

# Collective Action in Poverty Reduction Programs



Over half of the hungry people in the world are small-scale farmers, herders, and fishers, who produce food but cannot reliably feed themselves and their families. Nevertheless, poor people are themselves working to improve their lives. Even when their individual resources may be weak, working together can help overcome limitations of wealth, farm size, and bargaining power. Collective action can provide an instrument for addressing poverty through natural resource management, income generation, reducing vulnerability, providing critical services, and allocation of rights. Collective action offers the potential to build assets and overcome poverty traps.

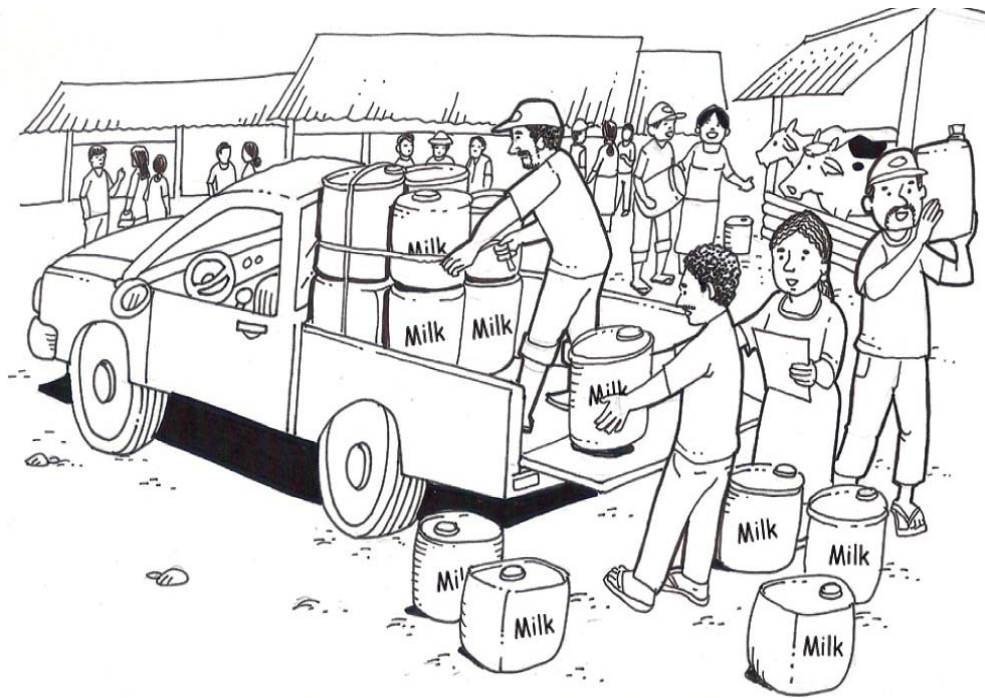
## SOURCE:

Meinzen-Dick, R. and M. di Gregorio. 2005. *The Role of Collective Action in Fighting Hunger*. In: Sanchez, P. (ed). *Halving Hunger: It Can Be Done*. United Nations Development Programme.

## Programs Built on Collective Action

Over the years, there have been well-documented experiences of collective action initiatives that have been effective in the areas of agriculture and natural resource management, marketing, and service delivery. The following scenarios illustrate situations when collective action was effective in achieving some levels of success, in improving the well-being of the poor.

- **Pooling of resources or joint investment can enhance the productivity of smallholders.** Conventional on-farm technologies like improved crop varieties can be adopted by a single



farmer, even a tenant; however, farmers may jointly invest in equipment or irrigation. Moving on from on-farm technologies to those that operate at larger spatial scales, there is greater need for collective action to make the technology work.

- **Collective action is vital in common property management.** Village commons provide firewood, grazing, or water that households need on a regular basis to supplement private land. In times of crisis, people may rely even more heavily on the commons, and thus common property resources provide a safety net to reduce vulnerability. Across the various resource sectors — irrigation, watershed management, fisheries, forestry, and rangelands — two major challenges surface: provision of the initial investment and regulation of ongoing harvesting and protection of the resource.

- **Devolution and co-management elicit collective action.** The last decades have witnessed governments managing natural resources in a more decentralized manner in collaboration with local communities. Devolution or decentralized management work by the principle of subsidiarity, wherein natural resource management is seen to be more effective when local people are involved.

The strategy has shown that local people are more capable of monitoring and enforcing rules at their level, monitoring costs are much lower, and accessibility to valuable local knowledge helps fine-tune management practices and maintain ecosystem balances. Additionally, it empowers local communities, which depend largely on the resource base and have a stake in its conservation and sustainability for their food and livelihoods. The supporting role of government institutions in the devolution scheme, where authority is transferred to local users, should also be realized in terms of providing security of rights to users. Some forms of co-management arrangements between the community and government often lead to better outcomes than when the government or user groups try to manage by themselves.

#### Increasing Milk Production in India through Cooperatives

Milk cooperatives in India have stimulated great increases in production and availability of dairy products throughout the country by collecting milk from over 10 million producers, 60 percent of whom are small or marginal farmers or landless. A three-tiered cooperative structure with professional staff links local collection with processing plants and marketing to distribute the milk to consumers, returning the profits to the producer members, rather than to middlemen.

- **Collective action opens up market opportunities for smallholders.** Smallholder farmers often have very limited access to agricultural inputs, due to the unavailability of either resources or money. From a trader’s viewpoint, the transaction cost in supplying to smallholders is higher than dealing with just a few large farmers. Marketing cooperatives have played a major role in addressing these problems by providing inputs and credit to farmers and purchasing and aggregating the outputs of many farms.
- **Community-driven development requires collective action.** Community-driven development (CDD) has been gaining recognition for its potential in establishing cooperation for many development programs for poor or marginal sectors of society. In CDD, poor people in communities are supposed to set the agenda for development activities, working in collaboration with demand-responsive agencies, whether government or non-government organizations (NGOs), to provide technical support and backup.

The relevance of collective action for CDD programs is twofold: *collective action is an important pre-condition and predictor for the success of CDD programs*, and CDD programs aim at *strengthening capacity for collective action*. The first point speaks of collective action as a vehicle for creating local organizations as well as resource management groups, which are crucial for undertaking CDD programs.

## Factors Contributing to Collective Action

Development projects achieve more success if collective action is present, though it cannot be expected to be present always. It is therefore important to determine where collective action is likely to arise, identify where additional efforts are needed to strengthen collective action, particularly when expanding beyond initial pilot sites, and know the conditions where the poor and food — insecure can involve themselves in the process.

- **Collective action transpires when the benefits in managing the resource collectively outweigh the costs of cooperation.**

A resource is of value to the users and they will work together if the returns justify the effort. This implies that collective action is not likely to arise in areas of extreme environmental degradation. Yet, it is often the most degraded lands that are transferred under “joint forest management”, or irrigation systems that have ceased to function, and are very expensive to run. In such cases, the state may need to intervene to rehabilitate the resource first.

### Why Some Decentralization Efforts Failed

- Decentralization policies are often undertaken partially. Management duties and costs may have been transferred to local authorities, but relevant rights and access to benefit shares are less likely to be transferred.
- Devolution, if only undertaken partially, can actually strengthen the control of local branches of government over the resource and in effect, further reduce access of local communities.
- Even if there are structures and institutions in place to devolve authority to local users, elite capture is still a risk, where resource is managed only in the interest of a few of right holders.

- **Past successful experience in collective action or a history of cooperation facilitate further cooperation.** Development projects that entail cooperation among participants should, before instituting new groups, investigate existing group formation, associations, and informal networks and try to link the new activity to successful existing groups. Programs should be careful not to overload such groups with new activities.

- **Diversity in a group can work positively.** In terms of wealth and skills differences, diversity in a group can be an asset to a certain extent, as it allows the group to take advantage of the individual characteristics of its members. However, sharp inequalities in wealth and income may also render the collective action unsuccessful, as it engenders diversified interests within the group. Moreover, if benefits accrued through collective management are not shared equally, but instead according to wealth or status, indicating capture by a sub-group, collective action is likely to break down. The presence of a strong group identity is likely to indicate high potential for collective action.
- **Collective action is more favorable if channeled by effective agents.** Appropriate skilled leadership, well-connected to outside institutions, complements the enrichment of social capital in fostering successful collective action.
- **Cooperation is easier to achieve in areas of stable population.** Repeated interactions among the same set of people generally increase the incentives to cooperate, and reduce the transaction costs as people get to know each other and establish common rules and norms. A high turnover of population makes collective action more difficult. Out-migration creates more “exit options” that reduce the need for cooperation, and rapid increases in population may also place pressure on resources.



**Collective action empowers women to engage in livelihood activities that could potentially improve their household income.**

- **Access to markets can increase potential benefits from collective action for different activities (marketing) and thus foster cooperation in new areas.** Market development affects the likelihood of cooperation in different and often conflicting ways. Increased access to markets not only reduces people’s dependence on natural resources, but also often introduces a new way of resolving risks that collective management of natural resource used to address, especially if access to the credit market is increased.
- **An enabling institutional environment provides a platform for collective action.** This holds true, particularly when the authority of local organizations is recognized and backup sanctions to enforce collective management rules or forums for dispute resolution are provided. Paramount to this is the recognition of external authorities that lo-

#### Cases when Collective Action is NOT Likely to Emerge

- **Wrong presumptions.** It should not be presumed that devolution programs and community-driven development projects then by local government structures or user organizations always possess the capacity to manage resources on their own, or that new organizations can be easily set up and will certainly be able to undertake collective action. This is not always the case.
- **Loss of trust** in external or collective institutions.
- **Negative and recurrent disappointing experiences** as a consequence of the involvement of powerful external interest groups.
- **Corruption and rent-seeking, and non-compliance** with rules by members.
- **Exclusion of very poor and marginalized people.** Initial cost of participation, time constraints, and distance in spatial or social (e.g., gender, education) terms are some of the factors that impede poor and marginalized people from participating actively in development endeavors.

cal organizations are capable of crafting their own rules of conduct and sanctioning and monitoring mechanisms.

## **Policies that Promote Collective Action**

There are no blueprint approaches for getting people to work together everywhere. Governments should not rush to set targets for how many organizations should be formed or registered, as many of these never function. However, the following provide some guidelines for external programs that try to promote real collective action.

1. In terms of policies, governments should first look for factors that prevent people from working together. Some regulations may be needed to provide an assurance that particular target groups are being included and served, but imposing too many rules or processes will restrict local involvement.
2. Responsibilities need to be balanced with real rights. Without this, the group does not have the authority to make decisions, which will limit the extent of local participation, even if people are willing to be involved. Moreover, rights provide important incentives for people to take on responsibilities. Nonetheless, where resources are transferred to local organizations, it is essential to check whether local organizations are excluding certain people, e.g. women or those from certain castes or ethnic groups.
3. International organizations and donors can encourage the active involvement of local organizations in the design and implementation of projects, sharing experiences of what has worked—and what has not. At the same time, they should be careful not to over emphasize collective action, as it is too important to become a fad. Rather, it should be recognized as vital to ensuring food security, with important spillovers to other sectors, and that the underlying institutions therefore merit concerted investment.
4. Development NGOs have a wealth of experience in working with community groups, fostering the collective action and empowerment of those who have often been excluded. The constraint is often one of scale: even relatively large NGOs have only worked in a small fraction of the communities where poverty is prevalent. Sharing experiences among NGOs, and using their staff to train others, provide mechanisms to expand their contributions.

Collective action offers many opportunities for addressing poverty and enhancing welfare. Many challenges are being faced by concerned local groups — particularly those based in poor communities — which hinder them from contributing to collective endeavors. However, where joint investment or cooperative efforts can be potentially built, then substantial investments on the part of governments, international organizations, donors, development agencies, civil society, research institutions — and most of all, by poor people themselves are very much required.

## **Suggested Readings**

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