Reducing Poverty Through Self-Organization:

Outstanding Issues of Sustainability and Relevance

Ramani Gunatilaka

> *'The foundation of poverty reduction is self-organisation of the poor at the community level – the best antidote to powerlessness, a central source of poverty ... What the poor most need, therefore, are resources to build their organisational capacity.'*
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> *UNDP (2000), Overcoming Human Poverty, p. 72*

It was not too long ago when notions such as 'participation' and 'empowering the poor' could only be understood by the radical fringe and the non-governmental sector. But these concepts have now become part of the mainstream, commanding almost as much space and emphasis as growth-oriented macroeconomic policies in the poverty-reducing policy frameworks of governments and donors. In fact, participation and self-organisation of the poor, from being essential ingredients of community-based, poverty-reducing interventions such as microfinance and rural infrastructure programmes, are now seen as mechanisms through which even local government can be made more accountable, and good governance – 'the missing link' - established. Thus, UNDP (2000), for example, calls for the organisation and mobilisation of local communities to prevent otherwise beneficial decentralisation efforts from 'buttressing the heavy hand of local elites'.

The mainstreaming of the new paradigm is to be welcomed. Nevertheless, several unresolved issues remain about the long-term sustainability and relevance of efforts to assist the poor to organise themselves for their own empowerment.

First, few pro-poor policy agendas acknowledge that the process of empowerment through self-organisation invariably challenges existing social hierarchies and conditions. But how far would governments and donors be willing to support such an organic social movement? In any case, such movements are usually vulnerable to being undermined by both internal and external forces. More attention needs to be paid to what these are and how they may be prevented from threatening the sustainability of such efforts.

Still on the issue of sustainability, since building the organisational capability of the poor needs a catalysing agency which is presumably supported by a programme, the question arises as to when its task may be considered as done. What may be the exit criteria for the catalyst? And more importantly, can the process be sustained without one?

One way of dealing with this issue is to decide that processes and mechanisms of self-organisation need be sustained only until programme objectives are met. But whether achieving programme objectives themselves is realistic will depend on how wide, or how narrow these objectives are, and what other factors or forces are necessary to achieve them. This, then, is the third issue that needs to be looked at: how relevant and important a factor is the process itself to achieve its ultimate goal, that of reducing rural poverty and empowering the poor?

This paper aims to throw further light on these issues by focusing on Sri Lanka's experience with a participatory rural development programme that was conceived and implemented long before the current enthusiasm with such programmes got underway. Begun by the government as an experiment in action research in 1978, the Change Agent Programme (CAP) aimed to catalyse the rural poor to organise themselves to transform their economic and social status by their own efforts. In the 1980s and 1990s CAP developed into an alternative rural development and poverty alleviation programme, inspiring the social mobilisation components in many of its imitators and successors. CAP's expereince illustrates the problems of managing conflict, securing sustainability and ensuring the programme's relevance, that are fundamental to any programme aiming to reduce poverty by encouraging the self-organisation and empowerment of the poor.

The paper is organised as follows: Section 2 briefly traces the key evolutionary phases of the Change Agents' Programme (CAP). Section 3 analyses the CAP experience in relation to the issues of managing conflict and securing sustainability and asks the question, how relevant such interventions are to the problem of reducing rural poverty. Section 4 concludes.

The Change Agents' Programme (CAP)

Even though Sri Lanka's macroeconomic policy stance favoured a market-led, growth-oriented approach beginning in 1977, political imperatives ensured that the historical emphasis of welfare and rural development continued. The Change Agents' Programme (CAP) was the first rural development programmes programme implemented in the post-liberalisation era, with the Integrated Rural Development Programmes (IRDPs) coming a close second. CAP began when the Department of Rural Development reoriented its training programme for village leaders by adopting a participatory training approach using 'live' material. By 1978 it had transformed into an experimental action research programme whose methodology rested on the training of trainers through participatory methods, and posting them to central village locations where they selected and in turn rained highly motivated young people as change agents or catalysts. Then followed a process of awareness-raising through surveys of the production structure of the village, and mobilising the poor and catalysing them into groups so that they could act collectively to

redress the unequal bargaining power between themselves and the more powerful. The spread of CAP methodology through the deployment of change agents and demonstration effects to villages surrounding the central cluster was also expected, and the programme was intended to catalyse a broad-based movement for rural change.

A distinctive feature of the process was that it looked on the rural household both as a production and consumption unit, and utilised traditional forms of non-monetary capital accumulation such as exchanging labour and rotating group savings to catalyse the collective action needed to improve households' economic and social status. For example, between five and ten poor households, each with small (1/4 acre) tea or coconut holdings, would start a group fund to purchase inputs such as fertiliser and plant seedlings, pool their labour to develop each other's plots, increase plant density, increase productivity, and then find channels other than the usual middleman to market their produce. At the same time, households would build up group funds to buy certain commodities at wholesale prices, contribute part of the savings so generated back into the group fund, expand the number of commodities that could be bought wholesale, and the process of saving and reinvesting in the group fund would progress to the extent that many households were able to buy household durables such as furniture and construct sanitary facilities.

The process was exceptionally successful in engendering a relatively robust culture of self reliance among programme participants, noteworthy in a polity where competitive populism has encouraged a high level of dependency among the poor for government handouts. CAP offered participants intangibles such as confidence-building, awareness-raising, education, information, and training, its objective being to develop the capacities of the poor to obtain whatever they needed themselves.

From the mid-1980s onwards, due to various reasons that will be discussed further in the next section, CAP progressed to encourage individual-based income-generating, self-employment activities. From the mid-1980s onwards, gender empowerment became an explicit objective of the programme so that by 1998, of nearly 65,000 poor people who were participating in CAP, 84 per cent were women. After 1991, secondary organisations were built up and registered as non-governmental organisations to establish a broader organisational structure, and as CAP's principal donor, Sweden's Sida phased out its assistance, CAP's secondary organisations were transformed into microfinance institutions in order to provide financial services for their members as well as to generate income for the institutions themselves. In 1998, CAP's own microfinance apex organisation was formed with Sida assistance to further strengthen the programme's microfinance activities and to take over the monitoring and administrative tasks that the government had hitherto carried out.

But while CAP methdology to mobilise the poor proved remarkably effective, sustaining the process and achieving its ultimate goal of rural development proved a more elusive goal. In what follows we examine these issues in greater detail.

Outstanding Issues

Opportunities and Threats

Direct interventions aimed at reducing consumption poverty and empowering the poor usually fall into two categories: individual-based approaches that aim to assist poor people to increase their productivity through self-employment projects and so exit poverty; and group-based approaches that aim to assist the poor to organise themselves and work collectively and move on to a higher income growth path. Individual-based approaches such as microenterprise development were immensely popular with governments and donors during the late 1980s and 1990s; but many microenterprises so assisted failed to graduate due to a variety of reasons (see Grosh and Somolakae 1996; Mead and Liedholm 1998), and group-based approaches are currently enjoying a comeback.

Certainly, even in terms of economic theory, group-based approaches have much to recommend them. When rural markets are segmented due to weak transportation and communication links, the resulting imperfect markets give rise to monopsonies where the single firm or trader is a price maker. Monopsonists create pareto-inefficient outcomes as they purchase less of the product or factor than in a competitive market, at a price that they fix. In such circumstance, collective bargaining by labour or small suppliers can be a second-best option that reduces the monopsonist's excess profits and delivers a more socially optimal outcome. And such group-based approaches can actually reduce transaction costs and make for economically more optimum outcomes if organised small-producers can bypass monopsonistic intermediaries and approach their market direct.

This is well-illustrated by the CAP experience. For example, the traditionally female coir rope producers in southern Sri Lanka had long been locked in exploitative exchange relations with middlemen who would advance the coconut fibre on credit and purchase the finished rope at a fixed price. However, with CAP's intervention, the rope producers organised themselves, built up a group fund by keeping back a coil of rope each week from the trader, and thereafter used the group fund to buy their inputs directly from the coir mills. The process of self-organisation matured to such an extent that they were later able to approach the largest coir rope exporting firm and sell their produce directly to it.

CAP's experience is that small producer-groups have the greatest chances of survival where,

(a) group members are involved in the same economic activity in which they already have skill advantages, and homogeneity in terms of the nature of problems that members are faced with;
(b) that activity is their principal source of income; and,
(c) the activity itself is broadly in line with economic sectors favoured by the macroeconomic environment.

Even so, the problem with such group-based approaches to mobilisation and empowerment is that they sooner or later challenge existing social hierarchies and organistions in a way that individual-based efforts do not, thereby triggering coalitions of countervailing forces that work to maintain the status quo. The harsh truth is that while governments' and donors' poverty reducing policy agendas may present their objectives of empowering the poor in largely sanitised terms, there are few non-confrontational ways through which this objective can be achieved, especially when the mechanism for empowerment rests on some form of awareness-raising, social mobilisation and the organisation of the poor.

This point, too, is well-illustrated by the CAP experience. In its original formation, CAP methodology was not based on a theory of imperfect markets and monopolistic competition, but on an equally theoretically robust, Marxist interpretation of production relations in rural communities. And CAP's process of mobilisation sought to catalyse the social and economic empowerment of the rural poor by changing existing patterns of surplus extraction, retention and investment, and so changing production relations and the production base of the largely closed and isolated village economy. It is evident, therefore, that what CAP sought to achieve was social justice through a process of redistribution rather than economic growth.

However, as the process led to conflict between

the poor and the middlemen, whose excessive profit margins took a heavy toll, the forces of social mobilisation began to be interpreted by vested interests as the forerunners of a Marxist uprising. This was anathema to the pro-capital, pro-market stance of policy makers and politicians of the day, in turn a reaction to the unpopular socialist policies that had led to economic stagnation in the 1970s. CAP's objectives and methodology could not have been more out of step with the government's political and economic agenda, and this proved its watershed. The programme quietly shed its Marxist undertones and reinvented itself as a poverty-oriented development programme that incorporated participatory techniques.[2] The methodology, too, was transformed from an action-oriented programme aimed at changing production relations in villages, to an activities-based programme which aimed to economically empower the poor, without, however, challenging the established social organisation and hierarchy. The change became known in some quarters as a move from a 'conflict' to a 'harmony' model. From then onwards the programme began to encourage income-generating, self-employment activities, and donor assistance focused largely on providing training and capacity-building for programme participants and groups.

While small producer groups always remain vulnerable to destablisation by groups who stand to lose by the collective action and empowerment of the poor,[3] they also remain highly vulnerable to internal divisive forces. First, as the forces of economic liberalisation percolate to the grassroots, they diversify income sources of group members, group homogeneity - a key ingredient for group cohesiveness - declines and groups become vulnerable to fissures and break ups. Secondly, when groups reach the bounds of their production possibility frontiers and lack the technology to push them further, then the sense of progression is lost and there is little incentive to keep the members together. Third, when other government and non-government poverty interventions that include more tangible assistance invade the programme's space with different projects and activities, they blunt the self-motivation that is the driving force of processes such as CAP. Finally, unless they have matured into business organisations that meet the conditions of homogeneity, common livelihood, and favourable economic environment, few self-organised groups can function without an external catalyst to defuse natural tensions and disputes in dynamic social settings.

But this raises a question fundamental to programmes aiming to assist the poor to organise themselves. When is the change agent's task done and can the process be sustained thereafter?

Issues of Sustainability

When CAP first began, its ultimate goal was to catalyse a social movement for rural economic and social change. Mid-way through the process, the goal of rural economic and social change was modified to poverty reduction and rural development. But even achieving these modified goals was a tall order, as it depended on factors and forces beyond CAP's control. In other words, it became quite clear that social mobilisation, self-organisation and collective action could not on their own deliver the objectives of poverty reduction and rural development. Thus, a little more than a decade into the life of the programme, CAP was faced with the realisation that there was no end in sight to its intervention as it could not on its own, achieve its objectives. (The question of whether such objectives are realisable through such programmes will be looked at in the next section). Meanwhile, CAP's principal financier, Sida, began phasing out its assistance and CAP was forced to devise some mechanism that would ensure the sustainability of the pro-poor organisations that it had catalysed.

CAP responded by federating the small groups, forming secondary organisations and institutionalising them as non-governmental organisations. Thereafter, secondary organisations were transformed into microfinance institutions to provide financial services for their members on the one hand, and to generate income for the institutions and CAP's catalytic interventions on the other. The microfinance option also provided trainers and change agents, whose services the government discontinued, and whose allowances the government ceased paying, an incentive to make a success of the microfinance operation as a means of their own livelihoods. Thus, both the Sri Lankan government and Sida presented the organisations with a hard budget constraint, and they had little choice but to sink or swim.

Nevertheless, as Birgegard (1998) points out, since the issue of sustainability was raised so late, the organisations had insufficient lead-in time (a mere three years), to acquire the capacity that would have ensured a better chance of survival once support was withdrawn. Nor did the government or Sida pay enough attention to building up the capacity of the organisations before they withdrew. As a result, management capacity in the institutions was weak and management and financial information systems almost non-existent. Monthly income from microfinance activities barely sufficed to meet administrative costs and inability to provide allowances for change agents caused many to be demobilised, thereby arresting the spread of the programme.

Today, most of CAP's microfinance institutions remain highly vulnerable and it is still unclear how many would survive. Certainly, a few transformed themselves into NGOs quite successfully, and contrived to obtain assistance from several donors. However, they are likely to remain dependent on donors like the majority of microfinance programmes in Sri Lanka. On the other hand, the government's newest microfinance programme, Samurdhi, is rapidly capturing the CAP microfinance organisations' potential client and deposit base, thereby limiting opportunities for the latter to expand and grow.[4] The prospects of CAP's microfinance insitutions will also be determined by whether the trainers and agents can made them viable, itself a doubtful prospect. Moreover, if other, more attractive, more remunerative employment opportunities become available, many of the trainers, change agents and volunteers currently working with the CAP organisations may well decide to take up other jobs and not stay the long course necessary to make the institutions viable.

CAP resorted to institutionalisation as microfinance institutions to ensure sustainability once assistance was withdrawn, but institutionalisation may have detracted from the flexibility and organic nature of original groups, making them more mechanistic. Moreover, institutionalisation along formal lines has the potential to make programme structures less flexible and more bureaucratic, and reduce the ownership of programme participants. For example, in the early 1990s, Gamampila *et al.* (1994:44), noted that 'the informal nature of the organisations (producer groups) in terms of their structures, and the flexibility that prevails within the organisation in terms of processes, have made organisations more viable as a means of initiating collective action.' While secondary level organisations may have extended the life of the process, the institutionalisation and federation along administrative boundaries with only the microfinance operations as a common point of interest is likely to have detracted from the original strength of the organisations.

Besides, designers of similar programmes need to recognise the dynamic nature of most organisations of poor. Groups form for a purpose, they break up when that purpose is no longer served or when there is no longer any congruence of interests among members, then new groups form with different configurations of common interest. It is perhaps counter-productive and unrealistic to try to transform such organisations and associations into permanent entities.

CAP's experience shows the need to first set objectives that are in keeping with the programme's own capacity to achieve, and then devise clear, reasonable targets and exit criteria. Goals such as poverty reduction, rural development and creating good governance may be too ambitious targets for organisations of this nature to achieve as they depend a host of other factors to realise. We return to this theme in the next section. For the moment, we argue that it may make more sense for group-based strategies to empower the poor to limit themselves to achieving more realistic targets such as lobbying the authorities to provide necessary water and sanitation services even on a cost-sharing basis in urban slums, reducing alcoholism and drug abuse, arresting environmental

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degradation and piracy of natural resources, and catalysing collective action against domestic violence and child abuse. However, when tackling such issues, it may be necessary to extend the awareness-raising and mobilisation process vertically to national and international-level organisations that can provide the much needed counter-weight to local political and other elite who may be directly involved or who may protect those who are so involved.[5]

Issues of Relevance

Initiatives such as CAP that seek to assist the poor to organise themselves at community-level to reduce their powerlessness can have a noticeable impact in the short-term. But for large numbers of rural poor in densely populated countries such as Sri Lanka, the sustainable path out of poverty and powerlessness in the long-term is not mobilisation but increased mobility. In fact, a serious weakness with most poverty-reducing strategies pursued by governments and donors alike is that they assume sendentary populations and design interventions to keep people that way (de Haan 1999). In other words, governments and donors try to 'take development' to the people who they think need it and reduce poverty by trying to change conditions, whether through the self-organisation of the poor or other interventions, in those areas where the poor are to be found.

This kind of static approach to rural poverty reduction misses the point: it is not areas that need to be developed, but people. If a certain area has development potential in terms of resources, location or some other comparative advantage, then certainly developing the area will help dedevelopment potential in terms of resources, location or some other comparative advantage, then certainly developing the area will help develop the people and reduce their poverty. But many regions are less well endowed, and while that may be a cause for poverty, the reason why people continue to remain in such environments and remain poor is because they lack the skills and the resources to move into more promising ones.

Thus, if we were to adopt a more dynamic approach and look at the problem of poverty in terms of the immobility of the poor, whether spatial, occupational or social, then we would be able to encompass a range of constraining factors that prevent people from moving out of poverty. The poor could be spatially immobile: that is, they may be forced to engage in subsistence agriculture in remote, resource-poor areas because land tenure systems and lack of capital prevent them from selling up and buying land in areas that are better endowed. Nor may they be able to move to urban areas where there are better job prospects – again they may be unable to sell their land and housing in urban areas may be too expensive. And they may not be able to live where they are and travel to work in areas where wages are higher because transport facilities are either non-existent or very costly in terms of time spent on travel.

People may also be poor because they lack the necessary skills and are therefore occupationally immobile. Since they lack the skills or the occupational mobility to get jobs that pay better, they may be forced to spend long hours on economic activities that yield very low returns.

The poor are also invariably socially immobile. They may be marginalised and excluded in their home villages, either due to social, political, or cultural factors and therefore shut out from having access to resources and services that others enjoy. For example, in Sri Lanka's political culture of the 'ins' versus the 'outs,' upward mobility and access to jobs and resources of people who support the 'outs' are severely constrained when the 'ins' are in power. And when access to jobs, goods, services and opportunities depends on the network of contacts in terms of family, kin-group and political patrons that one can mobilise, the poor are highly disadvantaged as they lack the social capital necessary for upward mobility in a non-meritocratic system.[6]

If the poor are defined as being either occupationally, socially, or spatially immobile, or immobile in all three dimensions, then we can assess better which policy interventions are likely to enhance mobility and so reduce poverty in the long-term. Education, certainly, has been more effective in increasing the mobility of the poor and taking them out of poverty more than anything else has. Similarly skills enhancement in line with the demands of the labour market – for example, English language and computing skills – will increase occupational mobility and help the poor get better paying jobs. Infrastructure and transport services that help the poor access jobs in more prosperous areas or help poor farmers send their products to markets that offer them the best prices would certainly help. The restoration of a meritocracy will certainly remove unfair barriers to upward mobility and increase access to opportunities for advancement. Thus, a mobility-based approach to poverty reduction allows us to incorporate and address both the static conditions and dynamic processes that keep people poor.

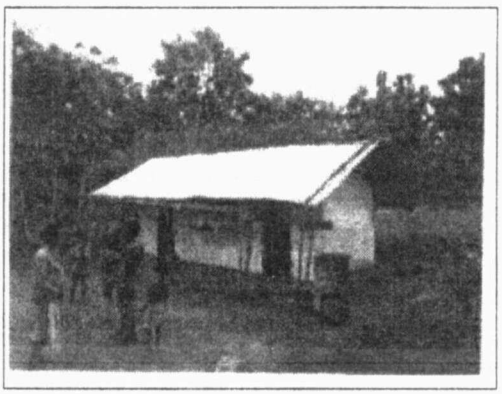
From this perspective, the limitations of static analyses of poverty and the interventions that they suggest, including self-organisation of the poor for empowerment, becomes quite clear. Conventional analyses seek to assist the poor to overcome their poverty *while remaining where they are*. And where exogenous factors, particularly natural resource endowments and opportunities for economic growth are favourable, they can be successful. But such interventions may not be effective in other regions precisely because the mobility of the poor is constrained by local factors that may not change in a sustained manner. These can range from a resource-poor environment and poor or non-existent education or skill development services, to corrupt and exploitative political and other elite and repressive caste structures. Thus, strategies that seek to empower the poor by giving more autonomy to local government, for example, may actually harden structures that keep the poor immobile. Besides, just as bad governance breeds poverty, poverty breeds bad governance precisely because the poor are trapped, immobile, within those same oppressive structures, vulnerable to reprisals and unable to hold the local elite accountable. Encouraging the self-organisation and empowering the poor in such circumstances may be virtually impossible.

In contrast, an analysis of poverty that focuses on the immobility of the poor would give rise to strategies that help them escape the constraining factors that keep them immobile. We have already discussed the mobility-enhancing impact of skills development programmes and the importance of transport and communications. Hence, what policy-makers and donors may need to do is sift out those interventions that can enhance the mobility of the poor - whether spatially, occupationally or socially - in the long-term and yield sustain improvements in poverty levels, from those that can have only short-term effects. For example, primary health care and nutrition programmes increase the productivity of the poor in the long term and so increase their spatial and occupational mobility, and certainly, participation, self organisation and empowerment of the target group will help ensure effectiveness of service delivery. Health and nutrition programmes may actually have a greater impact on reducing poverty in the long-term than minor irrigation projects that may help only the current generation of poor smallholders. If other interventions to increase the mobility of the next generation are not implemented, then the investment in irrigation may not be able to keep the next generation from falling back into poverty.

What would a strategy that aimed to reduce poverty by enhancing the mobility of the poor look like from macro-level? Even while many governments and donors nurse romantic notions of villages and rural life, the bucolic idyll rarely

exists in reality. The majority of the rural poor will cease being poor only when they become urbanised. In any case, the forces of market liberalisation and export orientation that many dveloping countries seek to encourage, also tend to unleash the dynamic forces of urban agglomeration. As discussed in the New Economic Geography literature,[7] given high transport costs between rural and urban sectors, increasing returns to scale and inter-industry linkages, firms are encouraged to locate close to their input suppliers, or to their customers and locate close to each other, thus encouraging the clustering and concentration of industries and people. And as jobs follow people and people follow jobs, urban hubs expand, and for the majority of rural poor, the better economic opportunities will be in the dynamic urban sector.

The experience of developed industrialised countries offers us salutory lessons on this point. Economic development and poverty reduction in such countries hinged on the increased mobility of their labour force, both in terms of occupation – from the primary sector to the secondary and tertiary sectors – and in terms of location – from rural to urban areas. Hence, As I have argued elsewhere (Gunatilaka 2000), a policy framework geared at reducing poverty in the long-term may have to encourage planned urbanisation and the migration of labour from rural areas to urban areas, and if the metropolitan hub is congested then policy makers may need to promote intermediate urban centres close to the metropolitan hub to permit some degree of dispersal of industries and population without losing the advantage of clustering. In countries such as Sri Lanka, where rates of land fragmentation are high and agricultural productivity consequently low, higher rates of rural-urban migration will be even more necessary to enable consolidation of holdings and make agriculture more productive so that the sector can offer viable livelihoods for those who remain.



Hence, if the objective is to reduce rural poverty and help the poor move to higher income growth path in the long-term, then the more relevant policy measures may be to increase the mobility of the rural poor in terms of skills training geared to the more dynamic sectors of the economy and to develop townships and urban centres in line with the forces of agglomeration. And interventions that aim to assist the poor to organise and empower themselves need to take into account such dynamic trends in the economy *at* large and tailor their objectives accordingly.

Conclusion

While notions of participation, self-organisation and empowerment have entered the mainstream, this paper draws on the Sri Lankan experience with the catalytic Change Agents' Programme to throw further light on issues of sustainability and relevance related to such efforts.

The paper concluded that while self-organised small-producer groups can redress unequal bargaining between buyers and sellers in segmented markets, such groups remain vulnerable to break up by both internal and external forces. The discussion also raised the question of exit, of when programmes to organise and empower the poor are deemed to have completed their tasks and achieved their objectives. As reducing rural poverty depends on a host of other forces beyond the control of such efforts, the analysis suggested that they should set objectives that are clearly within their own capacity to achieve, and determine clear exit criteria. Based on CAP's expereince with trying to ensure programme sustainability, the paper also argued against institutionalising organisations of the poor and transforming them into permanent entities. As organisations of the poor need to be flexible in order to be able to respond to dynamic situations, institutionalisation to ensure sustainability can be counterproductive.

Finally, the paper argued that the long-term solution to rural poverty may be increased mobility, whether spatial, occupational or social, more than mobilisation of the poor. In densely populated countries such as Sri Lanka which have high rates of land fragmentation, the path out of poverty for the majority of rural poor is to move out of farming, out of the rural sector, into manufacturing and services, and into the urban sector. Hence the relevant policy measures to reduce poverty in the long-term may be to increase the mobility of the rural poor in terms of skills training that would enhance their employability in the modern sectors of the economy. Policy makers may therefore need to devote their energies and resources to developing townships and urban centres in line with the forces of urban agglomeration that are the natural consequences of economic liberalisation and greater market integration. Designers of programmes to reduce poverty through self-organisation of the poor, should keep in mind the long-term trends of the economy and tailor their objectives accordingly.

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[1] This paper draws from K.T. Silva and R. Gunatilaka (2000), *The Draft Inception Report of the Final Evaluation of the Change Agent Programme*. Sida's sponsorship of that study is gratefully acknowledged.

[2] To date, many individuals associated with the direction of the programme strenuously deny any Marxist influence in the theoretical underpinnings of the programme. On the other hand, many individuals involved in the actual fieldwork such as trainers and change agents appear to think that the original underpinnings were undermined and that the objectives of the programme to catalyse social change were deliberately neutralised.

[3] For example, in CAP's case, village leaders, traders, intermediaries, brokers and even politicians actively worked against the empowerment of the poor. Educated and rich leaders of other active and non-active village organisations, too, saw the rise of CAP as a threat to their leadership of village affairs (Gamampila *et al.* 1994:41).

[4] The Samurdhi microfinance programme has the added advantage of being tied to an income transfer programme. Thus, the income transfer acts as proxy collateral for any credit that is advanced (Gunatilaka and Salih 1999).

[5] A case in point, though unrelated to CAP, is the mobilisation of various groups against the proposed mining of the phosphate deposits in Eppawala, Sri Lanka, by a U.S. multinational, Freeport McMoran. Resistance began in Eppawala itself, where villagers whose livelihoods were threatened were mobilised and led by the Buddhist monk in the village temple. One of the largest, urban-based trade unions, the Ceylon Mercantile Union, then joined the protest, followed by various Sri Lankan and international academics and intellectuals who threw their weight behind the people of Eppawala. The movement to protect Eppawala culminated in a Violation of Fundamental Rights Application, which saw the Supreme Court order the government not to proceed with the contract until a proper environmental impact assessment had been carried out in consultation with the National Association of Scientists, one of the most vocal critics of the project.

[6] In fact, I suggest that it is this lack of social and political capital and networks in a non-meritocratic system rather than explicit discrimination that is at the root of Sri Lanka's so-called ethnic problem as well as the periodic insurrections that convulse the south.

[7] See Jayasuriya (1999) for a comprehensive review of the literature.