

The Role of NGOs in BOP Ventures

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The role of NGOs

BOP: MNC as key actors to reduce poverty

Collaboration with non-traditional partners required

NGO perceived as broker

- providing linkages with the poor
- use credibility and trust
- knowledge of local traditions

NGOs as initiators

NGOs have a good understanding of needs of the very poor; especially the bottom of the BOP

Ultimate goal is to alleviate poverty; fundamentally different logic than companies

NGOs can create capacity among the poor, set up appropriate structures and relationships

NGOs can relate to companies; better than the poor. So they can act as a bridge between communities and companies.

Case: Kesla Poultry Project

Initiated by Delhi-based NGO, PRADAN: its approach in four steps:

Promoting and nurturing Self-Help Groups (SHGs) of poor women and strengthening them as organisations to leverage institutional finances for members' livelihoods.

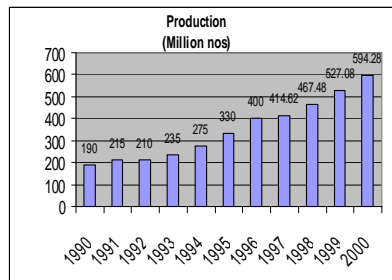
Developing and introducing locally suitable economic activities to increase productivity and incomes among SHG members; building synergic collaboration with a wide variety of stakeholders.

Mobilising finances for livelihood assets and infrastructure from government bodies, donors, banks, and other financial institutions.

Setting up mechanisms to sustain the livelihood gains made by the poor communities.

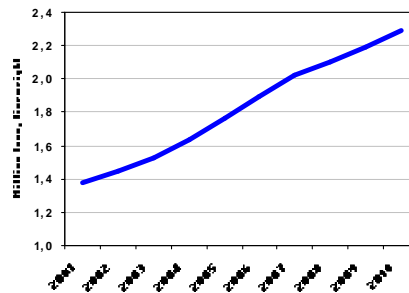
Source: www.pradan.net

Background of Poultry



Graph @: Trend in production of broilers

Source: Annual report of DAH Govt. of India



Graph @: Projected growth of broiler meat production

Source: USDA/ERS

Strong market growth, but the poor are not included

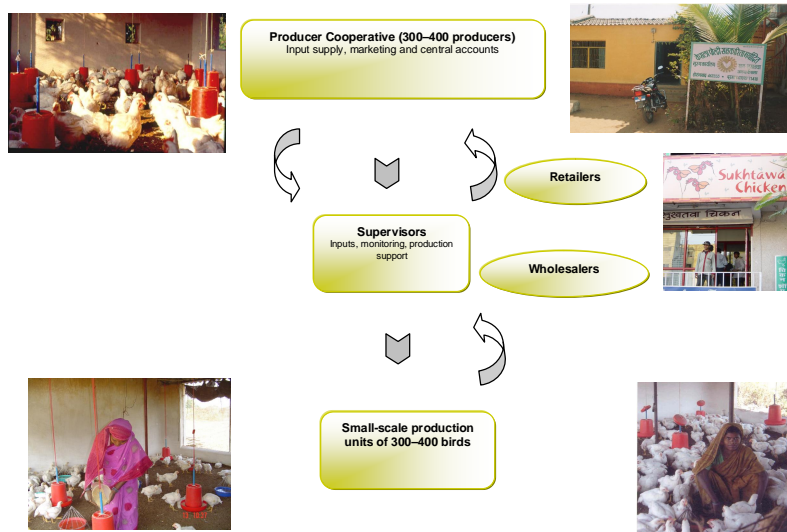
Why poultry?

- Rural communities have a long standing tradition of poultry rearing as a backyard activity with families typically rearing 5–10 fowls ->potential exists in terms of affiliation with the activity what makes the activity easily accepted.
- Poultry requires easily adaptable skills compared to rearing other livestock species.
- The available technology is adaptable to the context of the poor.
- Poultry rearing is not influenced by seasonal fluctuations and thus provide a stable year-round income of around 14,000 Roepies (\$300,-)
- Poultry rearing does not require land, it concerns an activity that can be practiced right at their doorstep.
- Poultry rearing takes about two hours a day which can be easily integrated within the daily activities of the woman.

How does it work?

1. Select women, four criteria: 1) good facilities to reach the house, 2) water should be available, 3) hygienic conditions should be good, and 4) woman should not be older than 40
2. Women receive intensive training by Pradan
3. Pradan also trains supervisors (men related to poultry producers)
4. Cooperatives are set up to experiment with market linkages (for inputs and outputs) and at the same time minimize the risks and market fluctuations for the members
5. Women are selected to be on the board of the cooperative
6. Cooperatives are in charge of the purchase of inputs, the selling of the birds on the market and the providing of training to members.
7. Demand growth, wholesalers are selected and 'Sukhtava shops' are initiated. These shops sell hygienically processed chicken.
8. Pradan steps out as soon as possible. Today no longer involved in poultry, the model is fully self-sustaining. Strong relations with private sector firms have been established.

The smallholder broiler business model



Discussion

NGOs are more likely to accomplish their goals in terms of poverty reduction when they initiate projects that create business opportunities for local communities and companies

NGOs are more likely to be successful in developing BOP ventures if their organizing logic is directed at a clear business case

Western NGOs need to rethink their strategies and become more entrepreneurial if they want to accomplish their goals

Questions

How can NGOs take the next step towards becoming more entrepreneurial and market driven in order to be more successful in initiating BOP ventures?

NGOs and companies often work according to different logics and have different goals in BOP initiatives – how can we most fruitfully make use of these different competences and goals?