes and institutions. The broad purposes for which it stands are:

- **Mothing of Development Innovations:** The institution aims to promote and nurture new ideas on different development themes, which have larger potential to address the livelihoods and development of the poor in a region viz., microfinance, small scale irrigation, dry land agriculture, working with panchayats. Senior colleagues would anchor the new themes and work on it for a substantial period of time.
- **Promoting Institutions to reach scale:** Exclusive thematic organisations will be promoted to undertake development work with a sub-sectoral focus. The primary role of these institutions is promotional to ensure that benefits reach a large number of poor with quality.
- **Human Resource Development:** The institution would bring young professionals into the development sector and provide them an opportunity to practice and develop relevant knowledge, attitudes and skills to work long term in the development sector.

The principles guiding it are

1. Engaging high quality human resources to work at the grassroots. The focus of the work would be on enabling rather than delivery of services.
2. Valuing collaboration with mainstream institutions and government to demonstrate new and effective ways of development interventions, thereby building viable linkages between them and people.
3. Promoting people's organisations at various levels to ensure entitlements and to build an effective demand system.
4. Focusing on promotion of livelihoods to address poverty directly
5. Enriching the themes and retaining sub-sectoral focus would be the strategy for growth.

Mission

“Building institutions for development innovations and upscaling for impacting livelihoods to enable poor communities”.

DHAN Collective

DHAN Foundation and the thematic institutions promoted together form the DHAN Collective. DHAN Collective is a creative concept to nurture and preserve the culture of collegiality, mutuality and solidarity. Shared purpose, core values and resources (human, financial and physical resources) bind the DHAN Collective. DHAN Foundation as the parent institution would guide, support and regulate its family institutions on their mission, policies, strategies and values. Each institution would define its 'own unique' space with synergy.

The Kalanjiam Community Banking Programme, one of DHAN Foundation's pioneering works, has been transformed into an institution, 'Kalanjiam Foundation', to take the promotional role of upscaling Kalanjiam nested institutions model. It would advance the theme of Kalanjiam Development Finance and guide the people institutions for generations. This is the first institution in the DHAN Collective.

Tankfed Agriculture Development Programme and Tata-Dhan Academy would be promoted within next three to five years as thematic institutions in the DHAN Collective. This institutional innovation would build effective and efficient institutions with excellence and integrity. Many institutional mechanisms would emerge within DHAN Collective for effective governance and strategic direction.

Graduating Development Professionals to Leadership

R.D Thulsiraj *

The development professional, in that role, essentially carries out the task of implementing specific strategies and managing the programme efficiently within the set framework. This is akin to what a manager does. The leadership role is different and yet complementary to this. The initial section of this article will explore their differences and their similarities followed by a discussion on the path needed to be taken by aspiring managers to make the transition to become a leader.

One common question is whether the manager and a leader are different and is one better than the other? Yes, the roles are very different and yet they cannot be compared on a scale of importance since both are very necessary and are complementary to each other. Here are some of the major distinctions and how they complement each other.

Setting a Direction/Vision Vs. Planning and Budgeting:

An effective leader is highly conscious of the external world and the opportunities out there as it relates to the organisation. Based on this, the leader is able to conceptualise a vision for the organisation and the direction it should take to realise this vision. This is not a one time process. While the vision could be far reaching and all encompassing, the dynamic external environment would open up several opportunities continuously leading to multiple strategic activities. Often times, the opportunities would present themselves as a problem or a constraint and it takes a person with a leadership outlook to recognise them as opportunities and at the same time be able to distinguish the opportunities that will contribute to the vision from those that won't.

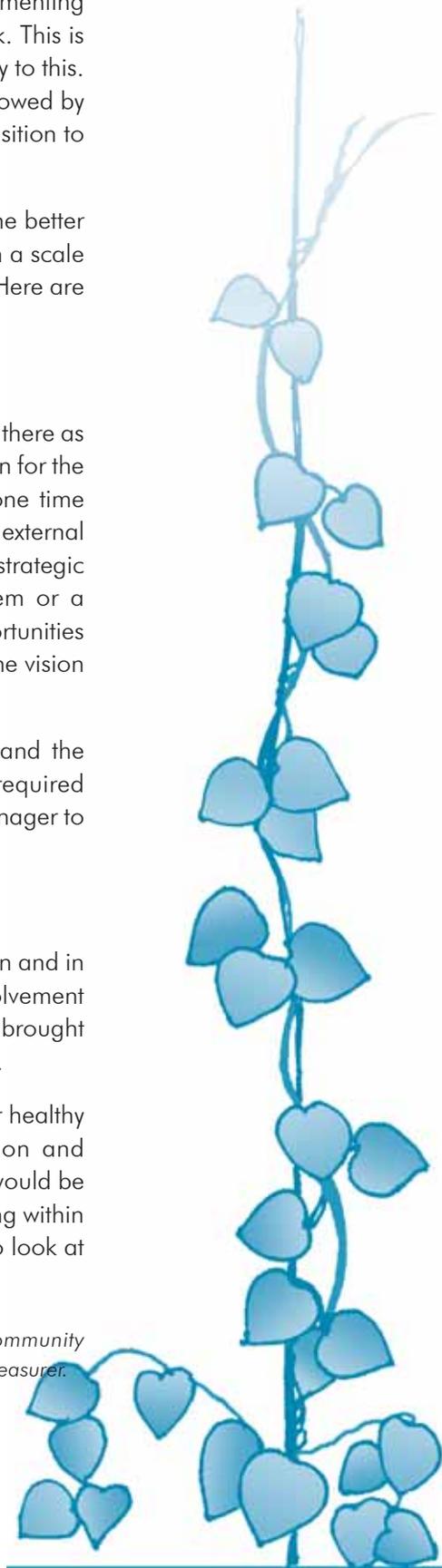
This vision and direction by itself cannot achieve the desired goal. This vision and the direction will need to be translated into implementation plans, matched with required resources, infrastructure, equipment, people and money. It requires a competent manager to do this and do this in a way that it contributes to the vision achievement.

Inspiring People Vs Communication Systems & MIS:

An effective leader inspires the staff and creates in them a passion to pursue the vision and in the tasks that they perform. The element of passion significantly enhances the involvement and commitment, which directly impacts the efficiency and outcome. This is often brought about by the leader becoming a role model and through effective communications.

While inspiration and passion impacts how the individuals act and do their work, for healthy interaction and good decision-making there needs to be good communication and information systems. Some of them would be formal and structured while the other would be less formal. It takes a good manager to design and keep good communications going within the organisation and with the external world. It also takes a lot of managerial skill to look at

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the large amount of data that is generated and translate them into useful information and do this in a timely fashion.

Aligning and Leading Vs Organising and Staffing: An effective leader pays a lot of attention to bringing people “on Board”. It is important that everyone in the organisation subscribes to the vision and is in agreement with its strategies. Through this alignment process, a leader is able to create a high level of synergy in the organisation and lead the staff towards the goal.

In the implementation of the strategies several tasks have to be performed in harmony by different people. A certain structure is required for effective coordination and cooperation. A skilful manager will be able to build on the synergy created by the alignment and create an organisational structure with appropriate staffing. The work place also tends to be dynamic due to external or internal reasons requiring constant shifting and staffing.

Motivating People Vs Controlling & Problem Solving: Leader tends to get the best out of the people through motivation and creating a positive energy. An effective manager works to maintain this energy through appropriate control mechanism such as performance appraisal etc. The manager facilitates effective functioning through problem solving and improving the work environment.

Outcome Orientation Vs Procedure Orientation: A leader is concerned about the outcome and is driven by the vision achievement. This focus helps the leader to constantly evolve new directions and seize new opportunities. For outcomes to happen there needs to be a process or a procedure in place, which uses the resources and inputs efficiently towards reaching process targets. These procedures have to be constantly monitored, fine tuned and kept in a state of high performance. A manager is concerned with this aspect and is accountable for this.

Fostering Culture & Values Vs Developing Systems & Procedures: A leader works on building an organisational culture with a set of values that are most suited for the strategies for achieving the vision. In most organisations the uniqueness and an element of “unconscious competence” often come from the

organisational culture and the value framework within which it operates. It is easy to replicate the infrastructure, systems and the processes but it is very difficult to replicate an organisational culture and this often provides the competitive edge. An effective leader recognises this and devotes time in developing a strong organisational culture and this directly impacts on the organisational effectiveness. Organisations with good work culture spend less on control systems and there would also be less bureaucracy.

However for the values and the cultures to be effective, work systems have to be in place. Well designed systems can simplify the tasks to an extent that makes it possible for even complex tasks to be done well without dependence on high skill levels. It takes a skilful manager to take a complex activity and develop it into a system which could be operated by a common person.

Making the Transition:

While there would be a lot of merit in the common quote that “leaders are born and not made”, there is still a process, which can help to bring out the leadership potential in individuals, nurture them and develop them to assume the leadership role. This leadership development process requires both, the individual and the organisation to be pro-active.

What the organisation must do:

Not many organisations engage in a proactive process to develop leaders. Often time, leadership positions are filled by internal promotion of a well performing manager or through external recruitment. Sometimes this works and sometimes it doesn't. It would pay an organisation to proactively involve in a leadership development process using some of the steps described below. One of the very first thing to do is to identify the pool of potential employees who can be moulded to lead the organisation.

Broadening the perspective: One of the most important ingredients of leadership is the capacity to vision. Leaders with this capacity are those who have a broader perspective of the work environment and are constantly aware of the external opportunities. The organisation can structure the development of

such broader perspective to the potential leadership team by allowing them to grow beyond the narrow confines of the managerial job assigned to them. Developing a broader perspective can be achieved through exposure to other organisations, industries, sabbatical etc.

Encouraging innovation: The organisation should allow space for such individuals to take risk and allow them to innovate and deal with the consequences. It must be recognised that success and failure are both inevitable outcomes of innovation and taking risk. While success can be ego-gratifying, the failures are the great teachers and the organisation should encourage learning from such failures rather than imposing controls or strictures.

Offering new challenges: The managerial function, though challenging, essentially has the character of carrying out routine tasks with predictable crisis and pre-defined challenges. Confining a person doing only this for long, blunts the leadership potential and hence it is for the organisation to pro-actively look for challenging assignment, which preferably should fall well outside the scope of the routine work and responsibility.

Organisational Culture: The organisational culture also has a strong influence on the leadership development. Organisations that are very strongly systems driven and are bureaucratic tend to produce just that – efficient managers or bureaucrats. The leadership development requires a different environment and culture, which fosters innovation and trying out new ideas.

Mentoring: Mentoring is an effective process for nurturing leadership development. Mentoring is an organic process and should not be made as a system. Yet it has to be performed consciously with a process to ensure that it gets done.

What the individual must do:

As much as the organisation, the individuals aspiring to become leaders also have to take initiatives to build in them the required capacities and competence.

Source of energy: The path leading to leadership and being a leader has its own ups and downs. While success, rewards and external recognition can be

great for ego gratification, they can also become the main source of self-motivation. In such individuals “the downs” lead to periods of being ineffective from which some find it difficult to come out. The individuals have to work on developing an internal energy source to motivate and inspire them. This is also referred to as developing a passion for the work. Deeper the passion less is the influence by the external factors, including success and failures.

Big picture: However, it is important that such passion or energy is directed in the right direction. Here is where the capacity to constantly have a “Big Picture” in focus and developing a vision becomes important. One has to consciously look beyond the details of the work and constantly be in touch with the real purpose for the actions. Without such consciousness, the details will take over the real purpose.

Taking initiative: People aspiring to become leaders are often currently in a position wherein they are being told what to do or given specific framework to work in or targets to achieve. When one becomes a leader this gets reversed and it is for the leader to identify what direction should be taken and determine the strategies to be adopted and who should be doing it. Such a change does not take place only by designation or title. This brings in the important characteristic of taking initiative. Without exception, everybody has opportunities to do beyond their defined tasks, which can in fact enhance the given task itself. Being conscious of such opportunities and taking initiative in performing them adds another building block in the transitions to leadership. An integral part of taking initiative is the process of experimentation and innovation.

Perseverance: Every idea, to make it work, requires a lot of labour. The process will be filled with unexpected outcomes, non-cooperative staff, and failures. It requires a lot of perseverance to keep working driven by internal energy and passion to do the work.

Working with people: Another important characteristic of a leader is a capacity to reach out and touch the people. This capacity comes out of developing a genuine concern for the vision and for the individuals connected to the vision - enablers or the beneficiaries of the vision.

Not all leaders are alike, not all leaders are considered good and not all leaders' work sustain and perpetuate beyond their time. Leaders driven by vision that benefits all of humanity and the environment tend to leave behind an organisation that is cherished and carried forward. Those leaders who put their interests before others often engage in discriminative or manipulative strategies. While they can still be effective in achieving their goal, such success often tends to be short lived. Good leaders pay equal attention to the means as to the goals.

It must be recognised not all leadership position is designated with a formal title, while it is not uncommon for people with formal leadership titles to assume that role. In such formal organisations the individuals in leadership positions are effective when they possess these qualities and do not merely

maintain the organisation but are able to further grow the organisation and venture in new directions. In people organisations, it is the true leader who eventually also becomes the formal leader. The transition of a professional or manager to a leader is an exciting journey which requires pro-active work both by the organisation and individuals.

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Nurturing Development Leadership: DHAN's Experience

Development Sector and Leadership

In every organisation and shared effort, competent leadership has always been considered vital. "However, most attention is given to the visible and influential domains of leadership that form and direct society through the – often allied – powers of politics and of wealth creating businesses. The emerging domain of non-profit or civic leaders and leadership remains relatively unexplored and poorly understood" (Fowler, 2000 :1). There is no adequate attention to the social development leaders in the non-governmental sector who do not aspire to political power, but work to improve the lives of the powerless in the society (Fowler, 2000). Unlike government or for-profit sectors, NGOs have the distinctive mission of social change and they focus on people who have not been brought under either the government or private sector programmes. This mission and related characteristics create distinct management challenges for NGOs (Hailey, 1999). Appropriate leadership is crucial to face these challenges.

The key aspects of leadership can be summarised from its various definitions as

- the ability to create self-motivation among others without imposing things on them; and
- the ability to align and unite the behaviour of individuals and groups to a direction required for the success of the organisation.

Inspirational guidance and value-based goal setting are particularly important for NGO leaders who are dedicated to social change because followership in NGOs does not come as a result of economic incentives and market rewards but as a result of "less tangible foundation of cultural, socio-political values, norms and associated aspirations" (Fowler, 2000: 8).

Characteristics of NGO leaders as seen by themselves and others.

Leaders as seen by themselves

Consultative and builders of vision through involving others
Effective communicators, and upholders and promoters of the organisation, not of themselves
Open minded to change and implementers of change, and committed to quality.
Democratic and learning oriented
Acceptance to others and know how to approach policy level.
Think and network globally but act locally.
Motivator, listener and tolerant
Receptive to the views from others while do not wait eternally for others if something seems right to do

Leaders as seen by other staff

Not only leaders but also professional managers
Risk takers, listeners, learners, innovators, patient, flexible and do not dominate
Good communicators and diplomats
Motivators and guides while friendly, caring and supportive with staff, and have a lot of confidence in them
Open minded (and encourages) to criticism and do not dominate
Respect and value for others especially for frontline staff and the poor people
Strong sense of ownership of the organisation and maintain a good balance between hard and soft style of management



Organisational Maturity and Leadership:

Some mainstream leadership theorists have seen leadership also in the context of an organisation's maturity. While Greiner (1972) is one of the first theorists to talk about different stages of growth experienced by organisations in general, Korten (1990) hypothesised that NGOs evolve through four generational stages such as relief and welfare, community development, sustainable systems development, and people's movements. With an emphasis on the founding stage in shaping the future success, Avina (1993) proposes a four-stage lifecycle of an NGO namely, start-up, expansion, consolidation and closeout. Pointing at the high level of NGOs' dependence on charismatic leadership at the founding stage, Kaplan (1996) works out three phases of NGO growth: i) the pioneer phase, ii) differentiation phase, and iii) integration phase. At the founding stage, organisational systems, and decision making and relationships are mostly personal and informal. In a warm atmosphere, leadership is held in respect and the staff members are content to follow. Over time, as organisations grow and the staff become more experienced and specialised, need for structures and procedures gradually become prominent.

Professionalism Vs Charismatic leadership

Charisma is perceived as a set of focused magnetic qualities that make a leader accepted and followed by the people without questioning. If we look at any of the historical movements, we see someone bringing the ideas and taking them through. Thus it is a set of personal qualities that makes people interested in the ideas about the great possibilities about the future. It is a set of personal characteristics, ideas, magnetism that ensures loyalty from others.

Professionalism and charisma are not perceived opposite to each other as "successful charismatic leaders have to continue to change over time in keeping with the needs/demands of situation and acquire necessary competence. Charismatic leadership is necessary at the beginning of an NGO followed by transformation towards more professionalism. At the beginning of a successful NGO, charisma is higher and professionalism is

lower, while at later stages professionalism is higher and charisma is lower. A leader's responsibility is to transform. If s/he tries to maintain charisma forever, leadership capacity is not built in the organisation and the organisation faces difficulty.

Professionalising NGOs:

Since the late 70's the voluntary sector began to be professionalised and new NGOs were established by people with higher educational and professional backgrounds, who were concerned about the problems of the mainstream institutions and wished to explore alternatives in social action. A large crop of young professionals came forward to work with the non-government organisations involved in rural development and participate in the development process, instead of joining profit making enterprises in the corporate sector and earn handsome remuneration, perks and privileges. Many NGOs with technical specialisation like PRADAN (Professional Assistance for Development Action) came up. PRADAN started as an innovative development organisation to attract "socially motivated high quality young professionals". And make their services available to NGOs in the development sector who needed professionals like them but were unable to attract them as employees for a variety of reasons.

The assumption was that high quality young professionals with motivation to participate in the development process would perhaps find it attractive to join and be a part of a development organisation staffed and managed by professionals like them. That the organisation being theirs they would neither expect nor demand remuneration, perks and privileges they could have secured as employees of a blue chip enterprise in the corporate sector.

High quality young professionals are likely to be attracted to participate in the development process, particularly if it involved a rough and tough going and if they perceive it challenging and creative. Also, offering them adequate opportunity and space for: (1) self-expression, (2) learning by mistakes, though not committing the same mistake repeatedly, (3) introducing innovation by applying their ingenuity, and (4) working with other organisation members/colleagues as peers.

Essentially this would involve exploring ways of building organisations capable of attracting educated youth, including professionally trained young graduates, who are willing or motivated to participate in the development process with high concern for equity and social justice. Most likely such an organisation would be one, which is designed and developed as a flat or matrix organisation. That is, one which is non-hierarchical, collegial in work culture, democratic and transparent in decision making, high task oriented and excellence seeking and at the same time encouraging and offering opportunity and space to its members to be innovative, non-conformist and creative.

Not only that, it may also have to be built and sustained with strong self-regulating process pushing and pulling it to remain focused on building people's organisations possessing more or less the foregoing qualities and characteristics.

Spin off as a concept, however, emerged and struck roots in Pradanites thinking and articulation in a different context—in the course of their search for innovative organisational design to extend and promote Pradan-like development organisations. One of the designs contemplated, even experimented was enabling a couple of Pradanites to spin off and initiate such organisations independently with marginal support from PRADAN in the initial or formative years.

The concept, spin off, gathered momentum partly on its own and partly due to the dynamics of scaling up strategy that PRADAN chose to follow in the mid-nineties. In 1997, pursuant to a Board resolution, PRADAN spun off its Madurai centered programmes and programme staff, both professional and support staff, under the auspices of the DHAN Foundation, a new NGDO established specifically for this purpose with Madurai in Tamil Nadu as its headquarters.

DHAN Foundation

It's mission is :*"Building Institutions for development innovations and upscaling for impacting livelihoods to enable poor communities"*.

The three broad purposes for which the Foundation was created are i) Mothering of Development Innovations: promote and nurture new ideas on

different development themes that have the potential to bring significant changes in the livelihoods of the poor. ii) Promoting Institutions to Reach Scale: exclusive organisations would be promoted on specific development themes to reach large number of poor and ensure growth with quality. iii) Human Resource Development: nurture and groom young professionals to meet the challenges for working in the development sector for long term.

DHAN Foundation is a learning organisation. Learning has been conceived as creative intelligence in the wheel of institution building. DHAN Foundation continues to learn from successes and failures. It also develops mechanisms to anticipate events, a necessary step in influencing and shaping events in the future and in the institutionalisation process, since organisation learning is an important element of institution building. It's core values are Grassroots Action, Enabling, Collaboration, Innovation and Excellence.

DHAN Foundation's culture is rooted in building the learning perspective among its members. The following principles guide the Foundation in building this perspective.

- Emphasising on action and reflection to lead to self clarity regarding purpose of life.
- Building shared vision among its members to have common identity and destiny.
- Focusing on self learning by ensuring learning environment and guidance with proper mechanisms and processes.
- Creating scope for experimentation to nurture innovations at the grassroots.
- Understanding the inter relationships and interactions among different actors involved in the development process and acting in a proactive manner.
- Focusing on building systems to address various issues at the grassroots and evolve solutions

HRD as a core Purpose

Attracting young professionals to the sector:

One of DHAN Foundation's core purpose is Human Resource Development. It works to bring more young professionals into the development sector and provide them an opportunity to practice and develop

practical knowledge about the development sector. Focus is given to build required skills and competence to undertake development work for long term. There has been a tremendous growth in the organisation in terms of out reach, impact on community, on mainstream institutions through its programmes in the field.

The Community Banking and Tankfed Agriculture Development Programmes have reached a significant scale in the last one decade. To meet the challenges in promotion and sustenance of people's institutions and to ensure the impact of the programme on their livelihoods professionals are needed with necessary skills and attitude. HRD cell follows a systematic selection process for attracting and placing young professionals in the field.

Nurturing young Professionals as Development Professionals:

DHAN Foundation would promote thematic institutions for each of its programmes once they reach a particular growth stage. To meet the challenges of programme growth, diversification, system management and also decentralisation of DHAN's activities, new entrants as well as the senior professionals need to be groomed in various capacities. HRD cell has a well designed package for Associates and Apprentices and for the others various need based programmes are organised both internally and by external resource persons as well.

The core element of the organisational design of DHAN Foundation reflects its philosophy and the strategies followed. That is building the organisational unit around significant individuals. Professionals in DHAN Foundation are groomed in a such a way that they will occupy leadership space in people's institutions (or) they would lead any functional area in the programme (or) a theme. The growth and challenges are built around the individuals, who provide guidance and support to other younger colleagues in the organisation.

Creating space in the sector for the professionals:

Presently 192 professionals are working with DHAN Foundation. Their professional knowledge and

competencies are made available for 1,96,659 poor families by promoting more than 3,889 village level institutions (women savings groups and Tank associations) and more than 38 apex institutions (federations) to ensure sustainability. Their skills related to agriculture, engineering, finance and management are being utilised to establish linkages between People's Organisations and mainstream institutions for livelihood promotion. Over the last 10 years, a systematic Human Resource Development process has been taken up to ensure the placing these professionals in the organisation.

Growth Path of Development Professionals

There are five levels of nurturing young professionals who enter in DHAN Foundation,

- Explorers (Development Associates)
- Learners (Development Apprentices)
- Contributors / team members (Executives)
- Team Leaders
- Programme Leaders.

Young professionals who join DHAN Foundation go through the graduation process of moving from one level to another level. The fresh professional may reach the level of programme leader over a period of 8 - 10 years. Individuals at each level occupy four kinds of spaces in the development sector namely geographical, programme, organisational and sectoral. During the initial period of associateship people may not be able to visualise and occupy these spaces. Over a period of time, each member graduates from one level to another. Through self choice their space in the above four areas gets widened.

Explorers (Development Associateship): The programme serves the purpose of selecting new entrants to the organisation, so that more of the people, who might join DHAN Foundation, stay and fit the organisation requirements. As someone seriously considering a career in grassroots development action, Associateship provides them an opportunity to assess the opportunities and constraints of a life in grassroots work, alternative career, responsibilities towards and expectations of family and friends, the conditions of living, broad content and pace of work in villages.

Learners (Development Apprenticeship): This phase is aimed at providing opportunities for exploring themselves resulting in clarity of their life mission, concretising values and consciously striving to bring changes in their pursuits. These can only be acquired through guided practice in the field, and continual reflection on one's experience. This calls for the ability to swim against the social current, and to bear the hardship by choice. This will give them an opportunity to explore the unexplored areas of the programme resulting in value addition to the theme. Finally, this phase sets the environment to practice DHAN Foundation values and become a permanent member of the DHAN Foundation family.

Contributors (Project Executive): This phase is the crucial and very important phase in the growth of the development professionals. Project Executives are expected to play various important roles in order to respond to the demands of the people, programme, and organisation and of the outside institutions with whom they relate. It calls for, in addition to the learnings, a professional had in the earlier two phases, developing different competencies in order to plan, implement and monitor the impact of the programme activities and successfully promote and build the people's organisation at various levels to ensure sustainability and self management of it.

By occupying the leadership space as team leader (or) programme leader, the ownership and stakes grow significantly. Through experience and practice they get an opportunity to build the vision of the organisation and play a significant role in shaping the organisation and its future. They will also play a strategic role in policy advocacy and networking in the development sector over a period of time. Based on this graduation concept the HRD team consciously attempts to design various competency building events for each level of people and will facilitate their graduation to the next level.

Reflections

Ms. B. Sivarani, Team Leader, Salem Region, Kalanjiam Foundation

Here I got lot of opportunities for learning as well as challenges for performing as an individual and also as a team. The multi-faceted training and guidance has given an

immense confidence in myself for performing whatever role that is given to me in the best possible way. As a regional co ordinator my present role is very much different from what it was as a Project Executive and Managing Director in a federation. In the earlier roles I focused on my own activities and the goal as an individual's responsibility. It was easy as I had to concentrate mainly on my own duties, activities and their results. But now the Regional Integrator role is a challenging one as I have not only to develop and improve myself continuously, but also concentrate on developing and grooming the professionals in my team. I have to focus my attention and look at everything from the organisation point rather than as an individual point of view. Creating and maintaining an institutional identity, being a role model, establishing collaboration with the mainstream institutions are the areas on which I am concentrating now. My immediate goal is creating Salem as a model region for the Programme.

Ms. V.K. Padmavathy, Team Leader, Central Office, Kalanjiam Foundation

The first two to three years were very exciting and also difficult. The terrain was hilly, the indifference in people's attitude, the impact of unemployment and migration etc., were new to me. Our programme was new, getting people from the villages to work was very tough and even tougher was to organise the women. Getting one person to work, forming one group organising a leaders' meeting etc., at that point of time were big achievements. The programme was in the experimentation phase. So most of the things, we had to figure out how to do on our own. There was so much learning and experimentation going on.

I had never before heard of or encountered women's issues of that magnitude such as frequent suicides, especially of women, subsequent remarriage of the husband,

desertion of women, killing of female infants at birth etc. I saw one member dying in front of eyes, that shocked me emotionally, but also gave me courage, from then onwards I can look at death differently. All this gave me a lot of strength and courage, made me strong to face any kind of problems and the conviction to be involved in this kind of work. So even after a small break after marriage, I was able to come back again to work here.

I want to focus on women issues, domestic violence etc., may be not immediately, but definitely I will work in this area. Getting down deep into understanding women issues, devising strategies to understand this issue, I need to equip myself for it. That is also the reason I have got myself involved in the community health and education programmes of the women federations. I want to get into an activist mode with the people. Getting into action, fighting it out, getting a solution, setting goals for Kalanjiam movement in this direction is something I look forward to doing in the near future.

**Ms. A. Umarani, PDM Chairperson,
Tata-Dhan Academy**

Since apprenticeship, it was a natural growth for me where the space was created by the organisation, from team leader to programme leader and the interest within me to take up such responsibilities. I got a lot of opportunities to take up such challenges. The support available in the organisation was very good. So many people contributed for my own learning. This and the exposure to many outside places eg., IIM(A) and to many people created a confidence in me to do something concrete where I can lead a group of people. I would say leadership is a mainly a question of attitude. Whatever you do, you should be able to see with the purpose. Then definitely our involvement and contribution will be much more. Our work will indirectly inspire others. The kind of environment where I am working, the trust the organisation has

on me, the team with whom I am working, their contribution, their understanding about and visualising the challenge that we have taken up, I am confident that we would be successful in nurturing the Tata-Dhan Academy into a centre of excellence.

**Mr. K. Narender, Chief Executive,
Kalanjiam Foundation**

When I came down to Madurai not knowing the language, I wondered what I would do, but it was an opportunity. You are thrown into the water, you have to search, learn and do it. You have to find out your own answers. The moment you are given that kind of responsibility, self will change. One needs to be much more reflective internally, looking back whether you are fulfilling the responsibility by being self critical. My own personal philosophy to life has also added to the growth. Being positive, trying to excel, doing things continuously, always being enthusiastic etc., Retaining the spirit, though ups and downs were there, the spirit was never lost. Inner urge, and commitment to do only grew. Because of that I got of an exposure to many things. I volunteered, visited many countries, took up many assignments, wrote many proposals etc. That itself led to a lot of learning. The organisations' values and vision also had a very good impact in shaping my own style and thoughts. The organisation was always looking at the larger picture and striving for excellence in its approach and work.

Our programme has created a process that has brought people together for collective action. The Community has come together and started thinking about themselves. Continuing the community action without our intervention is more important. They have to work on their own, sustain on their own. We should not be instrumental in keeping them together. Suppose we are not there, it should not become null and void. Building the community leadership, sustaining the leaders

will be the challenges. Once people start taking charge, a lot of impact will happen. Ultimately the people's organisation has to be relevant for their development. It should not be driven by DHAN, it should be people driven.

My dream is that the Kalanjams should continue as a movement, it should not stop with few individuals, it should continue, the next generation should take it up. Always this institution should be relevant for the people. Be relevant in the context and be a significant player. Sustaining the whole work should come as a strong force and many professionals should be part of it.

Processes and Mechanisms for Leadership Development

Field guidance and mentoring

DHAN Foundation values three important aspects of HRD concept viz.

- Individuals working in DHAN Foundation are valuable resources, who can make greater impact

in the society, hence there is a need to invest time and efforts in their development.

- There is a need to humanise organisational life and introduce human values in the organisation
- Individuals in the organisation need to get self clarity and prepare themselves as long runners in the development work to meet the challenges in the sector. They need to relate with self, their role, their team, organisation, society and the sector.

In this context, DHAN Foundation has an experience of placing senior colleagues as mentors / field guides to groom younger professionals. Since young professionals while working in unstructured situation need - personalised support, timely guidance, space for joint learning and reflecting through direct action, value practice and consciously building their competencies for addressing the concerns. Field guides play a critical role in building them. DHAN Foundation believes that each individual in the organisation should play a guiding role to their team members.

HRD organises various events for professionals at different levels to build their capacity as field guides to meet the situational demands of grooming others.

The table shows what the transition from a Project Executive to Programme Leader means and their Key Performance areas

| Project Executive | Programme Leader |
|---|--|
| <p>The Project Executives are expected to have deep rooted ness in development work and in DHAN Foundation. They should have clarified their families on implications of working in the sector. They should have developed good written and oral communication skills. They should be clear in the principles of development work, NGO sector and various development issues related to poverty and conservation.</p> <ul style="list-style-type: none"> • Appreciate relevance of the programmes for poverty reduction and other development issues, limitations and opportunities • Understand programme components and parameters of progress • Programme management skills such as Planning, Implementation, Monitoring and Evaluation | <p>The Programme leaders would be highly self regulated persons. They will have self determination, strong conviction to inspire others with emotional maturity. They would have resolved family tension & carrying family with their mission. Visioning, strategic planning, implementation and theorising capacity are some of the self related qualities. They would contribute for the policy advocacy efforts of the organisation, and build very good relationships with development leaders, business leaders and top officials. They would be on the Board of few NGOs and in an advisory capacity on Government committees.</p> <ul style="list-style-type: none"> • Conceptual and theoretical expertise on Programme components • Designing and managing creative project management systems • Establishing minimum standards for Programme components and ensuring the standards. |

| | |
|--|--|
| <ul style="list-style-type: none"> • Experiment on few areas within the programmes • Understand what is going on in other institutions in relation to their Programme • Have capacity building, accounting and team building skills • Be sound in technical aspects of the Programme • Build linkages with mainstream Institutions. • Have deep understanding of purpose, core values, philosophy and mission of the organisation • Share in the growth processes and contribute of the organisation. | <ul style="list-style-type: none"> • Initiating and ensuring pro-poor growth interventions to eradicate poverty over a period of 5 to 8 years through stages. • Enabler of enablers-training the enablers of leaders, staff and professionals • Expertise on sectoral analysis and development • Leading 'upscaling' operation with different teams • Integration of themes in locations, regions and Programme components. • As an Institution Builder he/she should have high expertise on Organisation Development skill • Demonstrate and practice ideal matrix leadership role • Have capacity to lead any themes and any institutions with in or outside DHAN collective of institutions • Ensuring 'institutionalisation' in DHAN family • Establish value based management |
|--|--|

Collegial culture for effective learning

The organisation culture plays a significant role in making organisations get the best out of themselves. The culture provides the energy needed to function well just like ensuring a proper circulation of blood through all organs. Human resource development deals with competence building, culture building and commitment building. Competence and culture can be built on a continuous basis in a certain type of culture. Creating a culture is very important. DHAN Foundation's culture is based on the OCTAPACE - (Openness, Confrontation, Authenticity, Transparency, Perseverance, Autonomy, Collaboration, Experimentation) culture. It continuously strives to nurture and build this culture within the organisation at all levels. DHAN Foundation practices the principles of self learning and creates learning environment to ensure the systematic process of learning among individuals, teams and within the organisation.

Tata-Dhan-Academy

The Tata-Dhan Academy an institution for Development Management is the result of a unique partnership between DHAN Foundation and Sir Ratan Tata Trust, Mumbai. The Academy was initiated in December 2000. The Academy aims at becoming a Centre of Excellence in Development Management. It

nurtures and grooms young graduates, both boys and girls, as Development Professionals possessing multidisciplinary knowledge including applied technologies relevant to the 'context' of the development work. Equally high is the emphasis on 'learning' and building knowledge' through action-reflection-action mode. Side by side the focus is on building high quality techno-managerial competencies supported by appropriate motivations, values and attitudes to work with people, particularly the disadvantaged.

The Tata-Dhan-Academy offers a fifteen-month post-graduate programme in development management. It offers short duration programmes for NGOs, academicians, researchers, government agencies and others. The Academy has the advantage of the field facilities and experience of DHAN Foundation to support experiential learning for the students of the Academy. The faculty are from among those who are in the thick of action or have rich field experience. This provides a strong action orientation to knowledge and perspectives. The Academy would play a major role in grooming the development professionals both for DHAN Foundation and for the sector.

Organisation Design

The organisation design facilitates leadership development. The prime feature of DHAN Foundation

is effective decentralisation since systems are built around individuals. They exercise autonomy and are encouraged to do so. This practice allows needed variation in implementing strategies. More over, technological diversity, different contexts of work, leads to increased specialisation, demanding more autonomy of functioning for such specialised groups. Similarly, increase in size demands managerial specialities, like strategic planning, fund management and human resource development. This process is called differentiation.

While decentralisation is effective for involvement, local innovations and quick responses to local realities, it also poses some challenges. According to the famous differentiation – integration theory of management, the higher the degree of differentiation (specialisation or decentralisation), and the greater the need of higher order integration (or centralisation). Decentralisation poses several challenges:

- Achieving economies of scale in areas where each unit cannot afford to develop expensive specialisations.
- Learning from one another keeps the organisation a learning organisation.
- Giving sharper attention to common important functions like strategic linkages (state, national, international) raising and mobilising resources, human resource development, financial planning etc.

For DHAN Foundation, involved in innovative development work, integration of such groups is particularly difficult, because as Weisbord (1967) concluded from his work with human service organisation, the tasks being undertaken are “differentiated within the same person” rather than between groups or persons. And so, by implications, integration is also attempted by the individuals. Integration in the case of DHAN Foundation then has three aspects.

- Paying attention to the minimum ‘central’ functions
- Using integrating mechanisms and

- Developing individuals as ‘integrators’ (achieving differentiation – integration balance in their roles)

DHAN Foundation has been meeting the increasing challenge of differentiation-integration through innovative integrating mechanisms: the strategic forum: the consultative forum (team leaders): the retreat: and cross location temporary systems (like task forces and working groups). The mechanisms besides achieving the integration in the organisation contribute a lot to the building the leadership capacity among a large number of members in the organisation.

Retreat : All the organisational members participate in the Annual Retreat. During this event each one reflect on their self to look back for analysing and drawing lessons for moving forward. This exercise reinforces the purpose of each one being in DHAN Foundation and mutually reinforces the organisational values and principles as a collective and as an individual. Also the culture of collegiality is maintained. It serves as a mechanism for recharging through the collective reflection of individuals.

Consultative Forum: The forum is a mechanism for consultation in the organisation drawn from the members who are in the middle and senior management. The forum reviews the performance of all the programmes and is involved in the planning as well. The forum transacts in a consultative manner and so acts as a sounding board for the teams and the program management. This acts as a grooming ground for the second line leaders and builds their organisational perspective.

Strategic Forum: Strategic forum is for integration and to provide strategic direction and leadership for the organisation. The forum consists of the Programme Leaders and the Executive Director. The purpose of this forum is to discuss, debate and decide on organisational strategies to steer and lead for the sustained growth and future. The decisions are made by a process of consensus. The Forum coordinates the programs, offers strategic guidance, approves the new initiatives, helps maintain the growth of the organisation, advocates policies, networks with National and International agencies and set up collaboration with mainstream agencies.

Strengthening the matrix:

DHAN Foundation is moving towards matrix organisation. By using a matrix structure an organisation avoids choosing one basis of grouping over another; instead it chooses both. "In the simplest terms, matrix structure represents the effort, organisationally speaking, to have your cake and eat it too" (Sayles, 1976). In doing so the matrix structure sacrifices the principles of unit of command. "The balance of formal power is what distinguishes matrix structure from the other means of handling residual interdependencies, including the other liaison devices (Mintzberg, 1979). "Matrix structure seems to be the most effective device for developing new activities and for coordinating complex multiple inter dependencies" and as Mintzberg puts it, "it is no place for those in need of security and stability".

According to Sayles the matrix structure is for organisations that are prepared to resolve their conflicts through informal negotiation among equals rather than recourse to formal authority, to the formal powers of superiors over subordinates and of line over staff.

DHAN Foundation opts for a three-dimensional matrix. The first dimension is location (the decentralised unit). It may be useful to decide which locations/regions will be used as units in the matrix (within a unit, there can be further decentralisation-example, blocks). The second dimension of the matrix is activity related. For scaling up of an activity, its development needs careful planning. The third dimension is provided by the central functions, some of which can be part of the matrix, and some put in the central office.

Mintzberg distinguishes between two kinds of matrix structures: a permanent form, where the interdependencies remain more or less stable and so, as a result, do the units and people in them; and a "a shifting form, geared to project work, where the interdependencies, market units, and the people in them shift around frequently". The latter is evident in the working of DHAN Foundation.

In DHAN Foundation, an effective matrix will involve each senior person taking up two roles simultaneously, one from each dimension, and others

being groomed to develop as matrix leaders through their rotational responsibilities. Usually responsibility in optional dimension, would be taken for a period of three years or so. As the central functions develop further, some of them would take these as full time roles, opting for a second role in an optional dimension of the matrix.

Knight (1976) discusses four main problems which matrix structures evokes; conflict (objectives, accountability, credit-blame, power balancing etc. produce conflict), stress (various role stresses), maintaining a delicate balance of power, and the cost of administration and communication. The system demands that people have to spend far more time at meetings, discussing rather than doing work, than in simpler authority structures. There simply is more communicating to be done, more information has to reach to more people.

Other integrating mechanisms used by DHAN Foundation, and being further evolved, will help in strengthening the matrix. The strength of the matrix will greatly depend on the leadership of role holders in the matrix. Their roles would be further refined in retreat, consultative forum meetings etc. where the members share their expectations and functions of such roles are developed through consensus.

The critical attributes of matrix leaders or integrators or coordinators are summarised as follows:

- Total organisation orientation (rather than parochial view)
- Tolerance of ambiguity
- Interpersonal trust
- Need for persuasive power (expertise, competence, role modelling, developing colleagues) rather than coercive power (status, authority, punishment, etc)
- Catalysing competence (helping decision making rather than deciding oneself)
- Credibility with all groups
- The combination of need for achievement and affiliation and
- Finally 'marginal man' personality

Some of these develop with effective matrix functioning, some through role modelling of senior

people, and some should be developed through special HRD efforts.

Central Office:

DHAN Foundation's central functions are integrating mechanisms. The central office is not meant to "Control" but to coordinate, integrate or monitor certain aspects and to give feed forward and feed back to the decentralised units which can use such feed back for improving their performance. Similarly, the decentralised units provide necessary inputs to the central office for strengthening its integrating role. Feed forward about possible funding, changes in government policies and significant information from Central Office for decentralised units would be very useful.

DHAN Collective

DHAN Collective is a creative concept to nurture and preserve the culture of collegiality, mutuality and solidarity promoted by DHAN Foundation. Shared purpose, core values and resources (human, financial and physical resources) bind the DHAN Collective. DHAN Foundation as a parent institution would guide, support and regulate its family institutions on their mission, policies, strategies and values. Each institution would define its 'own unique' space with synergy. This collective opens up new leadership spaces within the organisation.

Kalanjiam Community Banking Programme transformed into an institution, 'Kalanjiam Foundation', with DHAN Collective to take the promotional role of upscaling Kalanjiam nested institutions model. It would advance the theme of Kalanjiam Development Finance and guide the people institutions for generations.

Tankfed Agriculture Programme and Tata-DHAN Academy would be promoted within next three to five years as thematic institutions in the DHAN Collective. This institutional innovation would build effective and efficient institutions with excellence and integrity. Many institutional mechanisms would emerge within DHAN Collective for effective governance and strategic direction.

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Building Grassroots Leadership

Social cohesion is critical for societies to prosper economically and for development to be sustainable. Trust, norms, and networks, which are considered to be the characteristics of social cohesion, shape the quality and quantity of a society's social interactions. It is otherwise called as *Social Capital*. Increasing evidence shows that Social capital is not just the sum of the institutions, which underpin a society – it is the glue that holds them together.

A broader understanding of social capital accounts for both the positive and negative aspects by including vertical as well as horizontal associations between people, and includes behaviour within and among organisations. The horizontal ties are needed to give communities a sense of identity and common purpose.

It has an effect on community productivity and well-being. The social networks and associated norms can increase productivity by reducing the costs of doing business and facilitates co-ordination and co-operation.

The broadest and most encompassing view of social capital includes the social and political environment that shapes social structures and enables norms to develop. It recognises that the capacity of various social groups to act in their interest depends crucially on the support that they receive from the state as well as the private sector.

Social Capital for Poverty Reduction

Long-term solutions to the problems of inadequate resources and social exclusion require connecting the poor to mainstream resources and services. Efforts, which enable the poor to become linked to additional resources and networks are known as “bridging” social capital. These are the forms of social capital, which are most likely to improve the standard of living of poor people. While social capital among the poor is critical for daily survival and for making their voices heard to those in power, it is only by accessing increased resources that poor people will be able to come out of poverty.

Rural poverty and hunger are two fundamental challenges. Rural communities are endowed with land and water (natural capital), but they often do not have the skills (human capital) and organisations (social capital) which are needed to turn the natural resources into physical assets.

Social capital is significant because it affects rural people's capacity to organise for development. Social capital helps groups to perform four key development tasks effectively such as - plan and evaluate to make decisions; mobilise resources and manage them; communicate with each other and coordinate their activities; and resolve conflicts.

The roles of Social Capital are

- **to Manage Risk**

In rural communities, social ties are often strong and longstanding. Informal ties and social norms provide essential safety nets. These safety nets are especially important because of the seasonality of income and the availability of food and in many countries there are no formal social programmes or existing safety nets do not reach people in

villages. The presence of local associations and networks enhance the ability of poor villagers to allocate resources efficiently and increase their resilience to hazards.

- **to build infrastructure and to access resources**

Social capital is an intermediary for collective action and helps people build common property resources, and also improves access to physical capital.

- **to ensure participation in rural development initiatives**

Social capital adds a social dimension to the development equation of capital that has been ignored in economic explorations of determinants of poverty and household welfare. The positive impact of social capital is now well recognised by governments and development agencies that increasingly use decentralisation and participatory strategies in their rural development activities.

- **In urban situation**

Urban areas, with their anonymity and fast pace, cannot be conducive to societal co-operation. Social capital and trust are more difficult to develop and sustain in large groups. In many cases, interactions between various organisations are not repeated and, therefore, there is no incentive to develop reciprocal relations.

In urban settings, people tend to cluster together in small communities and networks of support, but trust and goodwill for those outside immediate groups is minimal. High levels of intra-group social capital and very little inter-group social capital may have profound effects on inequality, private sector development, government and public welfare.

Informal relations in urban slums provide a crucial safety net for the urban poor and improve their chances and quality of day-to-day survival.

Social Capital and Grassroots Democracy

The social capital that provides basis for democracy is generated by the rich web of non-political

associations, which are social in nature. It has the habits of exchange and collaboration on the basis of which co-operation for the public good and democratic participation become possible.

According to Toque Ville, Association means "An effect on the inner moral life of those who participate, enhancing their sympathies and understanding for fellow humans, and they have an external effect, nurturing their engagement with a wider community of purposes and making common purposes more effective (1969: 514-15).

To sum up, social capital means, social resources on which people draw in pursuit of their common goals. That is,

- Networks and connectedness, either vertical or horizontal that increase people's trust and ability to work together and expand their access to wider institutions, such as political or civic bodies;
- Membership of more formalised groups which often entails adherence to mutually agreed or commonly accepted rules, norms and sanctions; and
- Relationships of trust, reciprocity and exchanges that facilitate co-operation, reduce transaction costs and may provide the basis for informal safety nets amongst the poor.

Why is social capital important?

Mutual trust and reciprocity lower the costs of working together. By improving the efficiency of economic relations, social capital can help increase people's incomes and rates of savings (financial capital).

Social capital can help reduce the 'free rider' problems associated with public goods. This means that it can be effective in improving the management of common resources (natural capital) and the maintenance of shared infrastructure (physical capital).

Social networks facilitate innovation, the development of knowledge and sharing of that knowledge. It can make an important contribution to people's sense of well-being through identity, honour and belonging.

Social Capital and People's Organisations

The People's Organisations (POs) promoted by DHAN Foundation organise the poorest of the poor women through the Kalanjams and farmers dependent on Tank-fed Agriculture through the Vayalagams. They come into existence to address the issue of poverty through savings & credit and rehabilitation of small-scale water bodies called tanks. A stable, secure and equitable organisational system is a precursor for achieving the purpose - poverty reduction, which requires effective social intermediation at the household, the village and the national levels.

The people's organisations at each level have a unique system of organising and managing as an independent institution. They are promoted at hamlet, cluster/cascade and at block/district levels, which operate on the principles of self-help, mutual trust, and co-operation. The People's Organisations also provide a forum for social interaction – which serves as an alternate social structure (outside the household/mainstream society) for peer level interaction.

In developing countries, 90% of households are living without access to institutional sources of finance (Robinson 1995). Where formal institutions are absent or weak, some poor communities have devised their own mechanisms for pooling resources and lending money to those who need it. Poor but closely-knit communities pledge their social capital in lieu of the material assets that commercial banks require as collateral. Social capital among the poor, in effect, "substitutes" for the services that would ordinarily be provided by formal financial institutions.

The concept of promoting People's Organisations around development issues is a unique contribution of DHAN Foundation, which are transforming into people's movements and are fast-growing. It has proved its success in terms of effective management, reaching the poorest segment, ensuring the reach of benefits and building democracy at the grassroots. It has become an effective demand system on mainstream institutions, especially financial institutions. Many NGOs have started playing a greater role in organising the unorganised poor community around these issues.

There are different kinds of networks and interconnectedness among primary and secondary organisations, where the primary organisations called Kalanjams and Vayalagams are put at the centre and other structures at the periphery as support institutions. All these institutions are independent and interdependent in nature and are able to establish linkages with mainstream institutions. They act as a local social capital to draw resources and participate extensively in the credit markets.

The success is more evident because:

- They operate based on mutually liable, self-regulating mechanisms
- They build relationships, networks, and link with formal financial institutions and government departments.
- Along with their supra structures also influence how markets operate, and they shape the relationships between civil society, the state, and the markets
- The quality ensuring mechanisms strengthens the links within the group, and builds up social capital, contributing to broad-based growth.
- Professionals' contribution in promoting and sustaining democratically-managed Kalanjams and Vayalagams is by building their capabilities through training.

PO's becoming Civil Society Organisations

Social Capital is formalised in civil society organisations - the voluntary associations, organisations, movements, and networks that live and work in the social space outside the state and the private sector. In fact, they are the foundations for grassroots democracy.

These People's Organisations are engaged in a variety of activities and issues related to social and economic spheres. Increasingly they have formed state and national level networks to address the growing range of issues. These People's Organisations are democratic in their structure, and have acquired legitimacy, accountability among their members, and right to represent their interests in formal forums.

Civil society also includes a good number of organisations that contribute little or nothing to the good of society.

Role of People's Organisations:

- Constant interactions with mainstream institutions to promote public good
- Negotiations with and building pressure on the mainstream institutions, including the international finance and trade organisations, to influence their policies in favour of the poor, the marginalised and the excluded and
- Voicing demands and organising actions to attain the participatory democratic governance goals.

Building Social Capital through People's Organisations

Social capital has the fortunate quality of being, self-reinforcing; stocks can be increased, rather than depleted, by the right type of use. Social capital can also be actively, though often unintentionally, destroyed through heavy-handed interventions that impose new social relations without taking into account the strengths of the old.

Most attempts to build social capital focused on strengthening local institutions, either directly through capacity building, leadership training, or deploying resources or indirectly through creating an open, democratic environment in which they flourish.

Grassroots Democracy and Leadership

Every human being deserves a say in the decisions that affect their lives; no one should be subject to the will of another. Therefore, DHAN Foundation works to develop democratic processes at every step of building people's organisations and to ensure that people representatives are fully accountable to the members who made them as leaders. It also works towards creating new type of democratic people's organisations which expand the process of participative democracy by directly including all the members in the decision-making process at various levels.

The people's organisations build mutuality and trust among its members. It encourages collective action

through which the members articulate their voices on decisions which impact their lives. It sometimes makes them to take responsibility and act directly upon their own decisions. It gives dignity to them by valuing their contributions and interests. Dignity enhances their self-esteem. It ignites a strong desire for achieving their entitlements and equity. It ultimately creates an identity, ensures the freedom of choice and quality of life.

Effective governance lays the foundation for the People's Organisations promoted by DHAN Foundation aimed at poverty reduction. Participatory governance refers to the involvement of members, in decision-making processes, based on the use of good governance principles such as accountability, transparency, self regulation.

“Ms. Rajalakshmi, Kalanjia Leader, Kadamalaikundu

They had been Panchayat Presidents for several years. No one approached us and said, ‘We are holding Panchayat meeting, please come and participate’. They conducted meetings themselves, took contracts and enjoyed whatever they got. It was not known to others. After the Kalanjiam formation, I was elected as leader. Now, as I am a cluster leader, they come and ask ‘please come along with other Kalanjiam leaders. We are holding Panchayat meeting.’ I took part in 3-4 meetings and we asked for the road, electricity and other facilities for our village. Our demands are being met.

Earlier, we would visit ration shop and ask them to sell the rice at the correct price instead of selling at the price of their own. Now we go and question them along with the Kalanjiam people: ‘you should sell it at the price fixed by the government, otherwise leave it, we will distribute it ourselves’. After such incidents it is functioning properly.”

The role of governance is to empower the poor communities to enlarge their powers in their grassroots level organisations so that they could better control their lives. Empowerment and grassroots democracy could become effective tools of poverty reduction when poor communities are empowered to

use their democratic rights not only to press for individual and collective rights and freedom but also demonstrate it. Some of the principles on which the People's Organisations built by DHAN Foundation are:

Organising the Unorganised: The basic thrust of the poverty reduction goal of DHAN Foundation is to organise the unorganised and disadvantaged communities through its unique enabling approach. The people's organisations act as a platform for attaining collective power to achieve longer term and broader change. It helps develop the guiding vision for systematic change. Inherently, it produces in embryonic form the characteristics of a sound demand system that DHAN Foundation wants to create and creates the means to achieve that vision. That is why organising the unorganised is considered to be a precursor for development.

Building Solidarity: The people's organisation creates a collective body out of a dispersed community. This collective can generate solutions to problems that individual efforts cannot. It raises the level of organisation. This power is a basis for change for both short-term reforms and long-term systemic goals. It mobilises individual creativity and resources, coordinates and interlinks them, resulting in a stronger, more resourceful organisation.

Shared Goals and Vision: The People's Organisations are built around a challenging goal – Poverty Reduction. The basic requirement is developing a common understanding about goals and objectives. It develops homogeneity in thinking and opens new vistas to the members for their own growth and development. Thus the grassroots organisation establishes the values of democracy and equity.

Shifting Paradigm- Moving from periphery to centre: While a deeper analysis of the roles of different development partners shows that some groups are evidently strategic in social change today, the role of demand stream is given central focus, people's organisations are moving from periphery to centre. Capacity and coalition are built among the poor breaking caste and religious barriers. Self management and self reliance are reinforced at every stage of building the People's Organisations.

Valuing Grassroots Leadership: DHAN Foundation recognises that leadership is a precious resource for grassroots democracy. Leadership may arise indigenously or come initially from outside, but must be integrated with the grassroots. A participant in a workshop organised for the leaders of Kalanjams and Vayalagams:

"It is easier to become an MLA or an MP, because it needs after all money. But it is very difficult to become a leader in the Vayalagams and Kalanjams, because every one in the village is watching us from our childhood. They know about our integrity and honesty. We cannot escape from them"

Real leaders practice real democracy, they are always valued for their long-term commitment and consistency to their collective interests. They create various mechanisms in their groups to make others to express their views on any issue. Leaders are grounded in a basic respect for people and their ability to do what is right, to learn, and arrive at intelligent decisions. While arguing for their opinion, these leaders carry out the will of the majority. However, such leaders' opinions form only in constant interaction with the co-members. In this sense, real leaders are not separable from their community. The leader who is prepared to change and learn contributes more.

Building Institutions for Generations: It is self-evident that organising people's organisations and building their nested institutions is a long-term and organic process. It goes through different phases, for e.g. these phases are very distinct in the Kalanjams, they include – social intermediation, financial intermediation, business intermediation and becoming civic institutions. It is believed that the People's Organisations take care of not only the present, but also the future. In other words they achieve the goals to better people's lives in the present but strengthen institutional systems to take up future issues and broader challenges.

Achieving Collective Consciousness: DHAN Foundation believes that greater consciousness among the people is an important objective of People's Organisations. The people are being

exposed to the alternate perspectives on an issue and the various hidden meanings and mechanics of the issues, and develop a critical, independent perspective toward it.

Changing Roles of Promoting Institution: The role of promoting institutions goes through evolution and devolution, DHAN Foundation which starts as a promoter later on changes to facilitator and then advisor. At every stage it sees itself as outside and temporary to the communities. Indigenous leadership and a long-term vision are expected to rise spontaneously from the local communities. The need for organising is ongoing as the need to realise collective strength and democracy is ongoing. In applying the lessons learnt by DHAN Foundation however, it sees that the method of organising vary according to the changing conditions and contexts.

Moving towards People's Movements

Kalanjiam Movement

Over the last decade, the Kalanjiam Community Banking Programme has moved through various phases of organic development. Initially started as a pilot project, and then moved to the status of 'programme', it has gone through various phases of development and has taken shape of a movement to reach millions of poor in the years to come with larger development agenda.

The programme with the momentum gained over the last one decade got transformed into a 'Movement' on November 16, 1998 as a result of the resolutions taken by the 25,000 women at their first meeting at Madurai. The first Executive Committee of the movement with 12 members was elected to steer the activities of the movement from among the member groups. The Kalanjiam Movement today has a membership of nearly 1.65 lakh poor women belonging to 10,544 groups spread over Andhra Pradesh, Tamil Nadu, Karnataka and Pondicherry. The purposes of the Kalanjiam Movement are to:

- Reach at least a million poor families through movement over next one decade.
- Identify and nurture thousands of women leaders and movement workers to spread the movement.

- Bring the poor out of the clutches of moneylenders.
- Promote localised community owned financial institutions at the hamlet, the village and the block levels for sustainability.
- Forge alliances with mainstream banking and administrative systems.
- Setting up and managing of the schools, hospitals and other community developmental infrastructure for the poor.

While continuing to focus on reaching to scale; the other areas of emphasis are addressing the issues of gender in greater depth by the federations of women groups. Promotion of business activities for the members and experimentation on various dimensions of impacting the poverty of the individual members and their families would continue. The programme encourages initiating civic programmes like health and education for the members of the groups by the federations.

Vayalagam Movement

DHAN Foundation's Vayalagam Tank-fed Agriculture Development Program came into being from the analysis of rural situation in the chronically drought prone areas of Tamil Nadu. The tanks need to be saved from extinction for many reasons, and our efforts in working with the small and marginal landholders for the restoration of tank irrigation and regeneration of farmers' management have met with success. Water as the basic input for farming in dry tracts brings tremendous benefits in the life of farming communities. The farmers are organised around the tanks with our efforts to conserve the tanks and improve their performance.

Through the years DHAN Foundation has undertaken tank rehabilitation, community well construction, drinking water development works and watershed development works covering nearly 32,107 farmers and benefiting their small holdings in the dry areas of South India, through around 556 Tank Farmers Associations and Federal Associations. In the last several years, the project could take up many issues related to tank rehabilitation and agricultural development with people's participation, investment,

management transfer and ownership rights in many forums.

In order to have a wider reach, these tank farmers have collectively launched a farmers' movement - Vayalagam Movement to work for the conservation of these tanks. The Movement was launched in the year 2002, which was the tenth year of the Tankfed Agriculture Development programme implementation. The movement has been conceived as an offshoot of policy advocacy efforts of tank farmers and their federations at different locations. The objectives of the Vayalagam Movement are:

- To enhance the awareness of the general public about the revival of traditional water harvesting structures like tanks, ponds etc. and their water management.
- To address the issue of widespread poverty through conservation and development of small scale water resources in India.
- To regenerate local management of tanks by promoting tank institutions for all small-scale water bodies for long-term sustainability.
- To develop a favourable policy environment through interactions, seminars, conferences, policy workshops and dialogue.

The activities are mainly aimed at mobilising the participation of tank farmers from different states in the country. By coming together, they feel that they could be strengthened and better able to speak out on issues pertaining to the conservation and development of small scale water bodies like tanks, ooranies, farm ponds, etc.

Basic beliefs in Grassroots Leadership

DHAN Foundation has a strong belief in indigenous wisdom and knowledge gained by people through their real life experiences. Likewise, it believes that the leadership capacities are enormous in each individual, but the major issues to unleash those potentials are opportunities and space available to them. DHAN Foundation views the grassroots leadership through the following beliefs.

- Everyone has native wisdom and leadership qualities
- Experience facilitates leadership development

- Environment influences leadership development
- Space and freedom nurtures leadership competencies
- Leadership can be built through effective capacity building mechanisms
- Social concern motivates commitment and empathy
- Real leaders practice real democracy
- Real leaders are not separable from their community

Leadership Development Processes

DHAN Foundation invests substantial energy to build the leadership of the people in their collective bodies at different levels. It builds the capacity of leaders in planning, organising, conflict resolution and guiding fellow members. Finally, these leaders through their leadership skills facilitate effective democratic practices at each of their institutions. So far, DHAN Foundation has been able to unleash the leadership potential of thousands of women and farmers in South India. Presently there are about 35,000 women leaders in the Kalanjiam Institutions in various capacities and about 2,500 farmer leaders in the Vayalagam institutions at various levels. In a typical Kalanjiam within a period of eight-ten years all the members would get an opportunity to hold at least one leadership position, either at Kalanjiam, cluster or federation level. All DHAN Foundation initiatives are aimed at achieving grassroots democracy over a period of time.

Selection: The leaders are selected based on the collective consensus among all the members. At each level, equal representation is given to all the villages at cluster level and to all the clusters at federation level. Leadership rotation is another unique feature of the People's Organisations promoted by DHAN Foundation. The leaders are rotated once in 2-3 years paving way for the other members to become leaders.

Capacity Building: DHAN Foundation strongly believes in enabling the communities to achieve self reliance. Hence all its strategies of promoting people's organisations are centred on building capacities of the leaders and members. A variety of capacity building events are organised on different areas of leadership development, such as:

- Induction and orientation programmes to impart the concept and structure of the institutions and roles of leaders at various levels.
- Training programmes to explore the leadership values and qualities, understand the nuances of conflict resolution and group building, self development, group dynamics and effective communication methods.

“Ms. Selvi, Kalanjia Leader, Kottampatty

When we face problems, we learn a lot. We learned how to unravel and solve it. Many people have come and trained us. Some people came to our groups for exposure visits. They learned many things from us and it is also an opportunity for us to learn from them.”

- Exposure visits to encourage cross-learning of best practices and new initiatives across locations, various conflict-resolving methods by involving directly in problem solving etc.
- Experience sharing by veteran leaders and facilitating dialogues with them to learn various leadership traits and values.
- Workshops, seminars and conferences to provide a platform for sharing their experiences and learn different perspectives from other leaders from other federations and organisations. These events are organised to build their perspectives on institution building, democratic management, working with mainstream institutions etc.
- Participation in various committees such as steering committees, state level conservation council etc. to learn the art of convincing and confronting with bank and government officials.
- Continuous, close interaction and joint work with professionals from DHAN Foundation.

According to the leaders in one of their workshops the following qualities are required for being a leader in the Kalanjias / Vayalagams.

- Ability to empathise with members and their problems
- Courage to oppose exploitation and injustice
- Good communication skills to relate, convince and negotiate with members, officials and others

- Commitment to the cause and dedication to the work
- Being a role model and taking on responsibility willingly
- Having a dream and vision for the future

“Dream of a Leader:

Mr. Vasudevan, Vayalaga Leader, Thiruvallur

I see my village ten years later. While seeing from top everywhere thick and green vegetation with water bodies in between. ...It rains heavily, during that time; the tank is filled to the brim and is overflowing. It flows and crosses the check dams and fills the nine small water ponds, where the people are bathing and animals are drinking. ...The water from the tank flows through the channels and fills the fields. In every corner of the field I am able to see farm ponds full of water, where fishes are grown.The fields are with paddy, sugarcane and banana in between coconut orchards.... I want to achieve this through our Vayalagams.”

“Ms. K. Pappa, Kalanjia Leader, Ramnathapuram

After joining the Kalanjiam, I was given responsibilities of going outside. I had been ignorant of the opportunities available to the poor. Whenever opportunity comes to me, I never hesitate to visit new places and meet new people. Without minding the tediousness of journey, I would be ready with my luggage immediately and convince my husband. As far as I am concerned, there is nothing wrong to come forward to serve the people. Once, I feared going out in the night and was afraid of talking with others. Now that thought has fully disappeared from my mind. We should be honest, and should not bother about what other people say.”

The family is the basic point of reference. Protecting family honour and holding familial welfare as the central good is pre-dominant. In a society pervaded by insecurity, “Everyone’s first concern is his / her family. Your family is the only thing you can count on”. While the family is the firmest support, there is a greater interaction within the community and extension of help to those outside the immediate family.

“Mr. Duraisamy, Vayalaga Leader, Theni

My thoughts were confined within a small circle of my children, my family, my relatives and my house. After taking charge in the Vayalagam, I felt that what I am doing now is more worthwhile when compared to what I had been doing earlier. After coming here I get full satisfaction by serving the people. As far as I am concerned, I don't consider it as a service to the people but service to God. I felt how the tank had been neglected for 40 years and I got new life through our work. Serving the people is better than worshipping God. Instead of 'I' we are moving towards 'We'. Again we cannot return to 'I'.”

Most of the leaders come from poor economic backgrounds and they have experienced poverty. In many cases they have been the sole provider for most of their family needs. Yet, despite all these hardships, they continue to have a strong conviction of working for others.

“Mrs.P. Chinnapillai, Kalanjia Movement Leader, Stree Shakthi Puraskar Awardee

I told them that since I got an award can I fly all over the world? I am Chinnapillai and all the time I will be the same. Wherever I go, people talk like this. Why don't you get an ear ring or a chain? Why don't you have a silk sari? When I was born, was I born with all these things? I want to be same all the time. I feel this always in my mind. Jewels don't matter for me. I want to be simple as I am now. I will serve the people till the last breath of my life. I will not shirk my responsibility. I have come up to this level after facing so many trials and tribulations in my family and along with the people. I owe it to the Kalanjiam.”

They consider it as their duty to help the fellow poor families. They have always sought ways to help others and demonstrated the values. As a leader they realised that they are role models to others and check themselves before offering correction to others. They try to involve as many other people as possible. They often miss their own work in order to do things for the

groups despite the fact that they the primary earners in their houses.

These leaders demonstrate values and morals which go far beyond social requirements. They are able to further articulate these values and enact them through their federations. They begin with an underlying trust in the importance of helping others and are confident in their abilities to assess the program and relate it to others. The People's Organisations' belief in participation gives them the space to manoeuvre within the system and yet retain their independence. Their own experiences have formed and solidified a concern for others which they have acted upon in various ways over the years.

While initial interest may have been sparked by the idea of economic gain, these leaders found the program a means to address other issues and values in their lives as well. Their natural inclinations to help others were quickly regularised through their service to the groups. Likewise, their vision for the poor in their villages and elsewhere were met by opportunities for tangible results. These leaders are willing to put in immeasurable effort and energy. They are committed to the programs not only for visible reasons, but as an external manifestation of what each of them already holds to be significant and meaningful in life.

While the initial focus of people-centered development is upon morally advanced and initiating leaders, their strategy obviously encompasses the broader community as well. These leaders play an especially vital part in role-modelling. They are conscious of all they do.

“Mr. Michael, Vayalaga leader, Ramanathapuram

“Before giving advice, I stop and make sure I do it myself. I keep alert as I know I am being observed... If I act wrongly, I would lose the confidence of the people. Though I am in politics, that too in the ruling party, I never bring in politics in the Vayalagam work. Earlier, I was a contractor. I stopped taking contract works after taking the responsibility in Vayalagam. Even now, several opportunities are coming to me; last week also there was an invitation from Public

Works Department (PWD) to take a tank on contract for renovation. I know I can make money out of it. But, being a Vayalagam member, how can I talk about issue of contractors, I refused the offer. My own villagers, who have known me since my childhood, now look at me differently. At times, when I use angry words in some places, the people shoot back 'you are in Kanmai Sangam, why are you getting angry?'. I was an addict to alcohol earlier, but now I have stopped drinking. If I drink and dance in the village, will the people respect me?"

The independence and interdependence in the groups have served to strengthen the group as an entity and enhanced the ability of individuals to identify with the whole. Most of the doubts are handled by the leaders and all decisions are decided on a majority basis. Most of the members have a point to insert into discussions and decisions. Members learn what other individuals have done with their loans as well as what the overarching goals and visions are. Verbalising possibilities and future dreams thrusts the leaders out of their tightly bounded world of day-to-day family duties - into a larger picture of the world and their place in it. Their sense of meaning and purpose expands.

These dynamics also further the process of identification as each leader is allowed to define his/her own role in the group and engage in the overall functioning.

- Through this dialectic, the individual remains a subject in value formation.
- As each one experiences the group and observes role models, the underlying values become real. Each one will come to know the good intrinsically.
- In this, they will have the motivation and commitment to develop others and the community.

While hoping that everyone will become involved and desire to serve the community, it is more likely that the majority of people will be primarily concerned with themselves and the demands and duties they face each day. This is their reality, energies and efforts extend only as far as people see fit for their task.

In most places, there will be a select number of individuals whose loyalties extend beyond boundaries. Their concern is practised without respect to family or caste ties. It transcends the social law. It is these individuals who rise up through difficulties and they are driven by the values and goals of their self as well as organisations.

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| DHAN Foundation at a Glance as on | March 2001 | March 2002 | March 2003 |
|--|-----------------------|-----------------------|-----------------------|
| Reach | | | |
| No. of Families | 103,186 | 147,274 | 1,96,659 |
| No. of Primary Groups | 5,559 | 8,323 | 11,100 |
| No. of Clusters | 425 | 642 | 850 |
| No. of Federations | 20 | 28 | 38 |
| No. of Villages | 2,151 | 3,057 | 3,889 |
| No. of Districts | 17 | 22 | 23 |
| Staff | | | |
| No. of Professionals | 106 | 147 | 192 |
| No. of Programme Staff | 69 | 102 | 121 |
| No. of People Functionaries | 1,215 | 1,249 | 1,383 |
| Finances (Rs. in lakhs) | | | |
| a. Programme Funds | | | |
| People | 1,358 | 2,356 | 3,670 |
| Banks | 974 | 3,288 | 5,260 |
| Government and Donors (for the year) | 155 | 77 | 97 |
| Sub Total | 2,487 | 5,721 | 9,027 |
| b. Programme Management (for the year) | | | |
| People | 125 | 356 | 460 |
| Government | 16 | 75 | 123 |
| Donors | 348 | 443 | 574 |
| Sub Total | 489 | 874 | 1,157 |
| Grand Total | 2,976 | 6,595 | 10,184 |

DHAN Foundation - 2002-2003

OVERVIEW

The year 2002-2003 is a watershed year for DHAN Foundation. The Kalanjiam Community Banking Programme got transformed into the Kalanjiam Foundation on October 2, 2002. It is the first thematic institution to be promoted by DHAN Foundation as part of the DHAN Collective. DHAN Academy promoted by DHAN Foundation with the support of Sir Ratan Tata Trust (SRTT), Mumbai, metamorphosed into the Tata-Dhan Academy. It has reinforced the partnership of SRTT, Mumbai, and DHAN Foundation in nurturing the Academy into a centre of excellence. The year also saw the launch of two new development themes – Rainfed Agriculture and Working with Panchayats. The two themes are in the pilot phase and have taken up specific areas for experimentation in the next 2-3 years.

DHAN Foundation had the privilege of hosting some of the regional events of the Ford Foundation's Fiftieth Year Celebrations. The Madurai Symposium was organised in Madurai from March 7-11, 2003 by bringing various stakeholders in development, including the community, to celebrate the achievements and set the agenda for the future. The five-day symposium had concurrent seminars of people representatives being held along with seminars on various development themes. A number of resolutions and declarations were arrived at the end of the deliberations of the Symposium. The policy advocacy efforts of the Vayalagam Tankfed Agriculture Development programme were intensified. A National level seminar on '*Revisiting Village Tanks in India*' was held in New Delhi. DHAN Foundation has completed five years. It has been able to create an identity for itself in the themes of water and microfinance with its experience at the grassroots and policy advocacy work.

KALANJIAM COMMUNITY BANKING PROGRAMME

The birth of Kalanjiam Foundation in the year 2002 is another milestone in the growth of Kalanjiam Community Banking Programme. It began as a pilot

project in the year 1990. It took the shape of a movement in the year 1998. It is the first thematic institution promoted by DHAN Foundation. In the last year a lot of preparatory works were taken up to develop independent organisational systems, structure and mechanisms for the Kalanjiam Foundation (annual report given in the Annex 1).

The primary focus of the Community Banking Programme is poverty reduction through promotion of member controlled, owned and managed People's institutions at different levels, and innovating need and context based products and services to the members. The primary groups known as Kalanjiam are promoted at the village or hamlet level with 15-20 women belonging to the poorest families. All transactions take place at the group only. It acts as a single window system in accessing services and benefits for its members. These primary groups control the next level institutions. 15-20 groups in a contiguous area of three to four villages with easy access to each other promote the Cluster Development Association. They provide support to the groups in their efforts to access other services and to learn from each other's experiences. 150-200 groups in a block (a development unit of a district with a population of about one lakh) come together to promote the Federation. The groups address the various needs of its members through the Federation.

Currently the programme has an outreach of 1,64,552 poor women covering 3,489 villages and slums in 16 districts of Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry. Out of the total outreach, 1,40,808 members (86%) are rural poor, 17,430 (10%) are urban poor and 6,314 (4%) are tribals.

Reaching out to the poor

The programme team promoted 2,683 new groups with a membership of 42,434 during the year. Nine new federations were promoted during the year. ICICI Bank provided funds to initiate the programme in 12 locations. It is a new way of reaching out to the poor through SHGs (Self Help Groups) by a Bank and a development agency. The development issues

in the new location usually a block are identified and an understanding of the same is made before any work is initiated. The new locations are initiated in places where there is a potential for working in another 5-6 blocks. This is usually a district, which is considered a region. Focused training programmes and workshops are organised for the young professionals placed in new locations to enhance their understanding of the context and development issues in the locations.

Participatory Rural Appraisal methods are used to identify the poorest. A further categorisation among them into survival, subsistence and self-employed was attempted in new locations to evolve specific goals in each group. Many approaches were used for reaching out to new areas. In Karnataka, the cultural troupe was used to create awareness among the people through campaigns. It had a very good response. Nearly 200 groups were formed within three months in one location through this method. Members training, leaders training, exposure visits, celebration of 50th group formation, celebration of 100th group formation, Annual General Body meetings were significant events to build the awareness among members and to create a feeling of solidarity and ownership of their organisations.

Seven federations have initiated health, education and other civic initiatives for the benefit of their members. A few federations have been successful in mobilising grants from the District Administration, Small Industries Development Bank of India (SIDBI), Sir Ratan Tata Trust (SRTT) and Council for the Advancement of People's Action and Rural Technology (CAPART) to support many of these initiatives in addition to their own contribution.

Leadership development: Many capacity building events were organised at different levels viz. location, region and programme to build the capacity of leaders to manage their own institutions. Induction programmes for the Board of Directors of federations were organised at region level. Annual General Body Meetings at cluster and federation level were organised at all locations. Apart from this the leaders were encouraged to participate in conventions and workshops.



Future search exercises were conducted in ten federations as a two-day event. The Board of Directors of the federation and the staff participated in this event. The participants from each federation focused their discussions on self, society and their federation. This exercise helped to look at new challenges and develop an institutional process of planning for the federations. The process was recharging and participants got greater clarity on many aspects of their work and its connection with larger society and development issues. At the end of the two-day deliberations, working groups were formed in each federation on the following areas.

- Evolving Mission, Purpose, Principles, Values of the federation
- Evolving the structure and systems of the federation
- Evolving strategies for poverty reduction
- Evolving five year plans of the federation

In addition to it, several regional level conventions were organised for the leaders. The conventions were based on themes such as Leadership development, Resource mobilisation, Cost coverage and Sustainability etc., based on the local context and need. The design of the convention included paper presentations by leaders of federations, discussion on lead questions and issues, resolutions and declarations based on the discussions. Each region brought out a booklet on the convention's theme in the local language. These conventions were found to

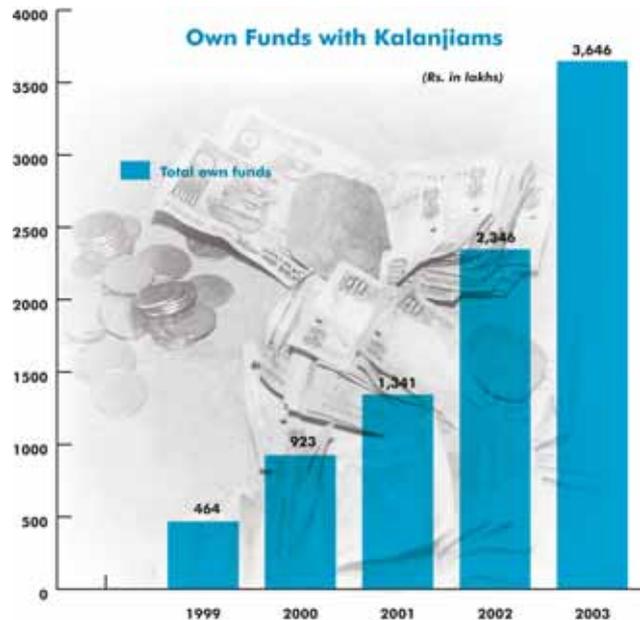
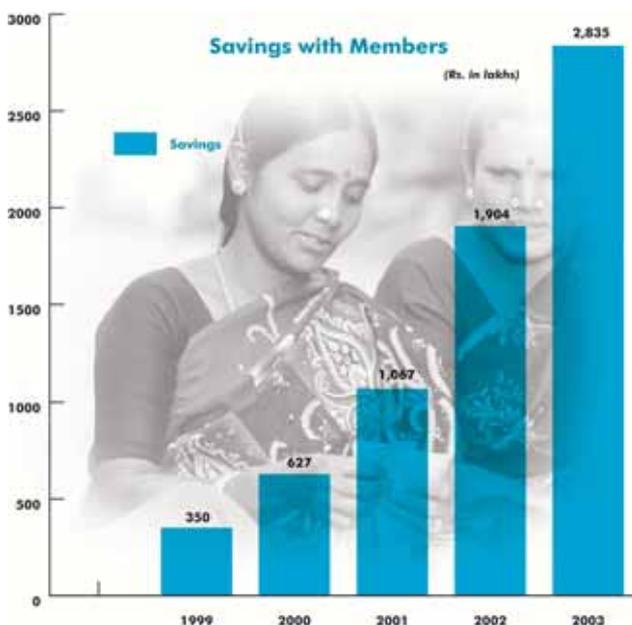
be effective tools to facilitate greater sharing of experiences and learning while providing opportunity for leadership development.

A women federation leaders' conference on microfinance was organised as part of Madurai Symposium. Around 1,000 women leaders from 102 federations promoted by various agencies from all over the country participated in the conference. The objectives of the conference were to share their experiences, build their perspectives on institution building, develop milestones for women development and to develop a charter for the future direction of the federations. The conference provided an opportunity to highlight the significance of the federation model for empowerment and facilitate networking among federation leaders across the country. (more details about the convention in Annex 2)

Promotion of Financial Services

Savings

Savings continues to be the major source of internal lending in the groups, in addition to building ownership and stakes of the members. It helps in developing a discipline in Kalanjams to demonstrate mutuality and self-management. Internal lending begins from the first Kalanjiam meeting in which savings are made.



Primary savings are not withdrawable. The savings made by members for a specific purpose for a particular period in addition to the primary savings can be withdrawn and is called as diversified savings. The members mobilised Rs.931 lakhs as primary and diversified savings during the year taking the cumulative savings to Rs.2,835 lakhs. The surplus after meeting all expenses generated by the Kalanjams was Rs.370 lakhs. The cumulative reserves and surplus available with the Kalanjams is Rs.812 lakhs. The total internal fund available with the Kalanjams is Rs.3,646 lakhs.

The average savings per member had increased in many of the locations during the year. There were cases of non-savers in few locations primarily due to migration and severe drought. The policies on interest rate, withdrawal option for primary savings were revised in the older Kalanjams to encourage greater flexibility for members and to suit their needs.

Kalanjams as self-reliant organisations

An analysis of the expenditure in the Kalanjams reveals the following pattern. Nearly 20-25% of the expenditure was towards meeting the debt servicing charges to various commercial and apex banking institutions.

25-30% of the expenditure was to meet the administrative costs incurred at the Kalanjiam,

Analysis of Expenditure in Kalanjams

Rs. in lakhs

| SI No | Particulars/Year | 2003 | 2002 | 2001 | 2000 | 1999 |
|--------------|-----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| 1 | Interest paid to Banks | 264(26) | 161(25) | 73(26) | 46(21) | 34(21) |
| 2 | Interest paid on member's savings | 212(21) | 159(25) | 63(23) | 46(21) | 37(23) |
| 3 | Administrative Expenses | 245(24) | 197(30) | 62(22) | 59(27) | 46(29) |
| 4 | Reserves and Surplus | 289(29) | 133(20) | 80(29) | 65(31) | 44(27) |
| Total | | 1,010 (100) | 650(100) | 278(100) | 216(100) | 161(100) |

(These figures are from the annual consolidated income and expenditure statement of all the Kalanjams. The values in the parentheses represented as percentage to total figure)

Cluster and Federation level. It also includes the salaries of the staff at different levels and part of the training costs. About 1,250 educated local youth, majority of them are women, have been employed at different levels. The Kalanjams meet their operational costs from day one and gradually contribute to the administrative expenses of the cluster and federation as well. It is interesting to note that 40-50% of expenditure remains within the system in the form of reserves and surplus and interest on the accumulated savings of the members. It is again ploughed back within the Kalanjams as loans and grows further.

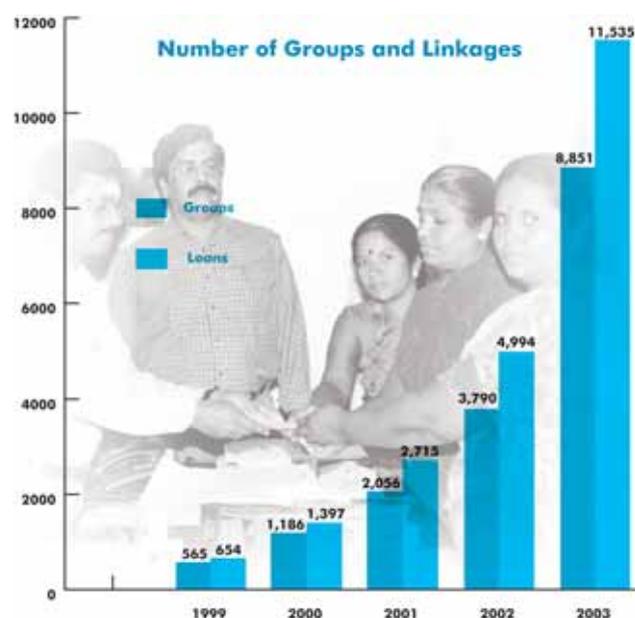
Credit

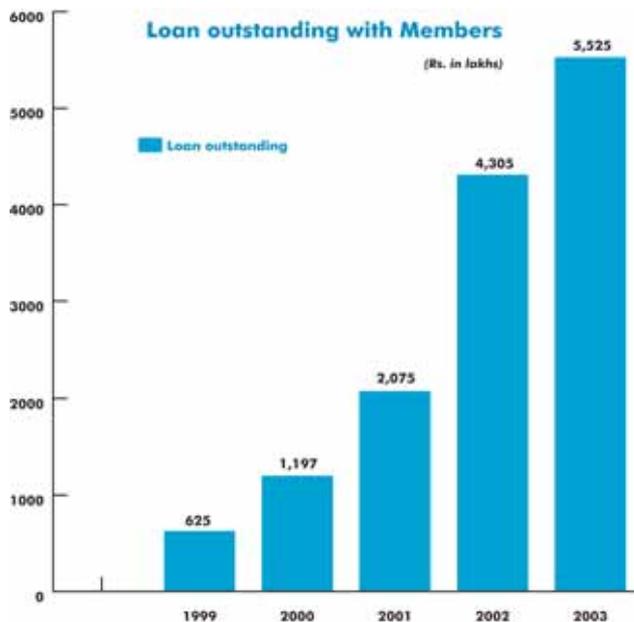
a) Resource Mobilisation through Commercial Banks: The own funds available with the Kalanjams are not sufficient to meet the credit needs of the members. Linking the Kalanjams directly with the local branches of commercial banks has been one of the major sources of loan funds for on-lending to the Kalanjams. In addition to initiating linkages with new banks and branches, focus was given on intensifying linkages with branches where a number of linkages have already been made. Presently 8,851 Kalanjams out of a total of 10,544 have already been linked with 24 banks through 137 branches. The banks in which intensive linkages have been established are Canara Bank, ICICI Bank, Indian Overseas Bank, Indian Bank, State Bank of India, Pandyan Grama Bank and Corporation bank.

Efforts were taken to intensify linkages with selected branches. Some of them are advanced training on SHG - Bank linkages for branch managers. Branch-

Federation level forums where monthly or bimonthly meetings were organised with the Kalanjiam leaders, federation and bank staff to share experiences, review the progress, and sort out operational issues.

Similarly bank-wise steering committee meetings were organised at programme level at periodic intervals with representatives from the bank managers at different levels, leaders, federation and programme office staff to review progress, set milestones for the future etc. Steering Committee meetings were organised with Canara Bank, Indian Overseas Bank, Pandyan Grama Bank, Venkateshwara Grameena Bank and Saraswathi Grameena Bank during the year. All these efforts resulted in adding 52 new





branches during the year. Kalanjams mobilised Rs.2,097 lakhs as loan funds from banks to meet the varied credit needs of members. Seven federations have been linked with apex banks to mobilise bulk loans for housing and income generation activities.

b) Credit Utilisation: The purpose, loan size, repayment period etc., varies and depends on the age of the groups, availability of funds, need and capacity of the members to repay. The Kalanjams have helped meet the credit needs for consumption, health, and education etc., of members. About 35 – 40% of credit was used for business activities and creation of assets for the poor. Similarly, a significant portion of credit in the new locations was utilised to redeem their debts from moneylenders and other sources. The credit facility has helped arrest outflow of members' income as interest payments.

A Business Development Cell has been established at the Programme Office to provide support to locations in identifying suitable business activities, establishing linkages and strengthening business initiatives. The team provided support to locations in establishing rural-urban linkages, exploring possibility of collaboration with corporate houses etc.

Insurance

The insurance products are being offered in 34 locations and covers 53,327 members. The products include life (both accidental and natural death), health and non-life including livestock, assets and housing. Due to scale, it was possible to negotiate with the companies to get a better deal for the members. ICICI Prudential, AMP Sanmar and LIC of India were the major companies that offered life coverage for Kalanjiam members. United India Assurance and New India Assurance companies offered the non-life insurance products for the members. In some federations the members opted to provide life cover to their husbands as well. The insurance companies treat federations as legitimate intermediaries and pass on the agents' commission to them and provide market development support.

Redeeming Assets and debts – A collective approach

The Madurai Vattara Kalanjiam carried out a study on the assets mortgage and outside debts of its members. A preliminary assessment showed that Rs.2.3 crores was the old loan outstanding with the members borrowed at high interest rates. On an average, members in each group had Rs.1.5 lakhs as outside debt. Some groups had more than Rs.3 lakhs as well.

The Federation prepared a plan to free the members from outside debts. They also realised that it would not be possible to bring out all the members within one year. So they decided to bring out at least 2-3 members per group on a priority basis. Accordingly, a cluster-wise plan was made and eligible groups and members were identified. Some of the identified members had loans up to Rs.50,000. A ceiling of Rs.25,000 per member for outside debt was fixed and loans were sanctioned based on their capacity to repay.

Most of the outside debts had been obtained by mortgaging jewels, houses, registration certificate of autos, pension pass books etc. and the loan amounts ranged from Rs.3,000 to Rs.25,000. The loan applications at group level were prepared only after getting the evidence of mortgage of these assets. The Cluster leaders with the help of Cluster Associates appraised the applications along with the evidence and then sent it to the federation for approval. They also ensured that the assets were redeemed. Thus the federation was able bring some of its members out of the clutches of moneylenders to a certain extent.

A thematic workshop on 'Relevance of Insurance for Microfinance' was organised at the Madurai Symposium attended by major insurance companies, leading NGOs, bankers, government officials and federation leaders involved in insurance programme. The workshop helped in dissemination of some of the best practices followed in the Kalanjams with regard to insurance to a larger audience and helped to build new collaborations.

Support to Civic Initiatives of Federations

Malnutrition, poor health, lack of learning opportunities and limited choices are defining characteristics of poverty. Economic upliftment of the poor depends also on their health status and awareness. The costs of illness keep people in poverty and poor quality education limits their opportunities to escape from poverty. Considering this, seven federations have initiated health and education programmes on a pilot basis.

Health Initiatives: An 'Advisory Committee' on health consisting of experts in the field of community health and medicine was set up to guide the design and implementation of health programmes. A number of activities have been undertaken by the federations to promote better health for their members. In seven federations, nearly 23,000 women members have undergone health check up and a baseline on their health status was created. It was found that most of the women are affected by anaemia and



gynaecological problems. In all locations eye camps were organised in collaboration with Aravind Eye Hospital. Many surgical cases were identified and referred to the hospital for follow-up. At Vaigai Vattara Kalanjiam six such camps were organised and 1,082 members were screened for eye related problems. Fourteen Siddha health camps were organised wherein 2,804 members participated. Ten traditional Siddha practitioners were identified for providing treatment.

The federations have appointed 250 trained First Aiders in selected villages and provided them with a medical kit to deal with minor ailments. In two locations, where maternity care facilities are not available, community health workers were selected, trained and placed. These workers are ensuring safe delivery, 100% immunisation for children and pregnant women and motivating eligible couples for

Life insurance provides succour to the children



was waiting for the rain to stop, she was struck by lightning. She died on the spot. The federation immediately submitted the claim for accidental death to the insurance company. The claim was accepted and Rs.50,000 was disbursed. The leaders did not give it to her husband. Instead they deposited Rs.25,000 each in the names of her two daughters for their future needs.

Rajakumari was a worker in a match factory and a Kalanjiam member in the Vilathikulam federation. She had two daughters, Gurulakshmi and Vasuki. Her husband was an alcoholic and did not contribute to the family. She had to run the family on her meagre income. She joined the life insurance scheme as the other members asked her to join. She could get a scholarship for her children's education as an additional benefit of being a policy-holder

One day while she was working in a farm, it rained profusely followed by thunder and lightning. While she

family planning. Many Kalanjams have taken up the maintenance of the community toilet complexes in their villages through the total sanitation programme of the government. To promote the consumption of fresh vegetables by the members, 15,000 kitchen garden seed packets were distributed which yielded good results. Village level health committees have been promoted in 18 villages in Kamudhi. They have been provided training on various health related issues. They also conduct a review of the first aiders work.

Education initiatives: A number of initiatives were taken up to improve the standard of education of the children of the Kalanjiam members. In order to support and strengthen the facilities for education in existing schools, five Kalanjiam federations have identified selected schools in each block and provided support to improve the existing facilities. The support extended, includes provision of blackboards, tables, benches, and salary for an additional teacher to manage the workload. Evening tuition centres were initiated in 117 villages belonging to 17 federations. These centres provided a conducive environment for the children to study. A teacher is available to clarify their doubts and guide them. The teacher is from the local village itself and is paid by the contributions made by the children and the Kalanjams.

Support for Housing: Eight federations are implementing the housing programme for their members. The focus during the year was on upgradation of houses rather than construction of new houses. A total of 209 new houses and 1,484 upgradation works were completed with a loan of Rs.208.46 lakhs from apex banks such as Housing Development Finance Corporation (HDFC), Housing and Urban Development Corporation (HUDCO) and local banks. Technical training with a focus on cost effective technology was given to the housing associates.

As part of the Vaigai River reclamation project the Corporation evicted the houses on the riverbanks in Madurai. Nearly 400 Kalanjiam members in the Madurai urban federation lost their houses. The federation undertook a project with financial support from the Housing Finance Development Corporation to relocate these members. The federation has purchased 10.1 acres of land for relocating the

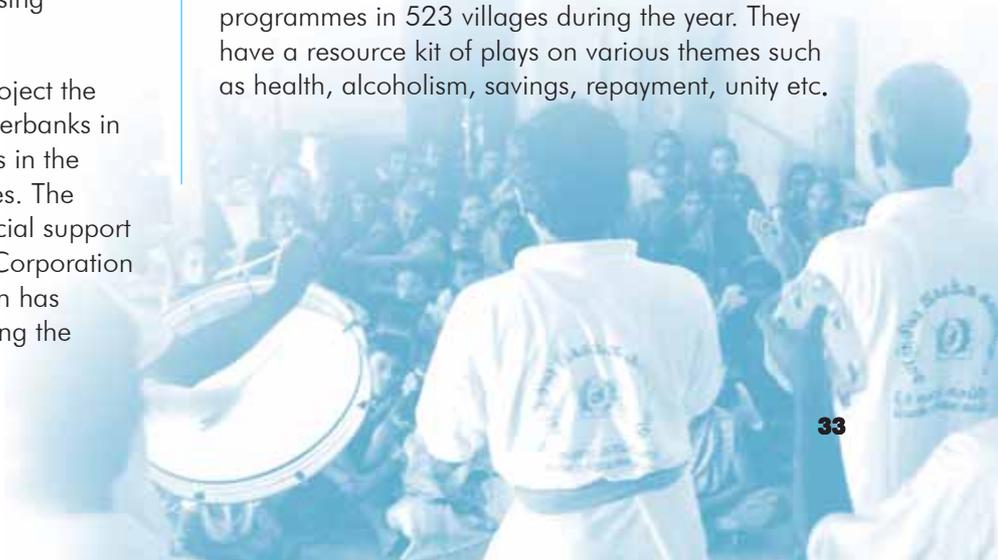
affected members. The preparatory works for it have been done. Construction of twin houses has been planned to reduce the cost of construction.

Kalanjiam Movement

The Kalanjiam Movement came into being in November 1998 with the objectives of reaching out to more poor women, eradicating poverty and working for the empowerment of women. The movement is led by a group of leaders hailing from different federations. Over the last five years they have initiated a number of innovative programmes to achieve the above objectives. Small teams of leaders have taken the responsibility of popularising the movement and its activities at each region. The movement leaders visit the federations at periodic intervals to review the performance and provide training to selected members and leaders. The movement leaders organised a training programme for the Board of Directors of each federation about the movement and its objectives. They participated as resource persons in the training programmes organised for bankers during the year.

The Executive Committee members of the movement met the District Collectors and Project Officers in four districts to highlight the issues faced by the people and find solutions for it. Also to get access to relevant development programmes for the Kalanjiam members. Under the guidance of the movement, the Kalanjiam leaders were encouraged to actively participate in the village Grama Sabha meetings. They put forth their needs such as roads, sanitation, education etc. They were successful to a certain extent in addressing them through the Panchayats.

The movement uses the services of a cultural troupe to spread the theme of the movement and other social and development issues to the people through songs, street plays etc., The troupe organised 527 programmes in 523 villages during the year. They have a resource kit of plays on various themes such as health, alcoholism, savings, repayment, unity etc.



Movement Programmes: The movement has been implementing a number of programmes since its inception. The members of Kalanjams that are more than two years old contribute Rs.11 each year to Kalanjia Jothi Thittam to reach out to more poor women in new areas. Two locations at Thoppampatti in Dindigul district and Thalaivasal in Salem district have been promoted with the funds mobilised through this programme. The leaders have provided continuous support to these two locations through periodic visits. Their time and efforts have been used for new group formation, training members and associates.

A handful of rice is set aside before cooking by members who are involved in the Pidiarisi (handful of rice) programme. This rice is pooled at the Kalanjiam meeting and then distributed to needy persons. 928 groups in 22 federations are implementing this programme. By this programme 2,033 kgs. of rice were collected and distributed to 186 poor persons. The Vilakku Puja (collective worship) is being organised in 1,087 groups in 37 federations. It is done to foster unity and a feeling of solidarity among the members. In the Kannikai Kudam (offering's pot) programme, 83 pots have been placed in 22 federations. The collection from it is used to meet emergency needs of the people. The federations have instituted the Kalanjiam awards to honour the best students and local public servants for their exemplary services. So far, 47 persons have been honoured in 17 federations.

In the de-addiction programme, a few studies have been carried out to understand the depth and extent of the problem. One hundred and seven persons have been identified and treated. This will be a major focus area of the movement in the coming years. The movement leaders organised a 'Padhayathra' for three days in five villages in Melur block on the evils of alcoholism. The impact of it was seen in the resolution passed in the Alangampatti village Panchayat banning the sale of alcohol in the village. The members celebrated the Movement Day on November 16, 2002 with a lot of interest and enthusiasm by organising various events.

Programme Management

A decentralised system of programme management is followed. The locations are organised into regions, which usually cover one or two districts. The regional office provides the requisite support to the locations/federations in that area. It also acts as a financial responsibility centre and takes care of the finances and accounts. The programme team and regional teams have facilitated quarterly and annual review and plan meetings in each location by involving local team and people leaders. In addition to regular reviews and planning at location level, quarterly meetings were organised at programme level across locations of same age and experience.

The programme policies and standards have been revised based on the experience during the year and shared with implementation teams during the annual review and plan meeting. Similarly, a number of changes were made in the Management Information System and books of accounts to meet the growing needs of programme management at different levels. Pilot testing of integrated software for accounts and MIS of Kalanjams called DHANAM for use at different levels is underway.

Capacity Building

A group of senior professionals at the Programme office provide strategic guidance and operational support to the locations and the regions in the implementation of the programme. They organise need based capacity building programmes for the staff, people functionaries, leaders and others such as NGOs, bankers etc.,

A team of senior executives of DHAN Foundation involved in developing strategies and policies for the programme upscaling was provided with an opportunity to visit BRAC, Grameen and ASA, NGOs, which have achieved significant scale and outreach in Bangladesh. A three-member team of senior executives visited the Rabo Bank Foundation in the Netherlands. The purpose of the visit was to understand the evolution and management of 'Rabo Bank and its subsidiaries' over the years. Many organisational processes and guiding principles were instrumental in building Rabo Bank as a successful

member-based organisation with large outreach that are relevant to sustaining federations and managing the upscaling of the Kalanjiam programme. These visits provided a lot of critical insights on upscaling for the team.

Senior members of the programme also participated in many national and international workshops, seminars and conferences as resource persons to share the experiences of the Community Banking programme. These events provided an opportunity for them to gain a larger perspective on the sector both at national and global level and build linkages with other institutions involved in the development sector.

The people functionaries also called movement workers are the staff employed directly by the Kalanjams, clusters and federations. Presently 1,250 people functionaries are working with the different federations. A 42-day training programme is organised for them before placement in new locations. Nine such programmes were organised during the year through which 218 persons were trained as movement workers. The annual appraisal for the movement workers was organised by local teams by involving leaders at each level. A number of training programmes were organised at the location, region and programme level to build their capacity.

Eight training programmes for NGOs and 10 programmes for bankers were organised for 364 participants. Many of these programmes were based on the demand and designed to meet the specific needs of the NGOs or bankers. Two international exposure programmes were organised, one for Ecumenical Church Loan Fund (ECLOF), Geneva, with participants from the Philippines, Kenya, Uganda, Sri Lanka and Malawi, while the other was for the project staff of IFAD (International Fund for Agriculture) supported by the Rural Development Project in Sri Lanka

Policy Advocacy, Research and Documentation

State level policy seminars were organised in Tamil Nadu on the themes of 'Savings' and 'Strengthening financial partnerships between SHGs and banks'. Leaders of Kalanjiam federations, bankers, representatives of government and other

development agencies attended these seminars. These events provided a platform for interaction between the poor and the policy makers. Many policy recommendations have emanated out of the discussions.

The Prime Minister's Office (PMO) constituted a working group on 'Capacity Building for ensuring credit flow for the unorganised sector' to which DHAN Foundation was invited to be a member. The recommendations have been considered for follow-up by the PMO and an empowered committee is being constituted with DHAN Foundation as one of the members. Senior executives continue to be on the policy making fora of Swarna-jayanthi Gram Swarozgar Yojana (SGSY) national committee, working group of National Commission on Women and SIDBI Foundation. Programme representatives took part in the informal group constituted by Reserve Bank of India on 'Capacity Building of Microfinance sector'.

The experience of the programme in urban context was documented as a case study to be published in the 'CIVIC series' by Cities Alliance. The 'Kalanjiam' model of promoting federations was presented at various national and international seminars organised by SIDBI, NABARD, ICICI Bank, Micro Credit Summit and INAFI. Participation in these events helped to position the need for 'enabling model of microfinance' to address poverty.

The programme team members as well as outsiders undertook a number of studies. A study on 'Status of prohibition offenders in Ramanathapuram district' was taken up on behalf of the district administration. As a follow up of this study, the District Collector has assigned a research project to the team to carry out an in-depth study on the same issue. The studies by external persons include 'Study on Women Empowerment' conducted by ORG MARG, Bangalore, 'Study on change in banking habits among rural women' by a student of Centre for Development Studies, Trivandrum and 'Impact studies of the Kalanjiam Programme' by students from Bharathidasan Institute of Management, Trichirapalli. A documentary film 'Effective Links' highlighting viability of SHG – Bank linkage and need for funds to meet promotional costs to reach out to more areas was produced with the support of ICICI Bank, Mumbai.

Impact on members' lives

A new life to Alivelamma

Alivelamma, 28, belonging to the Scheduled Caste, is a resident of Jettigundlapalli village, Punganur mandal of Chittoor District, Andhra Pradesh. She lives with her husband Govindaiah, two daughters and a son in a small thatched house. She had 3.5 acres of land, but could not cultivate it due to lack of water. She and her husband worked as agriculture workers earning Rs.20/- and Rs.25/- respectively. The agriculture works being seasonal, they could get work for only 15-20 days in a month.

She had to meet all expenses with this meagre income. For urgent needs, she had to depend on moneylenders in nearby villages. The interest rates ranged from 60 to 120 per cent per annum. Many a time she had to face harsh words from the moneylenders for delay in payments. A delay by one day in payment meant having to pay interest for one full month. She stopped her elder daughter from going to school to look after her young son and also because she could not bear the school expenses. It was at this time, a Kalanjiam group was formed in her village. She initially refused to join it due to her earlier bad experience with other groups. The repeated attempts made by the cluster associate made her join the Udayabhanu Podupu Kalanjiam in December 2001.



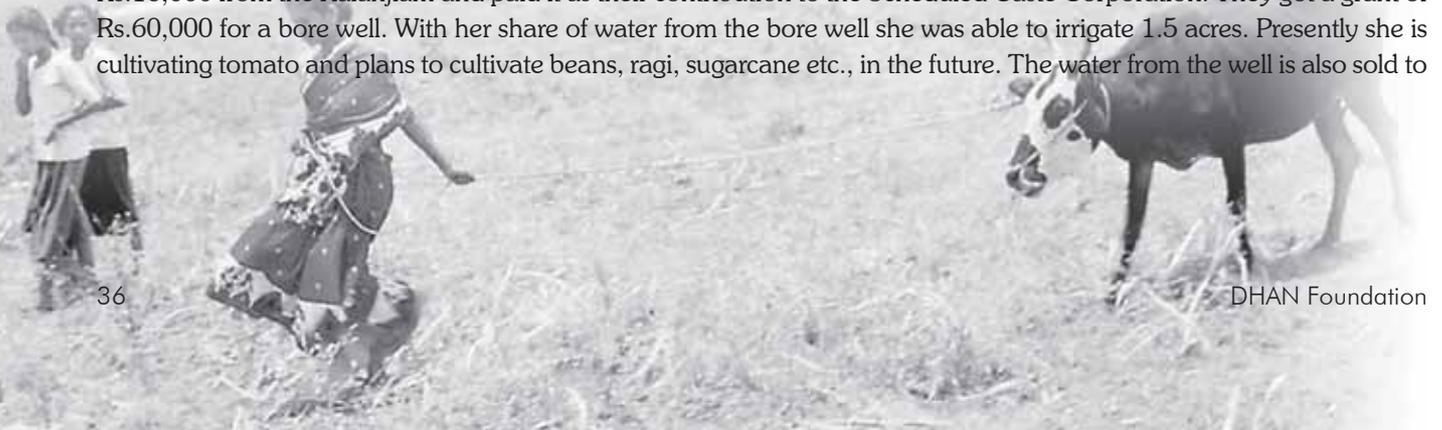
● ●

I am proud and happy that I, once an agriculture labourer, am now giving employment to 10 members in my own land. As I know the difficulties of agriculture labourer I am giving increased wages of Rs.30/- to 35/- to them.

● ●

At that time she was involved in sugarcane cutting on contract basis for Rs.2,000 per month. The members saved Rs.50 in the Kalanjiam. The good performance of the Kalanjiam helped them get a loan of Rs.8,000. She got a loan of Rs.1,000 and cleared her outside debts. Since she knew a bit of tailoring, she went to tailoring centre in Punganur and got trained for a few days. With a loan of Rs.1,000 from the Kalanjiam and some money from her husband she purchased a second hand sewing machine. She could get regular work and earn about Rs.1,500 per month. She then got a loan of Rs.4,000 from the Kalanjiam and bought a cow which is looked after by her husband.

Although she knew that a lot of schemes existed for the Scheduled Caste people she had no means of getting access to any one of them. After joining the Kalanjiam, she gathered the money, courage and confidence to approach the Government offices at Chittoor, 78 Kms away for getting its benefit. She along with two other members took a loan of Rs.16,000 from the Kalanjiam and paid it as their contribution to the Scheduled Caste Corporation. They got a grant of Rs.60,000 for a bore well. With her share of water from the bore well she was able to irrigate 1.5 acres. Presently she is cultivating tomato and plans to cultivate beans, ragi, sugarcane etc., in the future. The water from the well is also sold to



other nearby farmers in need of water. She was successful in getting Rs.22,000 under a free housing scheme through the Scheduled Caste Corporation. With this money and an additional loan of Rs.5,000 from the Kalanjiam, she has constructed a three room house for her family. Before she joined the Kalanjiam, she had Rs.5,000/- as outside debt. Now neither she nor any of her group members have any outside loans. She is saving Rs.50/- in Kalanjiam and Rs.200/- in the Post Office per month. Earlier, she did not have the savings habit nor any money to save.

With the increase in the family income, she is sending her elder daughter to school. She plans to send her son to a convent school at Punganur, 8 km away, paying a monthly fee of Rs.100. Earlier, quarrels with her husband over money to meet the household expenses were very common. But now she is able to buy what ever is needed for the family without expecting her husband to give her the money for it. She is even able to keep Rs.200 in hand always to meet any urgent expense. The quality of food intake has improved with the increase in income.

Earlier, she had never been to Punganur, but now she frequently visits the place for purchase of materials for tailoring, household needs and attend federation meetings. The drinking water problem in her village was solved as the Kalanjiam members raised this issue in the Janmabhoomi meeting in the Panchayat office. Her husband is proud of her and her role in bringing the family out of poverty.

| 15 months before | Now March 2003 |
|---|---|
| Agricultural labourer | Farmer |
| Waste land | Cultivable land with a shared bore well |
| Thatched house | Concrete house |
| No productive assets | Productive assets <ul style="list-style-type: none"> • Sewing machine • Milch animal • Bore well |
| Children dropped out from school | Going to school |
| Outside debt (Rs.5000) | No outside debt |
| No savings | Savings Rs.250/- per month |
| Lack of outside exposure and access to government schemes. | <ul style="list-style-type: none"> • Decision making in family and group • Outside travel for both self and group related work • Approaching Government offices and getting access to schemes meant for them |
| Poor quality food and living condition | Improved quality of food and living in new house |

Impact of Kalanjiam in a village:

Konapatti village is situated in Alanganallur block of Madurai District. It is a small village with around 100 households. The major occupation of the villagers is agriculture and rearing milch animals. A private dairy farm is functioning in the area and a considerable number of families are involved in dairying. The lands around the village are fertile. Even in summer, their lands are irrigated with the water from Sathiyar reservoir, located near the village. Three crops are raised every year when monsoon is regular. The major crops cultivated here are paddy and sugarcane in addition to groundnut, maize and onion cultivated in summer. They use both reservoir and well water for irrigation. There is a small tank, which is used for their milch animals.

Beginning of Kalanjiam

The first group, Manthaiamman Kalanjiam was started in 1996. Presently there are five Kalanjiams with 88 members. The details of their operations are as follows:

| Savings and Loan Status of Konnapatti Village Kalanjiams | | | Loans Availed | |
|--|----------------|----------------|---------------|------------------|
| Kalanjiam | No. of Members | Total Savings | No. | Amount |
| Manthaiamman | 18 | 69,905 | 205 | 300,555 |
| Sri Manthaiamman | 20 | 112,658 | 250 | 649,841 |
| Piththadi Karuppu | 20 | 95,761 | 375 | 480,420 |
| Chellayamman | 20 | 73,150 | 43 | 361,650 |
| Muthallamman | 10 | 31,168 | 75 | 67,375 |
| Total | 88 | 382,642 | 948 | 1,859,841 |

The impact

- Out of the hundred families in the village 88 poor families have been organised into five Kalanjiams.
- The Kalanjiam members have saved a total of Rs.3.83 lakhs. They have obtained Rs.18.5 lakhs as credit through the Kalanjiam.
- The number of milch animals in the village has gone up from 19 to 65 with the help of Kalanjiams.
- The Kalanjiams have been successful in mobilising Rs.4.84 lakhs as loans from the Alanganallur branch of Canara Bank and ensured timely repayment.
- Nearly 40 families have been transformed from wage earners to self-employed persons.
- Under the housing scheme, four new houses have been built and seven houses have been renovated.
- The Kalanjiams have brought an additional bore well for drinking water with the support of Reaching the Unreached a voluntary agency.
- The Kalanjiams have donated furniture worth Rs.2,000 to the village primary school from their common fund.
- The leadership qualities of poor women have been nurtured through the Kalanjiam. Two leaders have been elected to the Board of Directors of the Federation from the village.

Voices of Members from Konapatti Village



Once a farm coolie, now a dairy farmer

Kamali, Member, Manthaiamman Kalanjiam

Both my husband and myself were agricultural labourers earlier. We were usually paid Rs.20 to 30 per day, that too for only six months in a year. We faced a lot of difficulties during off-season. It was at this time some women came to our village and asked us to form a Kalanjiam. Reluctantly I joined the Manthaiamman Kalanjiam in 1996.

When our Kalanjiam got a second loan from the Alanganallur Canara Bank, I got a loan for Rs.5,000/-, with which I purchased a cow. It was our first experience of rearing a cow. We put our heart and soul to rear it. We spent almost half of the income towards its feed, which gave good yield. With the income earned through the activity, I repaid the loan. By the time the cow conceived and stopped giving milk, I requested the Kalanjiam to grant me a loan for a second cow. I got a loan of Rs.10,000 to purchase one more cow. In appreciation of my prompt repayment, the Kalanjiam offered me one more loan for Rs.10,000 to buy a third cow in the subsequent year. In addition, with the loan from the Kalanjiam I redeemed my jewels mortgaged for Rs.10,000.

Today, we are proud owners of three cows and a calf. We are no more labourers to anybody. My husband and myself are fully engaged in the activity. With the additional income we bought 20 sovereigns of gold for our daughter's marriage. We have purchased three cents of land for Rs.6,000/-.

Leaders are made

Booma, Chellayamman Kalanjiam, and Treasurer of Palamedu Vattara Kalanjiam

I joined the Chellayamman Kalanjiam a few months after its formation. I took this decision to convince my husband and myself. I used to get involved in the common activities from my school days. The Kalanjiam members selected me as the Treasurer because of my sincerity and honesty. I expect the same from other members also. I was the youngest in my group. At times, I wondered how would the women of my mother's age accept me as a leader and listen to my advice. I continued as Treasurer for two years. During this period, we got two linkages with Canara Bank, Alanganallur branch and mobilised Rs.1.25 lakhs for various business activities.

I used to represent our group in the leaders' meeting conducted in other villages. There also I expressed many of my ideas freely and boldly. On seeing my performance as a Treasurer in the Kalanjiam, all the Kalanjiams in the Sathiyar Cluster selected me as a Treasurer for the cluster association. During that time, I visited almost all the villages and resolved many issues in the Kalanjiams and members' houses. My husband gave me wholehearted support so I could involve myself in Kalanjiam related works. I went with the cluster associates to promote new groups in nearby villages.

Our Kalanjiam members wanted to take the contract of the Government tamarind orchard in the Sathiyar dam, which was usually enjoyed by the big landlords. We submitted an application to the Dam office on behalf of our Kalanjiams. It was called for an open auction. Roja and myself went to the venue for auction. The landlord approached us with an offer of Rs.5,000 as bribe to withdraw from the auction. We told them that Kalanjiams would never give or receive any bribe at any cost. As luck would have it, the auction fell in our favour for Rs.31,000. The landlords gave a lot of disturbances and even we went to police station to counter them. I participated in every step of this event and our Kalanjiams proved their solidarity. This is one of my happiest moments in the Kalanjiam.

Another important event during this period was our visit to the Thanjavur Vattaram to participate in the training programme conducted for the bankers. We shared our experiences and clarified all their doubts relating to the financial discipline of the groups. We shared the experience of Canara Bank, Alanganallur, which has become one of the leading SHG Linkage bank branches in the country. After our visit we heard that those branch managers who had earlier refused to provide the linkage have linked our Kalanjiams with their branches. We felt very happy about it.

I have learned a lot from the Kalanjiams. I have learned how to deal with the government officials. I have also learned the importance of educating our children and working for the welfare of the women like me. The village men, who had ridiculed us in the initial periods, have grown to appreciate us for the benefits and growth that the Kalanjiams have brought in the village.



From Dream to Reality

Saraswathi, Member Manthaiamman Kalanjiam,

I am an agricultural labourer and so is my husband. We wanted to give a good education to our son and have faced a lot of difficulties in doing it. He is good at studies. He was studying in Std X when I joined the Manthaiamman Kalanjiam. He scored good marks in his higher secondary exams in 1999. He had applied for engineering and received the call letter for counseling. I went to the Kalanjiam and requested for a loan of Rs.2,000 to attend the counselling for engineering course. The Kalanjiam immediately granted me the loan. My son got a seat in the college. I needed Rs.12,000 to pay for his first year fees. The Kalanjiam did not have the funds, so they approached the cluster and raised the money. The Kalanjiam leaders advised me to approach a bank for educational loan as I would require money periodically for the next four years till my son completed his education. With their support and encouragement I was successful in getting a loan of Rs.40,000 from a nearby bank. I had a dream to educate my son. It is the Kalanjiam which has made it come true. I am sure my family will come to a very good position once my son completes his education and gets a good job.



Ambika's Dream House

I am a member in Chellayamman Kalanjiam. My husband is working in a coconut garden on a daily wage basis. I take care of the two milch animals that we own. Both of us work very hard and follow a principle of not borrowing from moneylenders. We dreamt of building a house of our own. We saved every paise that we could by being very frugal. After joining in the Kalanjiam, I was prompt in all my transactions in the Kalanjiam. I wanted to build a house through the housing scheme started in the Kalanjiam through the federation. I was sanctioned a loan of Rs.40,000. Although the Kalanjiam was ready to extend an additional loan if required for the construction of the house, I chose not to avail it and restricted to the plan and budget approved initially. I was successful in doing it. Today I am proud of the fact that I have been able to construct my own house with the support of the Kalanjiam.



VAYALAGAM AGRICULTURE DEVELOPMENT PROGRAMME

The programme works for the conservation, development and management of tank systems. There are numerous small irrigation tank structures spread over the entire Deccan Plateau, which serve several lakhs of small and marginal farmers in South India. The majority of these tanks are scattered over vast tracts of drought-prone and semi-arid regions. They have deteriorated over years of neglect and therefore need urgent renovation and good management. The trend in tankfed agriculture has shown a steady decline, which has a negative impact on the livelihoods of the farmers, dependent on them.

The programme believes that the regeneration of local management of the tank system can be a major solution to this problem in the long run. This will help stabilise tankfed agriculture and thereby the livelihoods of the farmers. This is being done by organising the farmers around the tanks and later on at the level of cascade, block, district etc. The programme is involved in constant interaction with the local, State and Central Governments for funding the tank development work and for better policies in tank systems administration in the country. The Programme is being implemented in 16 districts in four States.

Building Peoples' Organisations

The Vayalagam field teams promoted 134 tank farmers' associations (TFAs) in about 111 villages covering 13,000 members, one watershed association, one tank cascade association and one district level federation during the year. The field teams adopted location specific strategies in the formation of tank associations such as exposure visits, conflict resolution, federation leaders efforts, formation of tank cascade association etc., As a new experimentation, formation of pond associations with women members was taken up in Pondicherry. These ponds would create access to common property resources for the women and also be a source of livelihood for them through fish-rearing.

The field teams adopted a gender inclusive membership concept in the associations wherein men and women in each household are registered as

members. This has been done mainly to enhance the involvement and participation of women in the management of natural resources. In addition to providing them an access to these resources, it would also provide a legitimate space for the women to voice their concerns and demand for their needs. In Punganur the pilot project on implementing the tank-based watersheds with Drought Prone Area Programme (DPAP), Chittoor, has made it mandatory for the all the office-bearers of the associations to be from among women. This experience is showing good results and the women have risen to the demands of the leadership role.

In many other places they are encouraged to participate in the planning exercise as well as in the General Body Meeting. Mostly the women perceive tank and other common property management to be the business of men, but if the schemes are towards provision of drinking water, they show a lot of interest.

Resource Mobilisation

The Programme team has been taking continuous efforts to reach out to new funding partners to support the programme initiatives. The new funding support got during the year is from OXFAM-UK for programme initiation in two blocks of Adilabad district, for Andhra Pradesh development of tank cascades. The Andhra Pradesh Rural Livelihood Programme (APRLP) has accepted to support development of innovative watersheds and promotion of self-help groups in Nalgonda. It would also function as a Resource Centre in the district. A Memorandum of Understanding has been entered into with APRLP in this regard.

Tanks and Watersheds Development

The Programme could implement tank conservation works worth Rs.37.60 lakhs and catchment development works worth Rs.59.65 lakhs and works on creating new water bodies worth Rs.5.18 lakhs during the year. The team undertook the initial phase works for Rs.18.57 lakhs in the NABARD supported watershed programme. Punganur and Nalgonda in Andhra Pradesh, Ramanathapuram and Tuticorin in Tamil Nadu got continuous funding support for the projects. The other locations got inadequate or no support from the district administration or other

sources. The major reasons for it were non-availability of government grant funds despite the budgetary allocation.

The teams in different locations have been identified as the Project Implementing Agency (PIA) for implementing tank-based watershed development programme under Restructured NWDPR (National Watershed Development Programme in Rural Areas). In six districts, 40 watersheds have been allotted for implementation in five years at the cost of Rs.22.50 lakhs per watershed. Each district requires placement of four professionals as Watershed Development Team Members, which has increased the professional strength substantially in the team.

Micro Finance Intervention

In order to sustain Tank Farmers' Associations (TFAs) and make them vibrant, the programme has evolved a strategy to promote Micro Finance Groups (MFGs) in TFAs. The MFGs are promoted in new as well as in the earlier formed TFAs. The MFG activities serve as the platform for bringing the farmers together at frequent and regular intervals to do the savings and lending activities once a month in addition to involving the members in discussion on tank conservation and sustaining tankfed agriculture. The MFGs have established systems, books of accounts and they are audited along with the respective TFAs every year.

The Programme teams have promoted 338 MFGs during the year taking the total to 562 MFGs covering about 4500 members. These MFGs have mobilised more than Rs.35 lakhs as savings cumulatively. A few MFGs were successful in getting linkage with the banks for loan funds. The MFGs helped the poor farmers get timely credit for agricultural operations at reasonable interest rates.

Tankfed Agriculture Development

In general, the tankfed agriculture is a gamble with monsoon. A number of initiatives were taken by the programme team in different locations to bring in benefits to the farmers through agriculture intervention. They include agricultural development, guidance in better agricultural practices, supply of inputs etc.

The southern states - Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry - witnessed the worst drought in the recent years. The monsoon rainfall had been meager, very much lower than average annual rainfall. Most of the tanks and ponds did not get sufficient water. The farmers in the tanks where rehabilitation had been done were able to save their crops to a certain extent only in some areas. The farm ponds dug in the farmer's fields in a few tank-based watersheds in Ramanathapuram and Tuticorin districts in Tamil Nadu and in Punganur mandal in Andhra Pradesh, helped the farmers cultivate crops in patches.

The programme team undertook a study of 200 farmers families in selected villages during the entire cropping season and provided the necessary support and guidance. The selected farmers were active members in the TFAs and were cultivating less than two acres of land. The field associates in the Vayalagam Plant Clinics (VPC) visited the farmers' fields and based on the observations gave suitable recommendations on a regular basis.

The interventions done include organic manure application to enhance soil fertility, reduction in use of chemical fertilisers and pesticides, integrated pest & disease management, promotion of use of neem seed kernel extract, application of Panchakavya, application of cow urine for pest control, correction of nutrient deficiency especially zinc, better water management etc. The impact was increase in yield, reduction in cost of inputs such as fertilisers and pesticides. Out of the 200 farmers selected for the observation, only 108 were successful in taking the harvest while the others had to give up the cultivation at various stages due to scarcity of water

Vellinipatti village of Kottampatti block was identified for experimenting the Farmers' Field School with the help of resource persons from the Agriculture Department. About 25 farmers and 10 staff members underwent a 12 days module spread over 12 weeks. The different stages of paddy crop were focused for farmers' observation and decision-making. The farmers were taught to manipulate the agro-ecosystem so as to make it less favourable to the pests and more favourable to their natural enemies to prohibit, reduce and delay pest population

increase. They were also trained on conservation and augmentation of the natural enemies in the field through favourable cropping systems and other cultural practices and avoiding indiscriminate use of pesticides.

Endowment support to Tank Associations to Ensure Sustainability

Endowment support for creating a corpus fund to Tank associations was initiated as a tool to promote sustainability of the associations. Sir Ratan Tata Trust, Mumbai, provided support for setting up an endowment fund, which could be made available to the associations as a matching fund to their own contribution. In the last three years, 113 associations have been supported with Rs.8.53 lakhs for this purpose. Out of them, about 39 undertook maintenance works of clearing feeder channels and removing the shrubs and trees from tank bed. Eighty of these associations have promoted Micro-finance groups and are regular in the conduct of the association meetings.

In order to popularise the concept of tank endowments, a workshop was organised during the 'Madurai Symposium'. Leaders from over a 100 tank associations participated in this workshop. The farmers who attended it were from among associations that had set up the endowments as well as those who had not done it.

Vayalagam Movement

The Vayalagam Movement (Tank Conservation Movement) was launched on March 7, 2002 by the leaders of the various tank farmers' associations and



tank farmers' federations. The Movement leaders made a visit to all the programme locations and got to know the systems and work being done there. They discussed with the leaders in each location on the movement and its plans for the expansion of the programme in new blocks. The leaders were also involved in resolving conflicts in respective districts, appraising the District Collectors of tanks and asking them to allot funds to tank associations for rehabilitation, delivering resource lectures during the movement workers training etc. The movement leaders took active part in the celebrations of the World Water Day on March 22, 2003 organised by the farmers in many places to popularise the theme of tank conservation. The leaders took a vow to conserve the traditional water bodies such as tanks, ponds and the like in each village through their TFAs.

Human Resource Development

The training team at the programme worked out a comprehensive training calendar to meet the needs of the staff at different levels. All the training programmes had an element of hands on training, exposure visits and experts as resource persons, which increased the effectiveness of the training programmes.

Orientation programme for new entrants, technical training on estimate preparation, training on tank-based watershed development were organised for professionals working in the field locations. The accountants were provided training on maintaining MFG accounts, auditing and other related aspects. Four batches of Vayalagam movement workers training were organised. It was offered in both Tamil and Telugu for 72 persons.

Policy Advocacy Efforts

A lot of efforts were made by the programme team to influence the policies both at the State and the Central levels. A Policy Cell has been set up with a small team in Chennai to support the policy advocacy efforts taken up by the programme.

Central Government level: The Programme convened a two-day national policy seminar on 'Revisiting Village Tanks: Conservation and Development' for addressing the issue of water

scarcity for irrigation and drinking water. The seminar was organised at India International Centre from September 17-18, 2002. There were 80 participants from 11 states. The participants included representatives from the Ministry of Rural Development, Ministry of Water Resources, NGOs, donor agencies, banks, academic and research institutions, media etc.

A Consultation Meet was organised by the Ministry of Water Resources on National Water Policy 2002 in Bangalore. Two senior team members participated in this meet. The policy in broad sense was appreciated. It was also pointed out that the focus on reviving traditional water bodies and small-scale water resources like ponds, swamps, springs etc had been overlooked. The need for a paradigm shift in the role of Government from implementation to facilitation, assuring 100% people participation and their stake building were stressed. The year 2003 had been declared the International year for Fresh Water by the United Nations. The team suggested that it would be appropriate to undertake campaigns at national level on water harvesting, safe drinking water and gender equity.

State Government Level: A Consultation Workshop on Tamil Nadu Water Policy, 2003 was organised at the Institute of Water Studies in March, 2003. Two senior team members participated in it. The efforts taken by the State Government to revive the policy drafted in 1992 was appreciated. It was pointed out that the policy did not mention the outcomes, milestones and integration of surface water, groundwater and watershed programmes in a single framework. Suggestions were given for incorporation in the policy based on the field experiences.

As a part of policy advocacy based on grassroots learning, policy workshops on two themes '*Tanks and Conflict Management*' and '*Tank Engineering Technology*' were organised during the year. The tank farmers were invited to Chennai and were asked to present their experiences and request for policy changes in front of policy makers, most of them in the rank of Secretary to Government Departments of relevance in these policy seminars. The team made a

presentation on the tank programme to the Secretary, Ministry of Water Resources, Secretary, Rural Development and Chief General Manager, NABARD. The emphasis was on upscaling the People Participatory Tank and Pond Rehabilitation Programme in the state.

Conservation Council for Small Scale Water Resources

In Tamil Nadu, DHAN Foundation has been taking up Policy advocacy efforts through the Conservation Council for Small Scale Water Resources (CoCoSWR). The council has been constituted with eminent persons who have made significant contribution to the theme of water at high levels. The council met twice in Chennai. The discussions for policy changes were on improving the performance of the Periyar-Vaigai Reservoir to augment the tank systems benefited from the Ramnad Big Tank, incorporation of tanks into Watershed Development Programmes, resource allocation for tank development in the State, Ground Water Bill by the State Assembly and the like. The Council welcomed the setting up of a Policy Cell in Chennai and was keen to follow up with relevant government policy makers through different mechanisms.

Workshops, Seminars & Documentation

The team members participated in various International, National and Regional workshops/seminars organised by different Government, non-government and other agencies. The important among them were the Third World Water Forum, Kyoto; IWMI (International Water Management Institute)-TATA Policy Workshop, Anand; IWMI-DFID (Department for International Development) Livelihood Seminar, Hyderabad. '*A Tank Cascade Atlas*' was prepared on behalf of the Adilabad district administration. A study was done in collaboration with IWMI, Colombo on '*Mainstreaming Ooranis: A Way Forward, Issues and Options*' on the drinking water ponds in Ramanathapuram district. (A brief of the study is given in the annex 3)

Impact of Farm Pond

Ramaiah is a small farmer with five and half acres of dryland living in Penchupalle village in Punganur mandal in Chittoor District. His family was dependent on agriculture and agriculture labour work for their livelihood. He belonged to the Scheduled Caste and had not benefited from the schemes meant for them. With the encouragement from the Punganur team members and the watershed association members, he came forward to form a farm pond in his land in the year 2001. He contributed Rs.1000 as his share partly as cash and as labour. In the first rain after the work was done, 25% of the pond got filled. Seeing the impact, he came forward to excavate another small pond in the upstream of the first pond. Both the ponds were done through the 'Food-For-Work Programme' that was implemented by the district administration through DHAN Foundation



Impact in the first year: Earlier, Ramaiah used to cultivate his land only once a year and its yield was dependent on the monsoons. After the pond was excavated, he went in for paddy in 0.75 acre of land and got good yield. In addition, he went in for a second crop of paddy, coriander, tomato, chillies etc on small patches of land ranging from 2 cents to 12.5 cents. He planted a few trees and a few vegetable crops on the pond bunds. All this increased his income and consequently his status in his village. Earlier, nobody would come forward to lend him any money, but the situation changed, as he was no longer regarded as a labourer but as a farmer.

Impact during the second year: Ramaiah grew crops in small patches all over his land. He used his knowledge to grow crop after crop without wasting land and also water available in the farm ponds.

| Name of the crop | Extent (Cents) | Expenditure (Rs.) | Net Income (Rs.) |
|------------------|----------------|-------------------|------------------|
| Paddy | 25 | 750 | 2,400 |
| Tomato | 25 | 1,280 | 2,820 |
| Tomato | 25 | 400 | 7,300 |
| Coriander | 10 | 1,040 | 1,960 |
| Coriander | 10 | 600 | 900 |
| Tomato | 30 | 500 | 7,500 |
| Paddy | 13 | 700 | 1,000 |
| Total | | 5,270 | 23,880 |

(Note: The investment made for labour, ploughing and intercultural operations are on his own).

Because of severe drought, the water in the farm pond was quite low. He utilised the available water in an effective manner and got an income of nearly Rs.24,000 in one year. From this income he made the following expenditure and investments. He spent Rs.4,100 for household expenses. He repaid Rs.7,500 towards his old debt and got back his pair of cows. He then sold the cows and purchased a diesel engine to help irrigate his land with the water in the farm pond. He purchased a pair of milch animals and is earning Rs.80 per day from the sale of milk. He has got a net income of Rs.4,500 from it so far. He is earning Rs.10,000 by hiring out the diesel engine after his use. He has purchased a nearby house for Rs.1,500/-.

He felt that the income through agriculture had stabilised and therefore sent his son as a tractor driver to Punganur. He has a nursery for tomato that is ready for transplanting in 75 cents of land. If he gets a good price for it his income in this season will further increase. The important factors that contributed for all the changes were his farm pond and hard work. The Farm pond has become a means of removing poverty.

NEW THEMES

Tata-Dhan Academy

The Tata-Dhan Academy, an institution for Development Management, is the result of a unique partnership between DHAN Foundation and Sir Ratan Tata Trust (SRTT), Mumbai. The Academy was initiated in December 2000. The Academy aims at becoming a Centre of Excellence in Development Management. It nurtures and grooms young graduates, as Development Professionals possessing multidisciplinary knowledge, including applied technologies relevant to the 'context' of the development work. There is a very high emphasis on 'learning' and 'building knowledge' through action-reflection-action mode. Side by side the focus is on building high quality techno-managerial competencies supported by appropriate motivations, values and attitudes to work with people, particularly the disadvantaged. The Academy has the advantage of the field facilities and experience of DHAN Foundation to support experiential learning for the students of the Academy. The faculty are from among those who are in the thick of action or have rich field experience. This provides a strong action orientation to knowledge and perspectives.

Programme in Development Management

(PDM): The Tata-Dhan Academy offers a fifteen-month Postgraduate programme in Development Management (PDM). The second batch students

graduated successfully in August 2002 and they have been placed in DHAN Foundation. The selection of students for the third batch was completed in June 2002. The selection process was further refined using the experience of the first two batches. Fourteen students joined and are currently undergoing the course. The PDM design and curriculum have been regularised and a PDM committee has been set up to take care of academic affairs. The preparatory works for the selection of the IV batch students have been initiated.

The first Biennial Convocation was held on February 2, 2003. Dr. I.G. Patel, Former Governor, Reserve Bank of India, was the chief guest. The students of the first two batches were awarded the Post-Graduate Diploma in Development Management by Shri.Girish Sohani, Chairman of DHAN Foundation. About 1,200 women from the Kalanjams and 300 farmers from the Tank farmers associations were present on the occasion. The Board of Trustees of DHAN Foundation and representatives of SRTT, Mumbai, participated in this event. A two-day Consultative Workshop on 'Nurturing DHAN Academy' was held in September 2002 with the support of SRTT. Eminent persons with experience and expertise in this field were invited for the consultation. The deliberations were intensive and useful for setting the direction for the Academy for next five years.



Development Management Programmes: The Academy in addition to its flagship programme in Development Management, offers a number of short-duration programmes for practitioners. Two programmes were organised during the year. The first programme was an international exposure programme on Building People's Organisations for a team from Sri Lanka. They were from the Integrated Rural Development Programme being implemented in two districts of Sri Lanka. It was a six-day programme with a mix of classroom sessions and field visits. A Management Appreciation Programme for DHAN Foundation's Project Executives was the second programme organised.

Research and Faculty Development: Research is another core activity of the Academy. The purpose of the research is to contribute to building development

The faculty members visited some of the reputed management education institutes in India to learn from them and build contacts with the faculty members who could contribute to the growth of the Academy. One of the core faculty members attended a four-month management education programme at Indian Institute of Management, Ahmedabad. Two faculty members attended a multi-stage case writing workshop for micro finance organised by the Institute of Rural Management, Anand, and sponsored by SIDBI, Lucknow.

Educational Support Systems: The facilities at the existing leased campus were further upgraded to meet the increased requirements of both faculty and students. New computers were purchased and the library infrastructure was expanded with additional furniture and books. A site for a new campus has



knowledge. The following broad areas were selected for research – small-scale water resources, farm and non-farm livelihoods. The focus was on 'Case Research', which would be used to develop cases for teaching. Two research associates have been placed.

Various initiatives were taken up for capacity building of faculty members. Four members made a visit to NGOs in Bangladesh to understand the context, approaches and challenges faced by them, the capacity building programmes offered etc. They also visited the BRAC University launched by BRAC one of the largest NGOs in Bangladesh to learn from their experience in launching an educational institution.

been acquired. The base work for construction of the academic complex is being carried out.

Governance: An Advisory Council was constituted to guide the Academy. Its first meeting was held in February 2002. The members are persons with expertise and a commitment to nurture this institution. Four sub-committees were constituted on four important areas to give a direction to it and strengthen the activities. They are i) Long-duration educational programmes and research ii) Short-duration development management programmes iii) Faculty Development and iv) Resource generation and utilisation.

Information Technology for Poor

Information Technology (IT) has brought about revolutionary changes in the way individuals and organisations access and utilise information. It has changed the way they communicate with the outside world, leading to great improvement in efficiency and effectiveness. The concept of global village has thus evolved. However, it has not led to any improvement in the quality of life of the poor and the other disadvantaged sections of the society. It has led to a continuously enlarging gap between the poor and the rich.

DHAN Foundation has realised that the poor are being left out of this revolution and stand to lose a lot if the present trend continues. The theme '*Information Technology for the poor*' has been initiated to bring the information and communication technology tools to the doorsteps of the poor. The programme has initiated various pilot projects such as village internet centres, community computer training centres, computer aided adult literacy programme and information technology initiative for schools etc.

Community Computer Training Centre: DHAN Foundation has initiated three community computer training centres in Melur, Alanganallur and Kottampatti federations of Madurai district. These centres are run for the poor on a no-profit no loss basis. Poor students are selected from villages and are trained in diploma and postgraduate diploma courses in computer applications at nominal fees. More than 218 students have completed their diploma courses from the three centres during the year.

The Village Internet Centres: The Sustainable Access in Rural India (SARI) project was started with the objective of proving that there exists a viable market for Information and Communication services in remote rural areas, which can be harnessed using innovative technologies and business models. IIT, Chennai, Centre for International Development (CID), of Harvard University, MIT media labs and I-Gyan Foundation of Delhi are the project partners. n-Logue Communications Pvt Ltd has set up an Internet Access Centre at Melur in Madurai district under the project to provide Internet

services to village kiosks. The centre can provide Internet access through the Wireless in Local Loop (WiLL) technology within a radius of 25 kms. DHAN Foundation is the local partner for the project. It has set up 20 Internet centres in villages around Melur. Developing relevant services for the rural poor and providing support to the Village Internet Centres to run on a financially viable manner are the major responsibilities of DHAN Foundation.

Each centre has a computer with accessories like a printer and wall set. Each centre has an operator who runs the centre. The centres offer services like computer education, browsing, e-governance, e-mail, e-Post, e-commerce, commodity market rates, certain health applications, etc. During the year, 246 village students completed their computer courses from the kiosks, 548 applications were sent to different Government departments for e-governance, and 129 eye photos were sent to Aravind Eye Hospital for referral. The 20 kiosks have not yet reached the breakeven point and efforts are on make them viable.

The Adult Literacy Programme (ALP): The Tata Consultancy Services (TCS) have developed a multimedia software to facilitate easy learning of reading and writing Tamil. This programme was initiated with TCS. There are 20 ALP centres in Kurinji Federation, Alanganallur block of Madurai district. Facilitators are employed by the federation to bring adult illiterate members to these centres and teach them Tamil reading and writing using the computer aided package. A total of 185 women have



completed reading course and 56 women completed writing course. Currently 165 women are going through their reading course and 78 women, writing course.

IT initiatives for schools: Seven high schools have been provided a computer with internet connection under the SARI project in Melur and Kottampatti blocks. DHAN Foundation staff teach the students basic knowledge in computer usage, internet operations etc. An attempt was made for 'education through computers' as a result a CD in science for 10th standard students was developed. It was found useful by both the students and the teachers of these schools. A total of 2,160 students got exposure to computer and internet operations from seven schools.

The IT programme team looks after the repair and maintenance of all the equipments and also develops need-based software programmes for DHAN Foundation.

Rainfed Agriculture

The Rainfed agriculture plays an important role in Indian economy. In India 68 percent of total net sown area (136.8m.ha) comes under rainfed lands spread over 177 districts. Rainfed crops account for 48 percent area under food crops and 68 percent of the area under non-food crops. Nearly 50 percent of the total rural workforce and 60 percent of livestock in the country are concentrated in the dry districts. In Tamil Nadu, out of 7 m.ha of cultivable area, around 3.1m.ha comes under rainfed agriculture. But uncertainty in production due to fluctuations in total rainfall and changes in its distribution, decrease in relative productivity in rainfed lands etc. affect the livelihoods of many poor and marginalised farmers. Considering the importance and issues of rainfed farming, DHAN Foundation initiated an experimental project on Rainfed Agriculture with following objectives.

- Understanding the status and issues of rainfed farming in the locations selected and identification of specific interventions.
- Improving the total factor productivity of rainfed farming.

The new theme was launched on October 2, 2002 on the occasion of the DHAN Foundation Day celebrations. The pilot project is in the initial phase of implementation. In order to understand rainfed farming context in South India a farmers workshop was organised on the theme '*Rainfed Farming – Past, Present and Future*'. Farmers and experts in this field attended the workshop. The focus of the workshop was on understanding the changes in rainfed farming in the last twenty years and issues faced by these farmers. The prevailing best practices in rainfed farming were also shared. The deliberations in the workshop were on generating ways and means to address the issues that had been identified.

After thorough consultation and screening, it was decided to experiment on this theme in two different agro climatic zones, one in Kallikudi block of Madurai district, which represents black soil. The second one is Natrampalli block of Vellore district, which represents red soil and hard rock areas. In this block dependence on groundwater is present in part of it, while the rest is predominantly drylands. The following areas have been taken up for experimentation in the rainfed farming development theme.

- Understanding and evolving suitable community organisation model
- Transfer of farmers best practices for wider use
- Identification and transfer of suitable technologies evolved by the research institutions
- Finding suitable extension processes and arrangements for the same
- Finding solutions to issues not addressed by best practices and modern technologies.

Working with Panchayats

The history of the village level Panchayat institutions in India goes back to hundreds of years. These institutions were largely self-governing although they operated in a rigid social structure. They had their own ups and downs. The famous Mayo Resolution of 1870 gave impetus to the development of local institutions by enlarging their powers and responsibilities. In the post-independence period, the Panchayat systems were largely neglected. The Ashok Mehta Committee recommended constitutional status to the Panchayats.



participate in the Panchayat system. In 1997, DHAN Foundation experimented on strengthening grassroots democracy by working closely with a few Panchayats. A think tank forum was set up to work out details once it was planned to take up a new theme on working with the Panchayats in the year 2001. The think tank members worked on detailing the conceptual and operational components of the theme. A workshop was organised with

The committee prepared a draft bill to amend the Constitution of India in order to reconstruct, reinforce and revitalise the Panchayat Raj Institutions (PRIs) to make them an organic part of the Indian democratic process and elevate the Panchayats from being a development agency to political institutions for fulfilling people's aspirations. This resulted in the 73rd Amendment of the Constitution which came into effect in April 1993.

The ten years experience of PRIs after the amendment shows a few significant issues in the functioning of the Panchayats, which robs it of the spirit in which it was implemented. Some of them are poor participation of people in the Gram Sabha, absence of people's involvement, lack of democratic practices, shortage of funds, poor status of the weaker sections etc.

DHAN Foundation has realised that these Panchayat institutions at the village need to be vibrant and responsive to the needs of the people to bring about lasting progress in the villages benefiting people of all classes. This will lead to the empowerment of the poor and weaker sections.

DHAN Foundation is working at the grassroots through the promotion of sustainable people's organisations thereby nurturing grassroots democracy. The people's organisations promoted by DHAN Foundation are being encouraged to actively

Panchayat Presidents and resource persons with experience in this theme in March 2003. The focus was on understanding the present status of the Panchayats in Tamil Nadu and the future direction and challenges. The new theme was also launched on this occasion.

The new theme on '*Democratising Panchayats*' has been taken up on a pilot basis to make the Panchayats function as a democratic unit at the village level. The following are its main objectives:

1. Promoting and strengthening of village level institutions as functional groups in the Panchayat to ensure people's participation.
2. Sustaining the Panchayat institutions to access resources and reduce its dependence on the State.
3. Integrating the existing traditional systems with the Panchayats to enhance the participation of the people and achieve synergy.

This new theme will be experimented in three districts - Madurai, Dindigul and Theni. Four Panchayats in a block in each district would be taken up. The experimentation would focus on organising the people, enhancing the people's participation and building the sustainability of the Panchayats. It will work on strengthening the various local level systems and integrate the ideas and experiences of the people.

Human Resource Development (HRD)

The core purpose of DHAN Foundation is to bring highly qualified talented young professionals with social concern into the development sector. They would be nurtured and groomed to work for the poor at the grassroots. A systematic process of grooming and building the capacity of the professionals to meet the challenges in working in this sector is in place through years of practice and refinement.

The guiding principles of HRD are

1. Placing of high-quality professionals to work at the grassroots.
2. Ongoing professional development programmes for the growth of the professionals.
3. Rooting professionals to locations and themes and building a constellation of professionals around each theme.
4. Creating scope for experimentation to nurture innovations at the grassroots.
5. Focusing on self-learning by ensuring learning environment and proper mechanisms for guidance.
6. Creating a value-based and self-regulated culture within the organisation

HRD offers two well-designed programmes for new entrants who are fresh from college – the Development Associateship and Development Apprenticeship programme. For the others an on going professional development programme is being put in place.

The major achievements of the programme during the year were the selection and induction of 57 professionals from 17 different institutions into the organisation. DHAN placed another 75 support staff comprising mainly community accountants and office administration staff into the organisation. This had a great impact in meeting a major portion of the human resource requirements of the programmes to reach out to more poor.

The programme has also raised the minimum standards for entry into DHAN Foundation. The aptitude test designed for selection has been standardised. It is offered at regular intervals. Also

the focus during year was on bringing in more postgraduate professionals and support staff. The regular events for the capacity building of associates and apprentices were refined and a calendar of events finalised at the beginning of the associate and apprenticeship period itself.

HRD organised three major events for other professionals. A Development Management Appreciation programme for Project Executives was organised with the support of the Tata-Dhan Academy. An orientation programme for senior executives playing the role of field guides for new entrants was organised. A training programme on logical framework analysis was done for the Team Leaders with the support of an external resource person. The other regular events such as induction programmes, mid term and final appraisal for new entrants, annual appraisal for all staff were organised at specific pre-designed intervals.

In addition to the HRD team at DHAN Foundation central office, the respective programmes and their regions carry out HRD activities through senior executives who have been entrusted with the responsibility to do it. The programme HRD team and Regional HRD team work in close association with the Central HRD team. Through this, more number and quality capacity building events could be organised for the staff. Systematic review of the central, programme and regional HRD activities in the bimonthly HRD review meeting yielded good results. This process helped broad base the HRD activities, bring a synergic effect of having most senior staff actively involved in HRD processes and activities and a vibrant interface between HRD and programme teams.

Research and Documentation Resource Centre (RRC)

RRC captures the spirit of the field action through its documentation, research and publications. It interfaces with the programmes to bring out the learnings and experiences from the work at the grassroots. This is required for building the capacity of the professionals working in the field. It is useful for the programmes to achieve scale.

The RRC team brought out publications for the different programmes based on the need and demand for it including the annual report of DHAN Foundation. The team also brought out a New Year Calendar on the theme '*Building People's Institutions*' highlighting the various principles involved in it. Similarly, a calendar on the theme '*Professionals in Development*' for the INAFI India Chapter was also brought out. The RRC team provided the design support for the various publications brought out by the programmes during the year.

The audio-visual unit brought out a number of quality video and audio products. A short video film '*The Effective Links*' highlighting the growth and impact of the partnership between a federation and bank branch on lives of the poor women was made. This film was sponsored by ICICI bank, Mumbai. The making of this film provided the team an opportunity to work on a broadcast quality film and access technical support from outside.

The team brought out a film '*New Horizons: Banking with Poor*' for ICICI bank based on their SHG initiative. A short film highlighting the importance of Ooranis for addressing the drinking water issues in Ramanathapuram district was done. The team coordinated the shooting schedules of three independent film making units on DHAN Foundation's work for various purposes. Surabhi Foundation, Cinema Vision India and Cine Pulse were the units and the themes were on water & conservation, best practices in Microfinance. This provided an opportunity for the team to get more insights and learn a few nuances involved in film making.

The team brought out two audio-cassettes for the field programmes for use in building awareness among their members. The team provided support to senior colleagues in preparing for presentations in workshops and seminars, quality photographs for use in the publications etc. The team also provided other support services such as editing, translation, brochure preparation, short compilations for specific purposes, exhibitions etc. as and when required for the programmes.

The RRC team has organised two Social Development Research Capacity Building programmes along with Tata-Dhan Academy. The

participants were given an opportunity to get a small grants facility to undertake research on a development topic of their interest. Eleven participants have taken up this opportunity. RRC team along with Tata-Dhan Academy is coordinating the research studies. It has facilitated students of the Bharathidasan Institute of Management to undertake short studies and assignments during their holidays spread over a period of 3-4 months. This is being done for the second year in a row. This is useful for the students in getting an exposure to the development sector and for DHAN Foundation, studies for use in the programmes.

Central Office

The Central office co-ordinates the activities of the Human Resource Development programme, the Research and Documentation Resource Centre and the new themes. It manages the personnel systems and administration, financial systems and ensuring statutory compliances etc., The integration across themes, programmes and locations is done by the central office. It provides strategic support to the programmes in resource mobilisation, policy advocacy efforts, nurturing new themes, corporate planning and review mechanisms. The matrix form is used for achieving this by the lean central team.

Institutional Development

DHAN Foundation's thematic programme, Kalanjiam Community Banking Programme took the shape of the Kalanjiam Foundation. This is the first institution in the DHAN Collective. DHAN Foundation is providing the requisite support to Kalanjiam Foundation to get rooted. The structure and the nature of linkages between the two institutions are being worked out. The partnership with Sir Ratan Tata Trust, Mumbai, in nurturing the Tata-Dhan Academy is another creative way of working together, which unfolded during the year. Two new themes were launched during the year. These two themes in addition to retaining their thematic focus are also getting integrated in some way into the existing programmes thereby enriching both in the process. DHAN Foundation is continuously on the lookout for new innovations in development, which can impact the lives of the poor in a sustainable manner. These

initiatives provide new opportunities, create new leadership spaces and new challenges to the senior staff working in DHAN Foundation. The central office does its integration role effectively through the two major integrating mechanisms of the Strategic forum and the Consultative Forum. The Annual Retreat process helps build and reinforce the commitment of the individuals to work in the development sector and their stakes in the growth of the institution.

The Annual Meeting of the Board of Trustees and two Governing Body Meetings were held during the year. The Foundation Day was celebrated on October 2, 2001. The Kalanjiam Foundation was launched on this occasion. Shri R.D. Thulsiraj led the Foundation Day dialogue on the theme 'Graduating Development Professionals to Development Leaders'.

ACKNOWLEDGEMENT

Our sincere thanks are to Sir Ratan Tata Trust, Mumbai, Ford Foundation, New Delhi, Novib, the Netherlands, for their continued support to our work over the years. Our thanks are also due to CAPART, New Delhi, and the District Rural Development Agencies of the districts in Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry where we are working. ICICI Bank, HDFC, NABARD, HUDCO, SIDBI, Pandyan Grama Bank, Canara Bank and other commercial banks for their support during the year. We owe our thanks to M.S.Swaminathan Research Foundation, Chennai, IWMI, Colombo, South Indian Federation of Fishermen Societies and other academic and research institutions for their support during the year.

Financial Statements

FORM NO.10B

Audit report under section 12 A(b) of the Income Tax Act, 1961 in the
case of charitable or religious trusts or institutions

We have examined the consolidated Balance Sheet of DHAN (Development of Humane Action) Foundation, 18, Pillayar Koil Street, S.S.Colony, Madurai – 625 010, Tamilnadu, India (Permanent Account Number: AAA TD 2591 B) as at 31 March 2003 and the consolidated Income and Expenditure Account for the year ended on that date which are in agreement with the books of account maintained by the said trust.

This financial statement is the responsibility of the trust's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit subject to non confirmation of balances of certain advances, deposits and loans recoverable, bank balances, donor balances and current liabilities. In our opinion, proper books of account have been kept by the head office and branches of the trust so far as appears from our examination of the books.

In our opinion and to the best of our information and according to the information given to us, the said accounts give a true and fair view:

- i) in the case of the consolidated Balance Sheet of the state of affairs of the above named trust as at 31 March 2003 and
- ii) in the case of the consolidated income and expenditure account of the excess of income over expenditure of its accounting year ending on 31 March 2003.

The prescribed particulars are annexed hereto.

for SUNANDA & SHESHADRI,
Chartered Accountants,

Sd/-

K.SHESHADRI,

Partner.

Membership No.20956

Place : Madurai
Date : 03 July 2003

DHAN (Development of Humane Action) Foundation

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2003

| | Schedule | | (in Rupees) March 31, 2002 |
|--|-----------|-------------------|-------------------------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Written off as per contra | 1 | 25,809,530 | 18,237,157 |
| INVESTMENTS | 2 | 46,443,773 | 1,500,000 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Current Assets | 3 | 20,981,093 | 15,218,410 |
| Loans and Advances | 4 | 3,754,478 | 4,026,214 |
| Total | | 96,988,874 | 38,981,781 |
| LIABILITIES | | | |
| CORPUS AND CAPITAL FUND | 5 | 41,439,503 | 9,429,452 |
| SPECIFIED FUNDS | 6 | 27,482,035 | 8,059,989 |
| CURRENT LIABILITIES | 7 | 2,257,806 | 3,255,183 |
| FIXED ASSETS WRITTEN OFF AS PER CONTRA | 1 | 25,809,530 | 18,237,157 |
| Total | | 96,988,874 | 38,981,781 |
| Notes on Accounts | 12 | | |

Schedules 1 to 7 & 12 form an integral part of the Balance Sheet

Sd/-
Chairman

Sd/-
Treasurer

As per our Report of even date
for Sunanda & Sheshadri
Chartered Accountants

Sd/-
Executive Director

Sd/-
K.SHESHADRI
Partner

Madurai
Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2003**

| | | | | (in Rupees) | |
|--|-----------|------------------|-------------------|-------------------|----------------|
| | | Schedule | | | March 31, 2002 |
| INCOME : | | | | | |
| Grants Received | 8 | | 69,466,967 | 52,340,545 | |
| Techno Managerial Services Receipts (TMS) | | | 3,560,640 | 3,997,968 | |
| Other Receipts | 9 | | 3,257,287 | 2,613,324 | |
| Total | | | 76,284,894 | 58,951,837 | |
| EXPENDITURE: | | | | | |
| Community Banking Programme | | | | | |
| Programme Implementation and Administration | 10 | 33,853,053 | | 27,411,952 | |
| Capital Expenditure | 1 | <u>2,608,529</u> | 36,461,582 | 4,176,726 | |
| Tank fed Agriculture Programme | | | | | |
| Programme Implementation and Administration | 10 | 11,464,363 | | 9,924,359 | |
| Capital Expenditure | 1 | <u>279,635</u> | 11,743,998 | 2,998,456 | |
| Other Programmes | | | | | |
| Programme Implementation and Administration | 10 | 13,598,803 | | 5,276,125 | |
| Capital Expenditure | 1 | <u>1,924,097</u> | 15,522,900 | 1,632,803 | |
| Central office Administration | | | | | |
| Administration | 10 | 1,096,624 | | 1,920,447 | |
| Capital Expenditure | 1 | <u>1,732,061</u> | 2,828,685 | 1,295,526 | |
| Excess of income over expenditure | | | 9,727,729 | 4,315,443 | |
| Total | | | 76,284,894 | 58,951,837 | |
| Appropriation of Excess of Income over Expenditure | 11 | | 9,727,729 | 4,315,443 | |
| Notes on Accounts | 12 | | | | |

Schedules 1 & 8 to 12 form an integral part of the Income and Expenditure account

Sd/-
Chairman

Sd/-
Treasurer

As per our Report of even date
for Sunanda & Sheshadri
Chartered Accountants

Sd/-
Executive Director

Sd/-
K.SHESHADRI
Partner

Madurai
Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation
**SCHEDULES TO CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2003**

| Schedule 1 : Fixed Assets | | | | |
|---------------------------------------|---------------------|-------------------|------------------|----------------------|
| Community Banking Programme | | | | (in Rupees) |
| Particulars | C | O | S | T |
| | As at Apr 1,2002 | Addition | Deletion | As at Mar 31,2003 |
| Freehold Land | 678,901 | - | - | 678,901 |
| Building (Work-in Progress) | 793,425 | 720,719 | - | 1,514,144 |
| Furniture and Fixtures | 793,857 | 153,959 | 106,028 | 841,788 |
| Office Equipments | 278,846 | 64,967 | 70,323 | 273,490 |
| Professional Equipments | 3,380,343 | 1,251,883 | 149,959 | 4,482,267 |
| Electrical Fittings | 231,191 | 88,362 | 41,200 | 278,353 |
| Vehicles | 2,601,987 | 6,775 | 315,232 | 2,293,530 |
| Plant & Machinery | 47,238 | 7,240 | - | 54,478 |
| Staff Vehicles | 654,243 | 314,624 | 67,511 | 901,356 |
| Total I | 9,460,031 | 2,608,529 | 750,253 | 11,318,307 |
| Tank Fed Agriculture Programme | | | | |
| Freehold Land | 176,689 | - | - | 176,689 |
| Furniture and Fixtures | 240,652 | 29,727 | 28,821 | 241,558 |
| Office Equipments | 43,175 | 10,000 | 16,308 | 36,867 |
| Professional Equipments | 675,330 | 121,850 | 20,020 | 777,160 |
| Electrical Fittings | 82,310 | 4,448 | 5,390 | 81,368 |
| Vehicles | 1,411,709 | - | 169,158 | 1,242,551 |
| Plant & Machinery | 1,323,300 | - | - | 1,323,300 |
| Staff Vehicles | 201,653 | 113,610 | 76,343 | 238,920 |
| Total II | 4,154,818 | 279,635 | 316,040 | 4,118,413 |
| Other Programmes | | | | |
| Furniture and Fixtures | 235,975 | 181,501 | - | 417,476 |
| Office Equipments | 35,620 | 67,117 | - | 102,737 |
| Professional Equipments | 1,905,887 | 970,370 | - | 2,876,257 |
| Electrical Fittings | 106,827 | 26,699 | - | 133,526 |
| Vehicle | 2,200 | 520,000 | - | 522,200 |
| Plant & Machinery | - | 113,000 | - | 113,000 |
| Staff Vehicles | 42,005 | 45,410 | - | 87,415 |
| Total III | 2,328,514 | 1,924,097 | - | 4,252,611 |
| Central Office | | | | |
| Freehold Land | 1,587,143 | 3,808,205 | - | 5,395,348 |
| Furniture and Fixtures | 165,180 | 1,700 | - | 166,880 |
| Office Equipments | 45,650 | - | - | 45,650 |
| Professional Equipments | 468,600 | 16,500 | - | 485,100 |
| Electrical Fittings | 27,221 | - | - | 27,221 |
| Total IV | 2,293,794 | 3,826,405* | - | 6,120,199 |
| Total (I+II+III+IV) | 18,237,157 | 8,638,666 | 1,066,293 | 25,809,530 |

* Central Office - addition during the year

Less free hold land funded out of corpus

Capital expenditure taken to Income and expenditure account

3,826,405

2,094,344

1,732,061

Madurai
Dated: July 03, 2003

Sd/-
Chairman

Sd/-
Treasurer

Sd/-
Executive Director

DHAN (Development of Humane Action) Foundation

**SCHEDULES TO CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2003**

| | | (in Rupees) | |
|--|------------|-----------------------|-------------------|
| | | March 31, 2002 | |
| Schedule 2 : Investments | | | |
| Ford Foundation Corpus Deposits with : | | | |
| Post Office - KVP Scheme | 14,300,000 | | |
| Housing & Urban Development Corporation Ltd | 7,500,000 | | |
| Housing Development Financial Corporation | 7,500,000 | | |
| Fixed Deposits with Canara Bank | 143,773 | 29,443,773 | - |
| | | | <hr/> |
| DHAN Corpus Deposits with : | | | |
| Andhra Pradesh Power Finance Corporation Ltd | 1,000,000 | | 1,000,000 |
| Housing & Urban Development Corporation Ltd | 500,000 | 1,500,000 | 500,000 |
| | | | <hr/> |
| Sir RataTata Trust Expendable Field Campus corpus - Fund Deposited with : | | | |
| Fixed Deposits with Pandian Grama Bank | 14,000,000 | | |
| Post Office - KVP Scheme | 1,500,000 | 15,500,000 | - |
| | | | <hr/> |
| Total | | 46,443,773 | 1,500,000 |
| | | | <hr/> <hr/> |
| Schedule 3 : Current Assets | | | |
| Bank Balances | | | |
| In Savings accounts | 11,041,009 | - | 5,735,189 |
| In Fixed Deposits | 9,800,111 | 20,841,120 | 9,483,221 |
| | | | <hr/> |
| Cheques in Transit | | 139,973 | - |
| | | | <hr/> |
| Total | | 20,981,093 | 15,218,410 |
| | | | <hr/> <hr/> |
| Schedule 4 : Loans and Advances | | | |
| Loans | | | |
| Staff Loans | | - | 17,821 |
| Advances Recoverable: | | | |
| Project Advances to staff | 365,603 | | 654,102 |
| Deposits | 1,807,910 | | 1,502,070 |
| Other Advances Recoverable | 1,580,965 | 3,754,478 | 1,852,221 |
| | | | <hr/> |
| Total | | 3,754,478 | 4,026,214 |
| | | | <hr/> <hr/> |

Sd/-
Chairman

Sd/-
Executive Director

Sd/-
Treasurer

Madurai
Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation

**SCHEDULES TO CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2003**

| | | (in Rupees) | |
|---|------------------|--------------------------|-------------------------|
| | | March 31, 2002 | |
| Schedule 5 : Corpus and Capital Fund | | | |
| Ford Foundation Corpus | | | |
| Receipt during the year | 29,273,362 | | |
| Add Interest income appropriated | 170,411 | 29,443,773 | - |
| DHAN Corpus | | | |
| Opening Balance | 2,639,663 | | |
| Add: Receipt during the year | 3,350 | | |
| Add: Appropriation from Income & Expenditure a/c | 1,180,311 | | |
| | <u>3,823,324</u> | | |
| Less: Investment in land | 2,094,344 | 1,728,980 | 2,639,663 |
| Capital Fund | | | |
| Balance brought forward from last year | 6,789,789 | | |
| Add: Surplus during the year | 3,476,961 | 10,266,750 | 6,789,789 |
| Total | | <u>41,439,503</u> | <u>9,429,452</u> |
| Schedule 6 : Specified Funds | | | |
| Donors Account | | | |
| Opening balance | 6,141,116 | | |
| Add: Surplus during the year | 5,186,431 | | |
| Less: Revolving Fund advanced | 1,260,000 | 10,067,547 | 6,141,116 |
| Sir Ratan Tata Trust Expendable Field Campus Corpus Fund | | | |
| | | 15,500,000 | - |
| Sir Ratan Tata Trust Fund for Corpus grants - to Tank Farmers Organisations. | | | |
| Opening balance | 1,552,875 | | |
| Less: (Deficit) / during the year | (502,275) | 1,050,600 | 1,552,875 |
| Sir Ratan Tata Trust Revolving Fund | | | |
| | | 200,000 | 200,000 |
| Revolving Fund Returns | | | |
| | | 282,000 | - |
| Vehicle Fund | | | |
| | | 215,890 | - |
| Book Fund | | | |
| Opening balance | 165,998 | | |
| Add: Appropriation from Income & Expenditure a/c | - | 165,998 | 165,998 |
| Total | | <u>27,482,035</u> | <u>8,059,989</u> |
| Schedule 7 : Current Liabilities | | | |
| On Government Programmes | | | |
| | 1,441,811 | | 2,579,851 |
| Others | | | |
| | 815,995 | 2,257,806 | 675,332 |
| Total | | <u>2,257,806</u> | <u>3,255,183</u> |

Sd/-
Chairman

Sd/-
Executive Director

Sd/-
Treasurer

Madurai
Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation

SCHEDULES TO CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AS AT MARCH 31, 2003

| | | (in Rupees) | |
|--|------------|-----------------------|-------------------|
| | | March 31, 2002 | |
| Schedule 8 : Grants Received | | | |
| Grants Received from Foreign Agencies | | | |
| Novib - The Netherlands | 13,872,924 | | 17,289,080 |
| Ford Foundation - New Delhi | 9,432,241 | | 9,121,531 |
| Institute for Socio Economic Development - (ISED) Bhuwaneswar / CDS / DFID UK | 1,574,000 | | 200,000 |
| Winrock International India - New Delhi | 200,000 | | |
| Sustainable-agriculture & Environmental Voluntary - Action (SEVA) - Madurai | - | 25,079,165 | 200,000 |
| Grants received from Indian Agencies | | | |
| Sir Ratan Tata Trust | 24,600,000 | | 16,075,000 |
| Ministry of Rural Development / UNDP | 9,701,275 | | 5,600,000 |
| Institute of Water Studies - Chennai | 188,800 | | 780,000 |
| National Bank for Agriculture and Rural Development | 2,558,066 | | 882,400 |
| Drought Prone Area Programme (DPAP)-Chittoor | 356,966 | | 252,000 |
| Industrial Credit Investment Corporation of India(ICICI) | 1,200,000 | | - |
| Council for Advancement of People's Action and Rural Technology (CAPART) | 3,993,473 | | - |
| Department of Agriculture NWDPR - Watershed Swasakthi - Karnataka | 956,250 | | 100,734 |
| Jala Samvardhane Yojana Sangha - GoK | 462,087 | | - |
| District Rural Development Agency - GoAP | 251,848 | | 775,000 |
| Housing Development Finance Corporation | - | | 215,500 |
| South Asian Technical Advisory Committee - Aurangabad | - | | 300,000 |
| Kalanjia Movement | 7,134 | 44,387,802 | 549,300 |
| Total | | 69,466,967 | 52,340,545 |
| Schedule 9 : Other Receipts | | | |
| Other Receipts | 1,927,830 | | 1,613,908 |
| Interest from Banks, etc., | 978,735 | | 937,485 |
| Interest from corpus Investment | 350,722 | | 61,931 |
| Total | | 3,257,287 | 2,613,324 |

Sd/-
Chairman

Sd/-
Executive Director

Sd/-
Treasurer

Madurai
Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation

**SCHEDULES TO CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
AS AT MARCH 31, 2003**

| Schedule 10 : Programme Implementation and Administration | | | | | (in Rupees) |
|--|------------------------------------|--------------------------------------|-------------------------|--------------------------------------|-------------------|
| Activity / Expenditure / Items | Community Banking Programme | Tankfed Agriculture Programme | Other Programmes | Central Office administration | Total |
| Volunteer Allowances and Travel | 5,228,600 | 1,187,390 | 214,358 | | 6,630,348 |
| Training / Expenses on Volunteers, Groups and Members & Federations & Civic Programmes | 5,434,146 | 387,514 | 22,851 | 0 | 5,844,511 |
| Support for Income generation by members | 1,440,000 | | | | 1,440,000 |
| Crop Production & Water Management Training | | 258,025 | 0 | | 258,025 |
| Drinking Water Ponds Programme | 1,144,497 | 1,144,497 | | | 1,144,497 |
| Sir Ratan Tata Trust Endowment Grants to Tank Farmers Associations | | 620,000 | | | 620,000 |
| Small Grants assistance | | 205,000 | | | 205,000 |
| Convention, Workshop and Meeting | | 189,737 | 3,731,177 | | 3,920,914 |
| Employees remuneration and benefits | 11,456,710 | 4,193,722 | 4,627,868 | 547,885 | 20,826,185 |
| Professional / Consultancy Charges | 1,996,172 | 527,572 | 588,396 | 111,332 | 3,223,472 |
| Travel / Conveyance | 3,849,282 | 1,429,703 | 1,881,084 | 268,121 | 7,428,190 |
| Vehicle maintenance | 896,568 | 269,142 | 116,916 | 18,680 | 1,301,306 |
| Books and Audio Visual Expenses | 133,901 | 107,741 | 165,356 | 9,954 | 416,952 |
| Printing and Stationery | 1,124,654 | 359,708 | 733,180 | 21,978 | 2,239,520 |
| Communication | 548,465 | 178,586 | 332,814 | 25,358 | 1,085,223 |
| Rent, Water, Electricity and Maintenance | 1,244,098 | 227,031 | 698,740 | 51,473 | 2,221,342 |
| Miscellaneous Expenses | 499,882 | 178,995 | 265,448 | 41,843 | 986,168 |
| Advertisement Expenses | 575 | | 220,615 | 0 | 221,190 |
| Total | 33,853,053 | 11,464,363 | 13,598,803 | 1,096,624 | 60,012,843 |
| Previous year | 27,411,952 | 9,924,359 | 5,276,125 | 1,920,447 | 44,532,883 |

Sd/-
Chairman

Sd/-
Executive Director

Sd/-
Treasurer

Madurai

Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation

SCHEDULES TO CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AS AT MARCH 31, 2003

| | | (in Rupees) | |
|---|------------------|-----------------------|------------------|
| | | March 31, 2002 | |
| Schedule 11 : Appropriation of Excess of Income over Expenditure | | | |
| Excess of Income over Expenditure / (expenditure over income) | | 9,727,729 | 4,315,443 |
| Transfer to : | | | |
| Corpus fund from TMS Receipts | 1,000,000 | | 1,000,000 |
| DHAN Corpus fund from Interest Income | 180,311 | | 61,913 |
| Ford Foundation Corpus fund from Interest Income | 170,411 | | |
| Book Fund from Other Receipts | - | | 5,140 |
| Vehicle Other Receipts | 215,890 | | - |
| Balance carried to Balance sheet | | | |
| Donor's account | | | |
| Sir Ratan Tata Trust Fund for Corpus grants to | | | |
| - Tank Farmers Organisations Surplus / (Deficit) | (502,275) | | 816,610 |
| Others - Surplus / (Deficit) | 5,186,431 | | (44,709) |
| Capital Fund - Surplus | <u>3,476,961</u> | | <u>2,476,489</u> |
| Total | | 9,727,729 | 4,315,443 |

Sd/-
Chairman

Sd/-
Executive Director

Sd/-
Treasurer

Madurai
Dated: July 03, 2003

DHAN (Development of Humane Action) Foundation

Schedules to Consolidated Balance Sheet & Income and Expenditure account for the year ended March 31, 2003

Schedule 12 Notes on accounts:

1. The guiding principles that are fundamental to the institution are:
 - 1.1. High quality human resources will be engaged in grassroots work. The focus of the work will be on enabling rather than delivering through direct action.
 - 1.2. Value collaboration with mainstream institutions and government to demonstrate new and effective ways of development intervention and to build viable linkages between people and mainstream.
 - 1.3. Promoting people's organisations at various levels, with focus on one particular theme for sustainability.
 - 1.4. The strategy for growth is towards enriching the themes and retain subsectoral focus.
2. In pursuance of its objects and based on the guiding principles set out in para 1 above the trust:
 - 2.1 Undertakes projects and facilitates government and private local institution sponsored projects for promotion, renovation and maintenance of irrigation systems, and of natural resources, by land treatment, watershed management, afforestation, waste land development and management and also housing / housing finance for the needy.
 - 2.2 Promotes women's mutual credit and savings groups, associations of such groups and federations of such associations to enhance the savings and borrowing power of the poor to promote income generation activities for their livelihood.
 - 2.3 Works with the poor through locally active groups, informal and otherwise, in the accomplishment of its objectives.
 - 2.4 Provides technical and management assistance to similar voluntary agencies, institutions, government departments and funding agencies involved in development work in India. The reimbursement of cost / services in the form of fees are accounted under the head Techno Managerial service receipts & other receipts.
3. In the course of implementing the development projects the trust facilitates the mobilisation of substantial resources from various rural development schemes of the government and banks and through participants' own contribution, which are directly channeled to the participants. These have no monetary impact on the accounts of the trust. This is in keeping with the Trust's policy of progressively strengthening the capability of the weaker sections to deal effectively with development agencies and to manage development activities themselves. The administrative overheads incurred on account of the technical / managerial support extended are charged as expenditure of the trust.
4. In the case of informal savings and credit groups and other income generation activities flowing therefrom, the trust provides inter alia revolving fund grants & working capital loans, as per the mandate of the donors to the beneficiaries and the same are separately accounted for through the Balance Sheet, held in trust and administered. All other grants, including capital grants, are taken as revenue receipts of the trust in the year of receipt.
5. The trust follows cash basis of accounting.
6. Fixed assets are written off in the year of acquisition as an expenditure in the income and expenditure account and the cost of such assets are shown as contra on both the assets and liabilities side of the Balance Sheet. Fixed assets written off on transfer, sale, obsolescence etc are deleted from the cost on both the assets and liabilities side.

7. The cost of fixed assets written off during the year and deleted as per the policy outlined above is :-

| | 2003 | 2002 |
|--------------|-------------|-----------|
| Sale | Rs.8,10,380 | Rs.40,249 |
| Obsolescence | Rs.2,55,913 | Nil |

8. Fixed Assets include Rs.29,196/- (previous year Rs.15,44,442/-) consisting of Motor Vehicle Rs.Nil/- (previous year Rs.1,07,762/-), Furniture and Fixtures Rs.22,708/- (Previous year Rs.63,270/-) Office equipments Rs.Nil (previous year Rs.15,210) Electrical fittings Rs.5,288/- (Previous year Nil) Professional equipments Rs.1,200/- (previous year Rs.34,900/-) and Plant & Machinery Rs.Nil (previous year Rs.13,23,300/-) being assets acquired out of grants received from the United Nations Development Programme (UNDP), for a programme titled 'Promotion of alternative livelihoods for the poor in the biosphere of Gulf of Mannar' through the Ministry of Rural Development, Government of India (executing agency) and the M.S. Swaminathan Research Foundation, Chennai (implementing agency). These assets remain the property of UNDP and disposal / transfer would take place at the end of the project.
9. DHAN Foundation Corpus Fund includes Rs. 3350/- (previous year Rs.37,750/-) received as corpus donations from various persons and Rs.11,80,311/- (previous year Rs.10,61,913/-) transferred from the income & expenditure account including interest earned of Rs.1,80,311/- (previous year Rs.61,913/-) out of corpus investment.
10. Amount realised on sale of manuals & programme related literature are transferred to a separate book fund to publish / acquire further literature / manuals.
11. Previous years figures have been regrouped / reclassified wherever necessary.
12. Consolidated accounts mean and represent the consolidation of the accounts relating to foreign and local contributions.

Sd/-
Chairman

Sd/-
Executive Director

Sd/-
Treasurer

Madurai
Dated: July 03, 2003

Kalanjiam Foundation

Report for the period: October 2002 to March 2003

Background: The Kalanjiam Community Banking Programme was started in the year 1990 as a pilot project. It has gone through various stages of development from project to programme and a movement of the Kalanjiam members. The success of the programme has given the inspiration to upscale it and to establish the Kalanjiam model as an enabling model of microfinance. The promotion of thematic institutions for upscaling development innovations is one of the core purposes of DHAN Foundation. In keeping with the mission, the Kalanjiam Foundation has been created to take the Kalanjiam to many more poor in vast areas of the country.

Purpose: The three broad purposes of the Foundation are

- 1. Reaching out to poor:** The Kalanjiam has emerged as an enabling model of microfinance. It has been refined through the years and has been proved to be effective. The Foundation is created mainly for reaching out to a larger number of poor in the country. The Foundation will play a major role in nurturing the Kalanjiam movement – a women’s movement to gain strength and reach out to more poor.
- 2. Sustaining the Kalanjiam Federation’s as People’s Organizations:** The Foundation besides promotion of Kalanjiams takes on the work of developing and sustaining the Kalanjiam Federations. This is done by facilitating linkage with mainstream institutions, providing quality human resources, and support for their transition to civic organisations.
- 3. Policy Advocacy for pro poor and pro women policies:** The Foundation would be a resource centre for capacity building on microfinance and people’s organisations for bankers, government and donor agencies and those interested in the microfinance sector. It would work for changing existing policies and bringing in new policies at different levels in favour of the poor, especially women through its work at the grassroots.

Programmes of Kalanjiam Foundation

- 1. Support to the Kalanjiam Movement for up scaling:** The Foundation has planned to reach one million poor families through the Kalanjiams within the next ten years. It would give its energies to enabling the Kalanjiam Movement to become vibrant and a force to reckon with, that is working for the cause of women.
- 2. Demonstrating Community Banking on scale:** The Foundation would demonstrate the working of the Kalanjiams and their federation on scale. The scaling up is essential for achieving greater impact on the community, mainstream institutions and government policies. It will achieve scale through various ways such as the Kalanjiam movement, direct action, forging new partnerships with banks and other agencies in reaching out to the poor. It would work on new and innovative ways of reaching to large numbers in a short time and in a cost effective manner.

3. **Building Self Managed Federations as Civic Institutions:** The Kalanjiam Federations after a period of three to five years would have stabilized its financial services to its members. The federations would become financially independent and would then focus on initiating civic programmes to address the needs of women members and their families. The Foundation would facilitate establishing of referral hospitals, health and education initiatives, community development activities by federations. The federations would be supported to initiate various developmental programmes on their own and through collaborations with philanthropic organisations. Federations and Kalanjiams would also be supported to establish linkages with local Government and panchayat raj institutions for implementing various developmental programmes.
4. **People's Academy and Learning Centres:** The Foundation would facilitate establishing the People's Academy and People Learning Centres to strengthen the Kalanjiam Movement. The Academy and Learning Centres would host and organize a range of capacity building programmes and events as part of building a dedicated team of leaders and workers to spread the spirit of the Movement.
5. **Resource centre and Policy advocacy:** The Foundation being the one of the pioneers in the field of microfinance would undertake many research studies on various issues relevant to the programme. The focus of these research studies would be to highlight the learnings from action in the field and provide greater clarity for new areas of action in the field. These research studies will be used for the programme expansion, growth and working on new frontiers and sharing with wider audience.

The Foundation would continue to train the bankers, government officials and NGOs on Community Banking through organising various programmes and exposure visits. The Foundation would organise Regional and National seminars and workshops on various themes of microfinance to facilitate discussions on relevant issues to support the efforts on policy advocacy. All these initiatives would finally converge on influencing the policies of district, state, and central Governments relating to poor and strengthen the Kalanjiam Movement.

Progress during the year

The Kalanjiam Foundation is the first subsidiary of DHAN Foundation and the first institution in the DHAN Collective. The Kalanjiam Foundation has been registered as a Public Trust under the Trust Act. The first Board Meeting of the Trust was held on October 3, 2003. The appointment of Chief Executive was made from among the Strategic Forum members of DHAN Foundation.

DHAN Foundation has nominated 50 percent of the members of Kalanjiam Foundation's Board of Trustees from its Strategic Forum as it is the holding trust. The transition from being a programme of DHAN Foundation to the Kalanjiam Foundation would continue upto March 2004 and in certain areas for some more years. The staff working in Kalanjiam Foundation have been deputed from DHAN Foundation. A core group comprising senior team members has been set up to develop independent organizational systems, structure and mechanisms for the new institution.

The Sir Ratan Tata Trust, Mumbai has provided the nurturing support to Kalanjiam Foundation during this six months period. It was used to reach out to more poor in the 38 locations supported by them earlier. These locations are spread in Andhra Pradesh, Karnataka, Tamil Nadu and Pondicherry. The promotion of cluster development associations, new federations and developing existing federations in these locations was taken up in an intensive manner. The federations have initiated civic programmes for the benefit of their members mainly in the areas of health and education.

The Foundation took up the preparatory works to initiate the People's Academy. The purpose of the Academy is to build the capacity of the Kalanjiam Movement workers and leaders to take up their responsibilities. A think tank was constituted with senior team members to develop the concept, design and content for the Academy. This has been finalized and presented to the Advisory Committee set up for this purpose .

The Foundation took up an active role in the Madurai Symposium. A convention of women leaders from federations of SHGs from different parts of the country was organised as part of it. The leaders came out with a series of resolutions on various aspects of institution building of federations. This event helped position Kalanjiam Foundation as a resource institution to support women federations and People Movements on microfinance.

MADURAI SYMPOSIUM

Celebrating Development Initiatives and Innovations

Introduction

Ford Foundation has completed 50 years of its services in India. The services by the Foundation are pioneering in several fields and have helped in setting up new and path finding initiatives for the diverse conditions existing in India. Its contributions have been both to government agencies, academic institutions and NGOs. They have been in the field of education and field oriented research programs on Rural Development, Water and Agriculture. The work done by the Foundation in the past has been varied and added value to the Indian planning and implementation of development programs. The Foundation's work on many fronts has been widely acknowledged and revered as a model, modern philanthropy should emulate. DHAN Foundation has been privileged in associating with the Ford Foundation in its 50th year celebrations in the South Indian context through relevant events, meets, studies and publications. The Madurai Symposium was the closing event in the events organised by DHAN Foundation.

Madurai Symposium in a nutshell

The Symposium hosted stakeholders from the development sector from various parts of the country. Representatives from Community Institutions, Civil Societies, Government, NGOs, Financial Institutions, and Academicians celebrated the multi-faceted development initiatives and innovations mainly from the four South Indian States of Karnataka, Andhra Pradesh, Kerala and Tamil Nadu.

The five-day symposium was a first of its kind, with concurrent seminars of people's representatives being held along with seminars on various development themes. The venue

was the historic Tamukkam grounds, Madurai which has witnessed the launch of various important political movements in the past. The vast expanse of the grounds hosted various "huts"- temporary constructions of coconut leaves which provided a cool ambience for discussions in an otherwise hot Madurai season.

The symposium was inaugurated in a plenary session where women leaders from various federations and delegates from NGOs, government and financial institutions participated.



The schedule of events was

People Conventions

| | | |
|----|--|---------------------|
| 1. | Convention of Women Federation Leaders | March 07 – 09, 2003 |
| 2. | Traditional Water Managers (Neerkattis) Convention | March 10, 2003 |
| 3. | Panchayat Leaders Workshop on Present and Future of Panchayat Raj Institutions | March 10-11, 2003 |
| 4. | Tank Farmers Convention on Sustainability through Endowment | March 11, 2003 |

Development Conferences

| | | |
|----|--|----------------|
| 1. | Simultaneous Seminars on Interrelatedness of Microfinance and Development Themes | March 07, 2003 |
| 2. | Simultaneous Seminars on Relevance of Microfinance in Development Programmes | March 08, 2003 |
| 3. | Future of Microfinance | March 09, 2003 |
| 4. | Simultaneous Seminars on Development Themes | March 10, 2003 |
| 5. | Seminar on Civil Society Initiatives of Native Origin | March 10, 2003 |
| 6. | Seminar on Development of South India | March 11, 2003 |

The first Peoples' Conference was with the Women Federation Leaders and the first Development Conference was on Micro-finance. These two conferences continued for three days from the 7 – 9 March, ending with two separate plenary sessions on March 9. A rally to celebrate World Women's Day was organised on the March 8.

Two Peoples' Conferences, one with Traditional Water Managers and the other with Panchayat Leaders were conducted on March 10. Simultaneously, two Development Conferences, one an NGO seminar on Development Themes and the other on Civil Society Initiatives of Native Origin were held.

On March 11, the Conference on Panchayat Leaders continued. Another conference with Tank Farmers and leaders was held. Simultaneously, a plenary on the synthesis of the four state level consultations was held. This was followed by discussions on development issues in South India.

The Global Closing Session of the Madurai Symposium saw the Declarations and charters that emerged from each of the seminars being presented. A South India Support Group for small scale water resources was launched.

People Conventions

Convention of Women Federation Leaders

The symposium held a series of conferences starting from March 7 - 9, involving around a thousand women leaders from one hundred and two women federations promoted by various NGOs, Government agencies and co-operative organisations from nine Indian states.



The Symposium provided a much needed and rare platform for women leaders from different federations to come together and learn from each other. It celebrated and gave recognition to the efforts and accomplishments of the women leaders. On March 8, 2003 these leaders were joined by another fifteen thousand women from various self help groups and federations to celebrate the International Women's Day. This gave them a larger context of their work and purpose as a federation.

The women were able to share their experiences from which were consolidated their good practices. The women learned what worked or did not work in other situations and contexts. These best practices sharing enabled the women to add different tools and methodologies to improving their operations, their organisations and services. Some of these were maintaining transparency in accounts, reaching consensus on decisions, specially while deciding on loan applications, taking up women related issues in their area of operation, linking with banks etc.



The first day focused on the theme of "Institution Building". The second day on Micro-finance for women development and the third day focused on planning for future action. These discussions were held in small sub groups of twenty to thirty women each. Each sub group was facilitated so that all the women shared their experiences and ideas. At the end of each day, a plenary was held where in the sub groups presented a synthesis of their discussions. The culmination of this three day process was a *Women Leaders' Declaration*. While seemingly repetitive, the Declaration was the product of an iterative process that empowers women along the way.

Women Leaders' Declarations

A. Road Map (Growth) of a Federation:

1st Year: Federation shall focus on institutional consolidation in addition to undertaking programmes for imparting minimum writing and reading skills to the women members and leaders. Federation shall create awareness about marketing linkages and women's rights, which are highly relevant for economic and social development.

2nd Year: Federation shall establish links with Government and other mainstream development institutions to create access to public institutions and resources like land, hospitals and other common properties in the villages.

3rd—5th Year: Federation shall focus on increasing the incomes of members by building their skills and providing needed marketing linkages for their products. Simultaneously federation shall focus on sustaining the collaboration with other institutions to build their capacity to evolve as a civic institution.

B. Poverty Reduction

1. Covering poorest of poor

- The federation shall work only with the poorest of the poor
- All the potential poor in Southern India should be covered under SHGs by federations, NGOs and other Government institutions over the next five years to ensure uniform development among the poor.
- The federation shall cover all potential poor members in its area within one year of their existence.
- The federations and their SHGs shall allocate at least 10% of their profits for reaching out to the left out poor.

2. Federation as development institution

- Federation shall act as a development institution and focus on the overall development of their members to bring them out of poverty.
- Federations could play the financial intermediation role primarily to bridge the credit gap and complement the direct linkage of SHGs with bank branches.

3. Steps for poverty reduction

- Arresting of leakages (Income drain):** As part of addressing poverty reduction, federation shall focus on arresting the leakage of income of the poor. The federation shall design suitable programmes and build the capacity of members and leaders to eradicate of alcoholism. In addition, federation shall promote health care services, especially for women and children to reduce the increasing health expenditure.
- Increasing income:** The federation shall collaborate with various resource institutions for providing market linkages, technologies and upgrading the skills of members. Government shall develop special programmes for capacity building of rural women and youth to enhance their skills and provide employment opportunities. The federations shall focus on creating access for the members to the existing resources like land, water, livestock, and forest, to enhance the income and strengthen their livelihoods.
- Usurious interest:** Government shall strengthen present efforts and take action to arrest the exploitative money-lending practices with severe penalties and criminal action against the persons and institutions promoting usurious money lending practices.
- Cost coverage:** Federation shall focus on meeting the costs of operations in the form of service charges from member groups for achieving sustainability. The SHGs shall allocate a portion of their profits to meet the operational costs. Federations and groups shall focus on reducing the expenditure and promote best practices of effective governance and management.

e. Women Development

- The members and leaders of the federation shall neither give nor take dowry.
- Federation shall not encourage unnecessary expenditure on Seimurai (expenditure on social obligation) and discourage members from availing loans for such practices. Instead, groups would encourage members to develop suitable lending and savings policies to meet their expenses related to festivals and social events.
- Federation shall undertake studies by involving members to review, monitor and evaluate the quality of services provided by the public institutions and government departments. The observations of these reports will be shared widely with the community, government and other institutions. As a follow-up the federation will develop suitable programmes to collaborate with government and improve the situation.
- Federations shall work closely with Primary Health Centres, schools, and other local organisations to ensure maximum benefits for its members. Federations will initiate provision of these services only to complement and strengthen the existing public institutions.
- Federation shall ensure 100% immunisation for all children and safe delivery practices for pregnant women.
- Federation shall ensure that the daughters of members of SHGs do not get married before the age of 21.
- Federation shall encourage the education of girl children, special efforts would be made to see that girl children do not drop out of school and continue their education at least up to higher secondary schooling.
- The federation shall ensure that the assets created through credit support shall be in the name of women or jointly with their husbands.
- Federations shall focus on establishing counseling centers to address the issues of domestic violence and alcoholism in locations where it is prevalent

Traditional Water Managers (Neerkattis) Convention

About twelve hundred Traditional Water Managers from the South Indian states of Karnataka, Tamil Nadu and Andhra Pradesh took out a rally on the March 10. The focus was on renewal of fresh water resources to commemorate the International Year of Fresh Water.

The rally was followed by day long deliberations on the status, present role of the *Neerkattis*, capacity building needs and the future course of action to strengthen their role as water managers. The sub groups' discussions focused on the present status of the *Neerkattis*, the issues regarding their future role in managing the tanks. A resolution on the future course of action was developed at the end of the discussions which was presented in the plenary.

Resolutions from the Traditional Water Managers

1. The water use efficiency is 90% in areas managed by the water managers whereas it is only 60% in their absence. It was resolved to recognise the contribution of water managers in the effective use and distribution of water.
2. Since the quantity of freshwater available globally is reducing, the water managers role is critical for ensuring inflow of water to the tanks and its equitable distribution. A resolution was passed to appoint water managers in all tanks.
3. In the present situation, appointment of water managers and their works change from place to place. They are either transferred or appointed according to the needs, or appointed in rotation and as a result the role of water managers in protecting the tank changes. Hence the water managers should be recognised as guardians of the tanks
4. The symposium resolved to bring out the talents hidden in water managers and develop them, besides giving training to them to adopt new technologies to harvest water for proper distribution.
5. It was also resolved that a cadre of water managers should be created starting from tanks, cascade of tanks to the river basin. The water managers at the village level should work jointly with the tank farmers associations to ensure protection of tanks.
6. The salary of water managers should be fixed on a monthly / crop basis. The tank federations should take steps to fix their salary and mobilise the funds needed for it.
7. The minimum wages for water managers should be given irrespective of a bumper harvest or poor harvest. The tank federation and other service organisations should take needed steps to see that they get it regularly.
8. The work of the water managers is fraught with risks. There is a need to create awareness about the nature of their work among farmers and take steps for their protection by the farmers.
9. The water managers doing exemplary service should be honoured. The traditional technologies connected with their work should be included in school and college curriculum.
10. To raise the standard of living of the water managers and free them from usury, micro-finance groups should be set up and should be integrated at the river basin and district levels. This, the seminar felt would help raise their standard of living.

Development Conferences

Seminar on Civil Society Initiatives of Native Origin

DHAN Foundation had initiated a study of some of the successful Civil Society Initiatives of Native Origin. These initiatives have been in operation for decades and many of them are successful enterprises catering to their communities.

A seminar on *Civil Society Initiatives of Native Origin* was organised on the March 10, 2003. Cases of successful community initiatives which have been in operation for decades

and have reached huge scale of operations were presented. These initiatives follow many management systems which are non conventional. The services are built around local communities.

The cases that were presented were

- Kshatriya Vidyashala Schools and Educational Enterprises in Virudunagar
- Palamedu Pathrakaliamman Milk Society
- V. Pudhur Village Association
- Authoor Betel Leaf Farmers' Association
- Traditional Irrigation Societies in Tamiraparani River System.

The cases highlighted the ingenuity of traditional knowledge, experience and management expertise.

The objective of the seminar was to learn the reasons for the success from these traditional initiatives and transpose into current methodologies and practices. The learnings from these initiatives and the reasons for their success were:

All these initiatives used a combination of traditional wisdom and modern technology. A major feature was preservation and respect for traditional values. Transparency in financial transactions was maintained in all these initiatives. All these initiatives had their own funds for sustainability or mobilised funds from within the community. There was selection, rotation and training of leaders. The structures were very flexible to the extent of being informal. Teamwork and solidarity was another key feature. Disciplinary measures strictly enforced and any deviation from norm would mean an exclusion from the community. An important learning from these initiatives is that ordinary people are capable of managing programs and projects.

Panchayat Leaders Workshop on Present and Future of Panchayat Raj Institutions



A two day workshop was organised on the March 10-11, to discuss the challenges and strategies to build the Panchayats as democratic institutions. The workshop in which around forty Panchayat leaders from Tamil Nadu participated, also presented a charter on the future course of action to strengthen these institutions.

The conference started with an inaugural session with a lead paper being presented by Mr.K.Vallinayagam, retired Additional Director, Rural Development. The discussions on the first day revolved around the

present status of the Panchayats and the practical problems faced by the representatives in operations. The second day discussions focused on the future course of action to strengthen these institutions.

The delegates held sub group discussions on different topics which ended with a plenary. The discussions and the thrust areas were framed into resolutions which was ratified by the delegates.

Panchayat Institutions Resolutions – Today and Tomorrow

1. Panchayat institutions should be given the status of Government like State and central Governments.
2. Development projects should be chalked out in every village and be implemented with the approval of the people.
3. Panchayat institutions should work with people's institutions like Kalanjams.
4. The needed funds to carry out all the maintenance works should be collected at the Panchayat level
5. Financial support for development works at the Panchayat level may be sought either as loan or grant from state and Government departments.
6. Grama Sabha meetings should be held in every hamlet. This can ensure participation of all in the Panchayat.
7. The responsibilities of people's representatives should be increased and the intervention of Government officials should be reduced.
8. All works undertaken at the Panchayat level should be drawn to the attention of Panchayat body and it should be made mandatory.
9. Panchayat court system should be brought back to settle issues at the Panchayat level.
10. There should be transparency in the activities of Panchayat institutions. All resolutions taken and report on income and expenditure should be placed on the notice board for the benefit of the public.
11. Panchayat President should be entrusted with power to issue birth, death and nativity certificates.
12. Panchayat President should be impartial, honest and be a role model.

Tank Farmers' Convention on Sustainability through Endowment

The Farmers Convention held on the March 11, discussed the experiences of the farmers and leaders in sustaining the Tank Farmers' Associations through endowment funds. Around hundred farmer leaders participated in the convention. The Convention began with an inaugural session which laid the context to the one day seminar. Then sub-group discussions were held to discuss: (a) creating more awareness for the endowment, (b) scaling up endowment, (c) utilising returns generated by the endowment. The farmers presented their resolutions at the plenary on how to manage and strengthen the endowment funds.

1. Every year the Association should collect an annual contribution from its members and use it to increase the endowment fund.
2. The Association which received an endowment fund should promote Micro Finance Groups and at least 15% of their common fund can be added to the endowment fund.
3. The Association which received an endowment fund should undertake tank rehabilitation/maintenance work every year.
4. Movement Leaders/Federation Leaders should take the preparatory steps to motivate the Associations in their areas to get the Endowment fund.
5. The Association which received the endowment fund should take initiative to promote Tank Farmers' Associations (TFAs) in nearby villages. They should motivate existing associations to get the endowment fund.
6. To increase the endowment fund, the Vayalagam Leaders should approach other local philanthropic organisations such as Lions Club, Rotary Club and others.
7. Efforts should be made to get lands, orchards and buildings on lease and use it to generate resources to raise the endowment fund.
8. Movement Leaders and Federation Leaders should conduct Consultative Workshops and trainings at districts/regions/state level to scale up the creation of endowment fund.
9. A particular portion of usufructs (fish rearing, tree plantation, etc.) can be allocated to increase the endowment fund. For this purpose an exclusive agreement should be made with local Panchayat to ensure this allocation.
10. The ceiling for matching fund of Rs.200/ per acre can be relaxed and increased according to the own contribution raised by the association.

Development Conferences

Simultaneous development conferences were held on various issues and themes of development from the March 7-11, 2003. More than 800 delegates representing NGOs from nine Indian states, representatives from financial institutions and government departments participated in the discussions. These discussions were held in sub groups of twenty to forty participants which provided for very lively discussions. Lead papers were presented in these groups which set the stage for discussions. The outcomes of the groups' discussions were presented in a plenary.

Simultaneous Seminars on Interrelatedness and Relevance of Microfinance in Development Themes and Programmes

These two themes were taken up on April 7-8, 2003. The participants deliberated on the interrelatedness of micro-finance



with development programmes and deliberated on the issues and consequences related to the integration. The themes included Gender, Agriculture, Livestock, Non Farm activities, Food Security, Social Security, Urban Development, Housing and Infrastructure, Tribal Development, AIDS, Disability, Education, Health, Joint Forest Management, Tankfed Agriculture and Watershed Development.

Each of the themes was taken up in a sub group discussion. A lead paper was presented in each sub group which paved the way for further discussions. Each session was chaired by a person with vast experience of working in that theme. The groups synthesised their discussions and presented it at the plenary at the end of the day. Some of the main issues discussed in the sub groups and the leads for future action are summarised below.

Micro finance provides a platform on which other development themes can be initiated. There are certain themes in which micro finance can play a crucial role. Thus for Agriculture, Non Farm and Livestock development, Micro-finance can provide the much needed capital to initiate, scale up and strengthen these activities. It could also provide the institutional support for reaching economies of scale, backward and forward linkages. Bankable enterprises which are viable in rural areas could be promoted by micro finance institutions.

Micro finance can add value to tank fed agriculture by experimentation with products like medicinal plants, vegetables cultivation, green manure etc. It could help in reducing the cost of cultivation through developing seed farms, utilising local resources. Micro finance could also reach landless farmers who have not been covered. It could be used to promote crop insurance. Micro-finance activities could be extended to watershed committees to make them more sustainable. It could be used to provide loan products for land development, post harvest etc.

Micro finance has already played a role in ensuring food security by providing consumption credit and smoothening/ stabilising cash flows of the poor households. Micro finance can design and add social security products in its portfolio. Successful experiments of insurance and housing could be disseminated for others to follow. However, these products should be suitable for the clients in the rural areas (viz flexibility in payment of premiums, explanation of products in local languages, simplified procedures etc). Health insurance policies should cover expenditure incurred on local/ traditional medicines like Siddha and Ayurveda. The Government could collaborate with micro finance institutions in providing social security.

In themes like tribal development, micro finance could add value by products such as education loans, providing capital for value addition to non timber forest produce. Similarly, micro finance could be extended to people with HIV / AIDS, disability and it could play a vital role in their economic empowerment. The various government schemes for these people could be dovetailed with micro finance to make them more accessible. It could also experiment with insurance products which could be extended to these groups. More importantly, micro-finance could provide the platform for organising them for capacity building, lobbying, policy advocacy with the government.

Regarding Gender issues, Micro-finance has already provided a platform to organise women which has helped create an identity for women within the households and in the local community and has led to their economic security. The future areas of action could be providing access to information (including legal), knowledge building and the power

that comes with it, fostering organisational leadership and self reliance among women and facilitating action for entitlement rights through partnership with Government agencies, influencing policy changes.

Micro finance could promote education by providing educational loans to its members for their children. For health related issues also, micro finance could add health loan as a product. For both these themes, it could be used as a forum in which adult learning programmes or issues related to health could be discussed.

Housing is a natural extension to micro finance activities. Long term loans could be given to members for upgrading their houses or construction of new houses. Micro finance could be used to promote slum infrastructure development in urban areas. Loans could be provided for upgrading the houses and adding sanitation facilities in slums. With the municipal authorities insisting on contributions for developing infrastructure, micro finance could provide the capital to promote slum infrastructure.

The discussions also pointed out that additional activities could be taken up only when the micro finance activities have been stabilised. There is a need for proper sequencing for proper diversification or a graduation of services. Any additional service that Micro Finance could provide, must be carefully studied for appropriateness, and it must be made sure that products or services do not counteract gains made in other areas.

Future of Micro finance

Issues related to the Future of Micro Finance were discussed on the March 9. Lead papers were presented in the plenary before the sub group discussions started. The topics covered Capacity Building, Upscaling, Linkage Banking, New Frontiers and the Contours of future of micro finance. The summary of the sub group discussions were presented in the plenary session. The issues which emerged from these three days of deliberations were synthesised and the **Madurai Declarations on the Future of Micro Finance** was drafted and presented to the Plenary on the last day of the symposium.

Some of the key issues which were discussed and the thrust areas which emerged are summarised below.

Upscaling

Quality is a major concern in upscaling. Unless norms and standards are clearly set and implemented, upscaling could prove to be disastrous. The other major issues in upscaling are the resources. MFIs find it difficult to find sources to fund their upscaling. The group also debated on what the sources of upscaling could be. The group debated whether banks should bear the cost of upscaling as the groups ultimately are providing business to them. The bankers doubted this and said that other sources should be explored. The group expressed the dichotomy present here. On the one hand there is a lack of promotional and endowment funds for growth and sustainability of micro finance and on the other there are many Government programmes for activities which are not showing much results.

Capacity building

Capacity building emerged as a major issue. If the success of micro finance has to be upscaled, capacity building of new entrants as well as upgrading of skills of the existing players is needed. The group strongly suggested dissemination of success stories and best

practices. The needs for various stakeholders in micro finance were identified. For the SHGs, the focus should be on community orientation, financial management and income generation skills. For the NGOs, MFIs, Banks the areas of capacity building are: more extensive communication for policy initiatives, developing and adopting performance standards, follow up of trained practitioners; market studies on the needs of SHGs for appropriate product development, financial audits etc. For the Government, NABARD and other policy makers, the focus areas are improving regulatory and legal framework; establishing requirements needed for NGOs to become MFIs; establish regulation system.

The strategies for achieving these could be establishing a pool of trainers/ consultants, establishing an MFI training institution, creating local networks for sharing experiences, documenting success stories and creation of a training fund.

Bank Linkage

For further strengthening the linkage banking, the recommendation is to institutionalise the process as it is still “banker” dependent. The SHGs and Federations, NGOs, should develop strong relationships with banks for awareness building to facilitate transactions. Common norms and procedures need to be adopted by banks to facilitate linkages. Banks should promote bulk lending at concessional rates which would increase efficiency of linkages. Multiple lending/borrowing when SHGs seek bulk lending in one bank and individual lending in another should be discouraged. The demand for micro finance services are staggering and presently micro finance does not even cater to 1% of the credit needs of the poor.

Microfinance is a tool for poverty alleviation. It is oriented towards social, economic and political empowerment of the poor. The approach of micro-finance must be consistent and widely shared such as the cooperative approach. Micro finance could play a role in adding value to other sectors like education, health, food security. It is a powerful tool for organising people.

Thus micro finance should move from being a financial to a civic institution. It should interface with the local governance. It should move beyond the models and scale up to reach more poor. Space should be given to innovations. However for it to be an important tool for poverty alleviation, the stakeholders should redefine their roles. A favourable legal and institutional framework should be provided for it to flourish.

These discussions were synthesised and presented as Madurai Declarations on Future of Micro Finance on the last day of the workshop.

Madurai Declarations for the Future of Microfinance

1. There is an urgent need to ‘upscale’ the successful diverse ‘microfinance’ models in India, including SHG Bank Linkage. The resources required for promotional efforts need to be met by Government and Banks. Government needs to reallocate the available ‘subsidies’ for promotion and capacity building of self-help groups under the SGSY programme and other Government sponsored programmes.
2. Government needs to move away from direct implementation role, instead provide needed enabling environment for the NGOs and Community Based Organisations to upscale their operations. Government needs to treat NGOs & CBOs as equal partners in reaching out to large number of poor.

3. Focus on reaching the left-out poor has to be given utmost priority. Government, NGOs and Banks have to work together and ensure that the benefits of microfinance reach only the poorest.
4. The rapid growth and upscaling of the microfinance need to focus on achieving growth without compromising on ensuring quality. 'Microfinance' initiatives should go beyond 'financial services' and ensure overall development of the poor.
5. The interest rates charged by 'Microfinance programmes' should not burden the 'poor' and should not support the existing usurious practices. However the interest rates should ensure that the financial sustainability of microfinance operations is achieved.
6. In order to ensure the growth and development of micro finance services, capacity building of all the clients and institutions involved in the three streams viz., Demand, Supply and Enabling should be undertaken. The demand stream includes the poor clients and their organisations, while the supply stream involves the Banks, MFIs and other microfinance delivery agencies. The Enabling stream includes the NGOs, RBI and Government agencies.
7. 'SHG-Bank' linkage the unique Indian model of microfinance needs to be further expanded to various parts of the country to reach the financial services to the leftout poor
8. The Banks need to ensure continuity of the support to well performing SHGs through flexible and diverse products
9. Banks shall allocate a portion of their profits to support and build quality client system in the form of SHGs and their Federations.
10. Government shall encourage and promote 'subsidy' free SHG Bank linkage. Toward this end the government shall reallocate the subsidy available under SGSY programme for promotion and capacity building of groups and their federations.
11. Microfinance needs to be seen as an instrument for the overall development of the poor. It needs to be recognised that microfinance plays an important role in addressing various development issues. The interrelatedness and relevance of microfinance with other developmental themes and programmes needs to be recognised
12. Microfinance interventions should work towards developing social security systems and innovating new insurance and pension products to protect the poor against vulnerabilities
13. Ongoing product development and innovation should form an important aspect of the design of microfinance programmes
14. Ongoing research and documentation of microfinance experiences, wider dissemination is essential for development of microfinance sector.

To sum up, all these efforts shall lead the sector to reach at least 100 million poorest families over the next decade which requires coordinated efforts between SHGs and their federations, Banks, Government and NGOs.

Simultaneous Seminars on Development Themes

NGO seminars on *Development Themes* were held on the March 10, 2003. The focus was on subjects like Strengthening Community Organisations, Building Alliances, Professionalising the NGO sector, Conservation and Development of Indigenous

Technologies, Resource Mobilisation, Showcasing successful NGO efforts, Upscaling of development action, Redefining future of NGOs and Development themes for the future.

The objectives of the seminars were to assess the present issues and the concerns which NGOs must deal in the future. It also provided space to analyse how the NGO sector could strengthen itself with its human resources and its systems to professionalise the delivery of services, including resource mobilisation. For each of the seminars, lead papers were presented to facilitate the discussions in sub groups. A plenary session was held at the end of the day to share the discussions. Some of the key issues that were discussed and the thrust areas that emerged are summarised below.

Building Alliances

Alliances enable NGOs to achieve common goals minimising the resource constraints for each stakeholder. The group felt that there was a need to collaborate with all stakeholders such as the media, academia, NRIs, Panchayat Raj Institutions, State and Central Government, corporate/private sector. Attitudes such as apprehension, bias or prejudices, self-centric need to be overcome and one should move towards people orientedness.

Alliances could be built by: (a) creating a model, (b) synergising people's institutions, (c) planning from below to create awareness, (d) facilitating NGOs interaction with PRIs, (e) building capacity, (f) upscaling. Alliances need to be professional to be sustainable and more effective. Organisations must synchronise their activities before they go into partnerships.

Professionalising NGO Sector

The group defined Professionalisation as *implementing any activity in a systematic way with professional inputs*. It was strongly felt that educational qualification alone was not enough, the commitment to the sector is the key. However, whether professionalisation is required in their organisation or not must be answered by each NGO. Ideally there should be a balance between the two prevailing schools of thought.

Arguments in favour of professionalisation pointed to efficiency and effectiveness, reaching out to more people. The group also discussed at which level in an NGO professionalisation should start. They suggested that academically qualified but at the same time field oriented persons should be at the management level. If more qualified staff are available, they could be placed at the field operations level. If not a cadre on the lines of 'barefoot' professionals need to be created. Concerns of lack of "committed" professionals were raised.

The challenges of professionalisation include: (a) responding to changing situations, (b) retaining people, (c) need for continuous innovation, (d) inculcating collective responsibility, (e) clarifying grey areas, (f) HRD as a component of professionalisation to build the capacities of the staff and staff welfare etc.

Conservation of traditional technology

The session on Conservation of Traditional technology based on indigenous knowledge and experience discussed on how to promote them so that these "knowledge rich but resource poor people" are empowered.

Traditional technology and practices have to be revitalised and incorporated into policies on forest management. Traditional technology must be captured, conserved, developed, and disseminated as per the need. There is a need to improve indigenous knowledge by value addition and design improvement. The group stressed the importance of disseminating green technology and mainstreaming it through government policies and programs.

Granting of Intellectual Property Rights (IPR) to communities is a very tedious process that needs to be simplified. NGOs should play a part in identifying knowledge keepers and document their experiences for preservation and further promotion. Schools, academic and research institutions could be involved in this effort.

Showcasing successful NGO efforts

The session on showcasing successful NGO efforts tried to list the factors for their success. The success factors of people led programs like fisheries, micro-finance, tank management and science and technology are: (a) the facilitating role of the NGO to mobilise and organise (b) capacity building and establishing linkages and (c) systems management.

Effective linkage with financial and other institutions was the key where interventions are seen as investments and not charity. Government linkages led to favourable policy development. The group strongly felt that Science and technology are too sensitive to be left alone with scientists and technologists; NGOs and communities must be involved. Linkage with research institutions needed to blend traditional practices with modern methodologies.

Resource Mobilisation

Resource Mobilisation continues to be a key constraint faced by many NGOs. The major causes were lack of visibility of NGO programmes and lack of tangible outcomes. The consequence is the inability to attract donors (both international and local). In contrast religious activities and religious groups have visible programs and are perceived to achieve results, cornering the biggest chunk of donations from local and international sources. Political parties are also able to mobilise local funds.

Another factor was the lack of professionalisation in NGOs that donors look for. Only 67% of NGOs file Foreign Contributions Regulation Act (FCRA) returns. Donors want proof that funds are not diverted. There is a strong need for more transparency among the NGOs. NGOs must also understand the policies of the funding agencies they tap who have political and social interests to promote. NGOs must also understand donor requirements such as evaluation and evaluators. Instead of seeing it as an intrusion, NGOs must welcome the opportunity to learn from their programs.

Tapping local grants should be explored. The NGOs should attract local philanthropic organisations and individuals for raising resources. They need to diversify their sources of funding, including looking at cost recovery schemes. Some innovative fund raising schemes may also be experimented with such as business oriented ventures or services provision (training and consultancy or sale of publications for example). Joining networks may be a good idea for smaller NGOs to tap resources. In the long term, NGOs should look at developing a basket of choices for funding rather than relying on one big source.

Upscaling

Upscaling is necessary to influence Government policy and mainstream services. When NGO work is mainstreamed, a lot more people can be reached in a short time. However, before upscaling, a model is needed that is applicable to different contexts. The model should define the principles, philosophy, policies, and structures. The adoption of model should not compromise on the values of the organisation.

The cost of development of prototype must be borne by donors initially. Legal framework must be conducive to upscaling development action. Organisational commitment and leadership with vision is needed for successful upscaling.

Building stronger community organisations

NGOs should play an important role in building stronger community organisations. Their role should evolve with time. Thus they should redefine their role from organisers to facilitators to mentors, as communities gain strength and capability.

Stronger community organisations can be built if there is transparency in operations and in financial transactions. The community organisations must be linked with institutions and agencies (government for example). However, the control and management must remain with them. Community organisations need to engage in business promotion activities and marketing. But they should go beyond financial services and move into social services.

The sustainability of community organisations is due to good leadership, which is democratically selected, rotated on a regular basis, with capacities to lead. The NGOs must work for a better legal framework for community organisations.

Redefining the future of NGOs

The challenges for the NGOs in the future would be change in attitude from 'I' to 'we' to 'they'. The people which should be the focus of the work).

They should try to establish sustainable livelihoods in non-traditional areas such as (1) service provision, (2) agro-service centers (3) value addition processes to traditional products. At the same time, the poor in urban areas should also be a focus. A major role would be to disseminate information needed by communities such as prices of commodities, health information, government services. They should understand the changing role of NGOs, government and demand for effective transparent governance.

Internal challenges for functioning would include new methods of resource mobilisation, capacity building for staff, need for systematic documentation and best practices publication for upscaling, replication and adaptation. They should also try to bridge the gap between academia and NGO practice

Development themes for the future

The future themes on which NGOs should focus were discussed in one of the groups. Although the group felt that the NGOs must work on the issues relevant to the area that they worked in, some of the major sectors identified were:

HIV AIDS : This is emerging as a major threat in the future which could cripple the productivity of the country. NGOs could work to raise awareness, education in the

prevention and removal of stigma for those who are affected, as well as removing prejudices from health practitioners.

Child Labor Eradication: Children are our most valuable resources for the future and the NGOs must work to ensure that their future is bright. They must try and increase awareness on the importance of education. They should educate parents to stop child labor and to encourage them to send their children to schools. NGOs must link with employers who hire child labor to initiate positive action programs (such as reduction of work hours, support for school fees, and avoidance of hazardous work).

The NGOs must work in collaboration with the government for a better impact of efforts. They should work towards creating market linkages for the poor to improve local market potential and support them to improve/develop their product, preserve culture and provide training needed. The NGOs should declare a sustained campaign against corruption.

MAINSTREAMING OORANIS: A WAY FORWARD

ISSUES AND OPTIONS

A summary of the Research study undertaken by the International Water Management Institute (IWMI), Colombo, in collaboration with DHAN Foundation

The Context

In the context of increasing water scarcity, competitive demands and widespread pollution, water resources have become one of the critical imperatives for livelihood, particularly to the vulnerable poor who reside in the rural areas. Drinking and domestic water needs get the first priority among the various demands of water as envisaged, in Indian National Water Policy 2002. In the regions where ground water is either not available or saline and polluted due to human activity and the rainfall is either scanty or unpredictable, people have to depend upon traditional water harvesting structures like ponds to store the seasonal rainfall for use round the year. One such area is the coastal district of Ramanathapuram district of Tamil Nadu in India where the people have been using such ponds locally known as Oorani for several centuries.

Though the traditional systems i.e., Ooranis are still playing an important role in domestic water supply, a decline of these traditional systems has set in as a result of neglect of their maintenance due to State interventions in the form of piped water supplies, hand pumps and shallow and deep bore wells, desalinated sea water and groundwater supply. Most of the piped drinking water supplies are centralised systems, which do not function effectively in the widely dispersed hamlets for want of prompt maintenance, due to system deficiencies such as breakdown of the infrastructure, lack of adequate water at the source; although in some hamlets more than one type of water supply is in existence. Often improper understanding of the functions of traditional systems has killed the very system. Traditional water harvesting structures are specific responses to ecology and culture in which they have evolved. Not only have they stood the test of time, but they have also satisfied certain local needs in an environment friendly manner. These systems emphasise ecological conservation in contrast to environmental overuse of modern systems. Traditional systems have benefited from collective human experience and local management since time immemorial and in those lay their great strength. These traditional systems are ideally suited for semi-arid tracts of India where rainfall is low and erratic and devoid of any groundwater source or saline or polluted ground water unfit for drinking water use.

Learning from the historical experience and deficiencies of the existing drinking water systems, DHAN Foundation has carried out a programme to improve the condition of the Ooranis in 27 selected hamlets in Ramanathapuram District of Tamil Nadu which are chronically affected by severe water scarcity for drinking. The project has enthused several villagers to go for the revival of their Ooranis. The programme has several innovative components such as hamlet level organisations to undertake development of Ooranis, earthwork excavation using a combination of men and machines to create an Oorani capacity sufficient enough for a hamlet at affordable cost and structural improvements such as fencing, infiltration well, inlet structure, steps etc. in a time bound manner.

The Study

The International Water Management Institute (IWMI), Colombo, Sri Lanka has identified this project as an innovative one which has the potential to resolve the drinking water problem in chronically affected scarce water resource region devoid of any groundwater use. It commissioned a study in collaboration with DHAN Foundation with the main objective to assess the practical mechanisms for the promotion and dissemination of innovations in small holder water management with a view to improving the livelihoods of poor people; to find answers to some of the important aspects relating to the innovation and to explore the possibility of its extensive use for several thousands of dependent population.

The study was carried out over a period of seven months from June 2002, through extensive consultations with stakeholders, conducting brainstorming workshops with academics and implementing agencies, collection and review of secondary data, collection of primary data through hamlet level and household level questionnaires and quality testing of water samples from different sources of water supply that are being provided to the villagers.

Conclusions

Ooranis are the most preferred source of water supply

The Ooranis will continue to be the primary and preferred source of drinking and domestic water supply in rural areas. Although the professional and government agencies have not accepted Ooranis as a safe source of drinking water from general health standard point of view, the people consider them as the best of the water resources available to them.

Domestic water supply from rehabilitated Ooranis outscores the other sources of water supply now available to the people in most aspects such as taste, access, adequacy, availability, convenience and preference.

Some of the important advantages claimed for Oorani water after rehabilitation is

- Good taste and colour of food
- Availability of water throughout the year
- Time saved in fetching water (2 1/2 hours per day)
- No need to travel long distances to fetch water
- Less conflict/frustration within the household
- Less disputes/quarrel between and among the households
- Reduction in occurrence of water borne diseases
- No need to pay money for water

The maximum benefit in using rehabilitated Oorani water goes to women who are the major actors in acquiring domestic water supplies. The rehabilitation of Oorani provides water within the hamlet and the people do not have to stand in long queues or walk long distances with pots or allow school going children to fetch water during odd times. It considerably reduces the drudgery of women. Fetching water from the Oorani is a pleasant work and one could see groups of women coming and taking water at their own time by having dialogue with each other.

Oorani water is superior in all aspects of water quality except for turbidity and biological pollutants

In this study, the water made available to the villagers through various sources and schemes including Oorani, was tested by taking samples both at the supply point and the end use point. The tests included the analysis of their physical, chemical and biological properties.

Oorani water is superior in all aspects of water quality except for turbidity and biological pollutants. The hamlet communities use the raw water from Ooranis with limited home treatments such as filtering with cloth, coagulating the sediment and making it to deposit/settle down with certain seeds, stones and saline water and in some cases by boiling the water. Those home treatments except boiling does not even bring down the turbidity level to acceptable public health standards. These treatments have effect in removing the biological pollutants. Though the biological pollutants have immediate effect on health, over the years of consumption the people have developed immunity to the pollutants.

Provision of inverted sand filter and disinfection with bleaching powder are the two cost effective yet simple methods suggested for making the Oorani water to meet the standards of the Public Health Department.

Oorani rehabilitation through people's participation provides assured water round the year

The hamlet level and household level surveys and data analysis (catchment area of Oorani, no. of fillings, hydrological relationship with tank system, rainfall etc.) show that Ooranis with a storage capacity of 8000 - 10000 cu.m can supply water to a hamlet having 1000 population, both round the year and even during drought years.

Water supply to Ooranis involves collective action, timely decision making, allocation of scarce water to various needs, etc., and therefore it requires institutional arrangements to ensure adequate water supply to Ooranis. Regular upkeep and maintenance of Ooranis also have to be ensured. Oorani rehabilitation should be looked beyond structural improvements. The people have to be involved right from planning to execution and post rehabilitation maintenance and management.

In this context, the process adopted by the DHAN Foundation appears to be right and the respondents have expressed their satisfaction. The people are considered as the centre of the programme and water as a unifying force. The approach of the DHAN Foundation has resolved conflicts in the hamlets and the people got united and contributed to the Oorani programme through cash, kind and labour. Thereby the hamlet level traditional institutions have been strengthened. The rehabilitation of Oorani brought respect to the hamlet from the nearby hamlets. The people who realised the benefits of collective action have initiated other village development works like tank rehabilitation, road development etc.

The excavated Oorani earth is used to improve roads, pavements, school ground, house yard etc. The Programme has helped to build the capacity of the local people to handle the government funds to regenerate the traditional water source round the year within their hamlet. Thereby it arrests the leakages and ensures transparency.

Oorani has comparative advantages over other sources of water supply

Ooranis have widespread occurrence; each hamlet has an Oorani infact more than one Oorani each in same habitats serving a different purpose. The number of Ooranis in a hamlet also increases with increase in population. Oorani being simple storage structure can be used and maintained by decentralised management; and protected to a large extent from pollution, through local control and regulation. Generally, the people's contention is that the other sources of supply when available will be used for domestic purposes like washing and bathing, while Oorani water will be used for drinking and cooking. Some of the other sources like hand pumps are either broken down or are not able to lift groundwater as the water table has gone down beyond their reach. The desalinised water is discoloured and emits an odour. The supply through the combined water supply scheme is either undependable or far short of the needs. All these sources of supply are centralised for operation and maintenance and are therefore unable to meet the timely needs of the people. Ooranis are easy to maintain, and according to the storage position, the people can regulate the distribution of that water.

The economics of providing water supply with Oorani as the source compare very favourably with the other sources presently being provided by the government and other agencies. The table below shows that the per capita investment and maintenance cost of Oorani water is only a minor fraction of other sources.

Comparative cost benefits and dependability of different sources of Water supply in the study area

| S. No | Type of Source | Annual Investment cost per beneficiary (Rs.) | Annual Maintenance cost per beneficiary (Rs.) | Dependability of the source |
|-------|---|--|---|--|
| 1 | Hand pumps | 300 | 10 | <ul style="list-style-type: none"> The expected life period is 10 years. Quality analysis done by TWAD Board revealed that 67% of the pump water is not potable. Only 10% of the hand pumps are in operation. Of the remaining 90% some are under repairs and others have become dysfunctional due to decline of water table. Maintained by Panchayat. |
| 2 | Individual power pumps with over head tanks | 350 | 46 | <ul style="list-style-type: none"> Fall in the water table has restricted the performance of some units. Water from 25% of pumps is declared as not potable. Maintained by TWAD Board and in a few cases by Panchayat. |
| 3 | Combined water supply scheme | 2406 | 102 | <ul style="list-style-type: none"> High initial and maintenance costs. Maintained by TWAD Board |
| 4 | Desalinised water supply scheme | 1875 | 811 | <ul style="list-style-type: none"> Involves high cost. Frequent and long breakdowns of the unit. Highly techno - centric in nature. Maintained by TWAD Board |
| 5 | Ooranis | 300 | 10 | <ul style="list-style-type: none"> Widespread occurrence. Reliable source of supply. Environmental cost is nil. Infact beneficial to the environment. High turbidity and coli-form content. Maintained by local people. |

Need for design and field testing of measures to upgrade water quality

While many of the developments made in the Ooranis have improved the quality of water, some of them have not functioned well. For example, the filter medium provided at the bed of the Oorani to process the raw water stored in it functioned satisfactorily for a year or two. Later, the pore space in the filter material got clogged by the clayey soil prevalent in the region rendering it dysfunctional. The filter medium requires removal, washing and cleaning periodically to make it function effectively. As it is placed at the bottom of Oorani, it can be removed only when there is no water in storage. That situation does not happen as the Oorani water is required daily by the people and therefore it is not emptied even for cleaning for want of a stand by source. This results in the people consuming the raw water without much of a treatment. The local treatment measures adopted by the people, like filtering the water with cloth, mixing the crushed seed or saline water or Kankar stones with the Oorani water in pots, removes the turbidity to a moderate extent but they do not remove the pollutants to a safe level. Even if many of the local people might have built up immunity from the use of Oorani water, the children, pregnant women and elderly people are likely to be affected by consuming that water. Therefore the Oorani water needs effective treatment before it is used. Our interactions and discussions with the Municipal Public Health departmental staff, officials of Tamil Nadu Water Supply and Drainage Board and Pollution Control Board and the academics in the department of Environment and Sanitary Engineering, Gandhigram Rural University, go to show that a few simple and easy treatment measures can be adopted to treat the Oorani water to make it safe for human consumption. They are:

- Prevent pollution of run off by ensuring protection of catchment area adjoining the Oorani from misuse.
- Continuing the existing local practice of treating the Oorani water to remove turbidity.
- Boiling the water at household level.
- Exposure of Oorani water collected in transparent plastic bottles/ containers to sunlight for two hours during the mid day before use.
- Provision of slow sand filters outside the Oorani, so that even when there is water in storage, the filter medium can be removed, cleaned and replaced;
- Chlorination of the water using bleaching powder of precise dosage and careful monitoring.

Most of the treatment measures, except catchment protection and provision of slow sand filter can be practiced by the villagers themselves.

Oorani rehabilitation impacts poverty and livelihoods of the people

The study has brought out how Ooranis which provide drinking water affects the livelihood of the people and particularly the poor who are the most vulnerable to scarcity of primary needs like food and water. The rehabilitated Ooranis saves 2 ½ hours per day per household in fetching water during non rainy season (April - September). Thereby it saves 60 work days in a year and this time which was not available earlier could be used for wage employment and improving livelihood.

Another aspect that affects the livelihood of the poor is their health. When they fall sick, they lose a few days of employment opportunity, and the earnings for that period. They also have to spend for their recovery from sickness by way of medicines. The study reveals that prior to rehabilitation of Oorani, 10 percent of the households were affected by water

borne diseases. It has come down to 7 percent of the households after rehabilitation of the Oorani. The rehabilitation of Oorani reduced the drudgery of women too.

When water has to be fetched from neighboring hamlets, even the school going children are sent for such work. Their study time get reduced and many times it affects their education. The poor are affected even more when they are deprived of education.

Oorani rehabilitation minimises the water related disputes and conflicts and it builds cordial relationship among the villagers. It considerably minimises the exchequer money spent on centralised water supply schemes which may be diverted to other development activities. Thus Oorani based water supply in the hamlet impacts poverty in several ways and improves the local people's livelihood and quality of life.

Oorani rehabilitation ensures equity in water supply

The daily consumption water varies among the households in a hamlet. The study reveals that family size in the household, land holding size and the no. of livestock owned by a household, determine the water needs. The larger they are, the more the consumption. Even a landless person owning a no. of livestock needs more water than a large land holder.

When water is made available in the hamlet itself through Oorani rehabilitation, equity in water use follows, as every resident irrespective of his status or wealth has equal access to water according to his needs. According to the availability, the supply is regulated and based on house hold size water is provided to all the households by the hamlet community itself.

During the scarce year, at the cost of crop cultivation, irrigation water is diverted to Oorani and drinking and domestic water supply to all the people including the landless in the hamlet is ensured.

Conclusion

Considering all these advantages, it is felt necessary to undertake the rehabilitation of existing Ooranis on a substantial scale, initially in the semi arid areas having saline ground water and later in the other areas where the water table has gone down due to over exploitation. Simultaneously pilot studies to upscale the Oorani project by field testing the suggested improvement/treatment methods will also be undertaken to upgrade the quality of water to acceptable standards by designing appropriate filter media and resolve the constraints of up scaling such as increased pressure on the water resource, competitive demands from various users and the operational maintenance and management problems if any encountered. The institutional arrangement suggested in this study and the interventions recommended for making Oorani water potable are to be field-tested through action research before large scale adoption and out scaling is attempted

The Way Forward

This research on Oorani rehabilitation to make Oorani as a drinking water source has brought out some interesting results and conclusions. One of the major outcomes of the research is that the process adopted by DHAN Foundation in rehabilitating Ooranis is acceptable to all stakeholders and outcores as a drinking water source in aspects such as adequacy, access, preference and convenience as compared to the other sources of water

supply. Based on this acceptance, there is a good potential to replicate this process over a larger area of similar geo-hydrologic environments and then to areas of differing hydro-geologic environments.

Recommendations

Three distinct ways are thought about to move forward from the current situation, which could be followed either sequentially or simultaneously:

Large scale extension of present Oorani programme to similar environment.

Further improvement to the Oorani programme by adding filter media and chlorination, through action research by way of improving the present model and taking it to a large-scale expansion to similar situations and environment.

Surface water based drinking water scheme could be the sustainable intervention wherever drinking water source is ground water and groundwater extraction exceeds recharge. Ooranis in combination with extraction devices such as hand pumps provide a sustainable alternate model for drinking water supplies which are applicable to all regions.

Challenges for mass scale expansion of Oorani programme

Financial instrumentality

Financial package and its availability at the hands of people without middlemen such as contractors would decide the pace of large-scale expansion. For mainstreaming of Ooranis, adequate finance has to be made available to the model but it has severe limitation now in view of its individual grant based nature. If the funds are available from financial institutions, expansion would proceed at a faster rate. In order to trigger the process, loan based investment for Oorani has to be initiated on a bigger scale of say 100 Ooranis at a time and tested for feasibility. The climate is conducive for this initiative in Ramanathapuram district because of earlier work of DHAN Foundation. The Programme could be taken up as the next step and completed in a year or two with the collaboration of IWMI.

Technical improvement

Similar to financial experimentation, technical action research should be initiated with attendant institutional changes to develop an effective filter mechanism and a simple chlorination system to improve the quality of Oorani water. The outcome of this research could be integrated with the existing model for large-scale expansion. Further, it could lay a stable foundation for a good water market for drinking water.

Large scale expansion

Large scale expansion of the Oorani programme over all types of geo-hydrologic environs with the suggested interventions has been imperative for achieving the desired impact on rural drinking water supply programme, now implemented by the Government agencies at the State level. At least one thousand Ooranis can be taken up as forerunner programme for large-scale expansion. A bilateral funded programme could be developed by DHAN Foundation and could be implemented in a period of 5 to 7 years. In such a programme, adequate research component would be built-in based on earlier challenges. This expansion would take off as a movement aptly called "Oorani movement" with multiple sources of funding.

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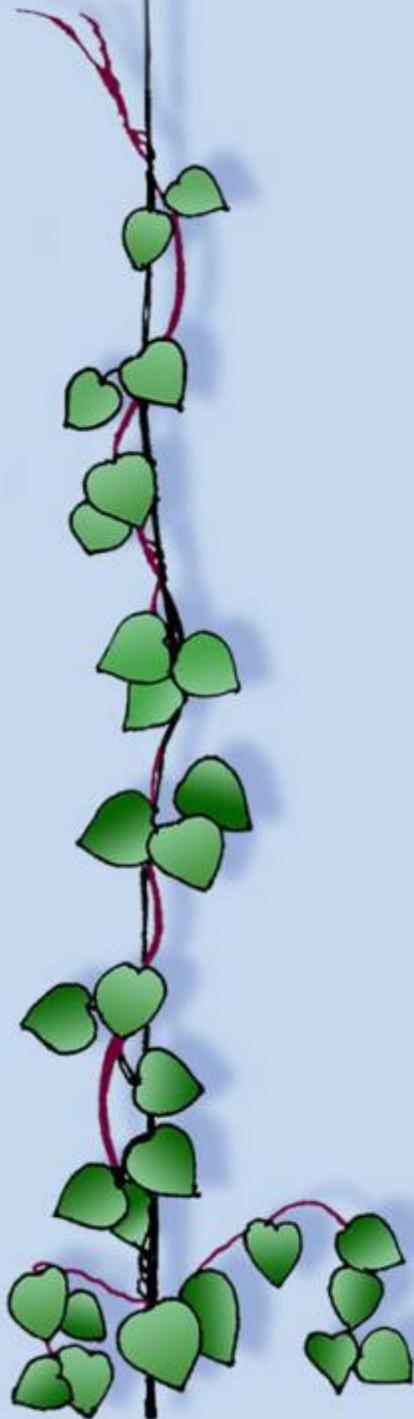
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