



How to
BUILD SELF-HELP GROUPS
for successful
BANKING WITH THE POOR

An Urban Model



Cover photos: Women in Asia's crowded cities can improve their own lives and those of their families by organising themselves into self-help groups.

PREFACE

The Foundation for Development Cooperation is an independent private-sector research organisation based in Australia and concerned with issues of development policy. Given the continuing challenge of large-scale global poverty, its first major project, **Banking with the Poor**, aimed to explore the scope for increased access to credit for the very poor in developing countries on a sustainable commercial basis. Drawing on practical experience in eight Asian countries, the findings demonstrated that partnerships between commercial banks, non-governmental organisations and self-help groups can provide a sustainable flow of credit to the poor, thus helping them to help themselves.¹

The purpose of this particular booklet is twofold. Firstly, it is to draw attention to the key role of self-help groups (SHGs) and non-governmental organisations (NGOs) in providing better access to credit for the poor in rural areas in developing countries. Secondly, it is to provide NGOs and self-help groups with *practical guidelines and estimated costings* for the formation and operation of self-help credit management groups.

The information given is based generally upon the detailed country studies carried out within the **Banking with the Poor** project, but also draws generously on the experience of the non-governmental organisation KMBI (Kabalikat para sa Maunlad na Buhay, Inc., or Partners for a Progressive Life) which is implementing a self-help group credit management program in the northern fringe of Metro Manila in the Philippines. Based as they are upon some of the most successful experiences in this field in Asia today, the information and guidelines in this booklet can be applied or adapted by self-help groups or NGOs elsewhere to meet some of the most pressing needs for credit of the poor in their own countries.

¹ More information on the findings of that project, and the recommendations which were communicated to banks, non-governmental organisations and a range of financial institutions and international agencies can be found in the report, *Banking with the Poor* (1992), its successor report *Best Practice of Banking with the Poor* (1995) and other publications of The Foundation for Development Cooperation.

While this booklet refers primarily to the formation and operation of self-help groups in an urban context, a companion booklet oriented towards a rural context is also available from the Foundation.

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I The need of the poor for better access to credit

Poor people in developing countries survive through self-employment in trade, services, crafts and petty manufactures as well as in agriculture. But lack of access to credit is a crucial barrier to their capacity to help themselves. A significant proportion of the world's poor still remain outside the ambit of formal credit institutions and thus still depend on private sources and moneylenders to meet their credit needs.

Experience in the **Banking with the Poor** project and elsewhere shows that, given the opportunity to gain access to formal credit, such people are able and willing to come out of the poverty trap to find a decent living. Experience also suggests that small groups of poor people with similar interests and goals are able to work together effectively to augment meagre resources. To such well-organised self-help groups, assistance can be given to secure greater financial, technical and moral strength.

In many developing countries, non-governmental organisations (NGOs) have formed self-help credit groups in rural villages, on the basis that whenever a homogeneous group of poor people shares an environment and common needs, they are bound to take up activities jointly which are meant for the welfare of the whole group. For example, MYRADA (Mysore Resettlement and Development Agency) in Southern India is implementing many village development programs, and has already organised some thousands of credit management groups based on the principle of self-help.

It is increasingly being recognised that poor people, particularly those already organised into self-help credit management groups, are bankable. Such groups are already engaged in informal banking operations through the activities of credit and thrift. It is therefore feasible for banks to be involved with provision of finance to self-help groups, and also to be involved with extending complete credit packages, especially for productive purposes. Though small, consumption and productive needs of the poor need to be met when they arise, if the poor are to have recourse other than non-formal credit agencies and moneylenders — hence the need for linking self-help groups with banks.

2 Banking with the Poor

This unique regional project was aimed at exploring, demonstrating and publicising the potential for increased access to credit for the poor on a sound commercial basis, especially in developing countries in Asia. Through the commitment of leading commercial bankers and prominent non-governmental organisations in eight Asian countries² made at an initial regional workshop in Manila in May 1991, detailed case studies were carried out in each participating country in 1991 and 1992 to explore the effectiveness of linkages between NGOs and banks in providing commercial credit to the poor.

Major findings of Banking with the Poor were:

- **The poor make good credit risks; they have a high savings propensity, and are fully bankable.**
- **Their main problem is to achieve better access to credit, rather than to reduce its cost.**
- **With increased access to credit, they are willing and able to help themselves.**
- **Women borrowers and women's self-help groups have proven to be the most reliable and successful in this field.**
- **Commercially sound linkages have been established between the formal finance sector (including commercial banks) and well-managed non-governmental programs and self-help groups among the poor.**

3 Reaching the poor through self-help groups (SHGs)

The success in improving access to credit by the poor achieved in the Banking with the Poor case studies was built on the effective operation of self-help groups for savings mobilisation and credit delivery.

² Bangladesh, India, Indonesia, Malaysia, Nepal, Pakistan, the Philippines and Sri Lanka

To facilitate the establishing of such self-help groups, a small booklet, *How to Build Self-Help Groups for Successful Banking with the Poor*, was prepared by the Foundation in 1992³. Based largely upon the practical experience of MYRADA (Mysore Resettlement and Development Agency) in Southern India, it aimed to provide practical guidelines to self-help groups and non-governmental organisations concerned with forming and training the poor into self-help groups for effective credit management.

The context in that case was a rural one, amongst very poor rural villagers with strong local cohesion and common needs. This provided natural 'building blocks' for the formation and training of self-help groups to mobilise their savings and initiate credit programs under the guidance of NGOs and with a small line of credit from a local bank.

The question then arose as to whether this process could be successfully replicated among the poor in densely populated urban areas, among the temporary squatters and slum dwellers, many of whom have themselves recently migrated from rural areas in hope of a better life. Would they perhaps be too 'transitional' and lacking in the kind of natural cohesion of the rural village societies from which they have likely come?

One of the Foundation's Philippine NGO partners in **Banking with the Poor**, KMBI (Kabalikat para sa Maunlad na Buhay, Inc., or Partners for a Progressive Life) has started an ambitious program to build self-help groups for **Banking with the Poor** in very poor squatter areas on the northern fringe of Metro Manila. In the past three years, it has already built 245 small groups (of five people each) which combine into 41 self-help group centres. (Each centre comprises six or seven small groups.) These SHG centres operate the credit and savings programs of the combined groups, and are now receiving bank lines of credit channelled through KMBI. Despite earlier fears about the problems to be overcome amongst the urban poor, these groups are now working well, with loan repayment rates of over 95 per cent.

³ A revised edition of this manual has been published in 1995.

4 The basic role of self-help groups

The most common thread that runs through all of the country case studies in *Banking with the Poor* is their basic reliance upon self-help groups for savings mobilisation and credit delivery. Indeed, detailed research carried out in those studies and elsewhere strongly supports the finding that *self-help groups are, or readily can become, the fundamental building blocks for a successful program of credit for the poor.*

Characteristics of self-help rural credit management groups

A self-help credit group is a voluntary association of persons with common interests, formed democratically, and without political affiliations. The main objective of the group is to improve the economic and social status of the members in terms of their felt needs and interests. While the group's activities are multi-purpose — for example, community welfare and village development activities — they often have a special focus on thrift and credit management. Although unregistered, the group functions within the framework of an informal set of by-laws framed by the members themselves. These groups distinctly differ from co-operatives where heterogeneity is a common and sometimes divisive factor. The number of members in such groups usually ranges from 10 to 25.

The savings and lending procedures adopted by the groups are very simple and are based on the mutual trust and confidence of the members. As a democratic body, all the members have equal opportunity to speak and express their opinions, and decisions are made unanimously after discussion among themselves. The purpose of loans provided is need based, and prioritisation among different purposes and members is collectively decided.

The interest rate charged (or 'service charge' in situations where interest is not an acceptable concept) varies widely both among different groups and for different purposes in the same group. However, while the interest rate charged may often be higher than in the formal credit system, the borrowers are willing to pay the higher interest since this is still far less than that charged by local moneylenders. At the same time, the assistance is provided in a timely manner and the benefit derived from the higher interest goes to the group itself. The terms and lending norms (that is, unit

cost, repayment, interest rates etc.) are quite different from the lending procedure followed by formal credit institutions. However, loan repayment performance is generally exceptionally good.

Fundamental to the success of self-help groups in savings mobilisation and sound credit management is the strong sense of self-reliance of the group. The common fund, first established from group savings, is *their* fund. They own it (as opposed to official welfare 'hand-outs'), and therefore control it. This sense of ownership and control and the human dignity achieved by such self-reliance is the key to the success of the self-help movement and of building financial discipline for **Banking with the Poor**.

Banking with the Poor experience

The **Banking with the Poor** case studies have clearly demonstrated the considerable qualities of self-reliance and inherent strength of the poor, especially when they are able to organise themselves into cohesive self-help groups. Such groups, once organised and properly trained, have demonstrated their ability in the following areas:

- to mobilise savings and to manage credit in a financially sound and disciplined manner
- to provide group pressure and guarantees as an effective substitute for collateral
- to reduce transaction costs significantly on small loans through voluntary and other contributions of the group
- to ensure payment of market rates of interest
- to achieve high loan repayment rates
- to demonstrate through the above achievements their financial viability and their readiness to serve as financial intermediaries in a fully commercial context.

5 The key role of non-governmental organisations (NGOs)

The *Banking with the Poor* case studies also showed that NGOs have a key role to play in securing improved access to credit for the poor. This consists of the following:

- 1) assisting in the establishment and training of self-help groups within the poorer sections of society, especially toward thrift and credit management goals
- 2) providing better access to credit for such groups by acting as financial intermediaries to channel credit from banks to self-help groups; it is also possible that, in future, banks may be prepared to lend directly to self-help credit groups which have been formed and trained by NGOs.

The Foundation, for its part, has recognised and endeavoured to explore this important role of NGOs in all its case studies. And although important variations have been observed in some of the case studies, these have been more in the nature of variants in methodology than in the basic philosophy and principles involved. The considerable NGO experience which has been gained in the implementation of *Banking with the Poor* has included the work of KMBI and other organisations in urban areas in the Philippines.

6 Building self-help groups in an urban context

General

In most parts of Asia, the influx into cities of migrants from rural areas is growing in rapid and disturbing proportions. By the year 2000, according to the United Nations, half the population of Asian cities will live in urban settlements and slums. Dhaka, Bombay, Calcutta, Karachi, Jakarta and Manila are among those that already reflect this situation, and some 300 million *more* rural people will move into the cities of Asia before the end of this decade. The economic, social and political implications of this vast urban growth are obviously enormous. Building self-help groups for banking with the poor may be one useful response.

Building self-help groups in an urban context poses a different and perhaps more difficult challenge than establishing such groups in rural areas. Unlike the poor rural village where a natural and strong cohesive relationship

already exists, the urban poor are found to be initially very much more mobile, transitional and less cohesive than the rural village poor. They may also tend to be less trusting of others than their rural counterparts in remote areas. They do have certain advantages in that a more diverse range of opportunities for micro-enterprise is to be found in urban than in rural areas. On the other hand, they are likely to face somewhat stiffer competition with each other.

For these and other reasons, it can be more difficult to organise self-help groups among the urban poor. But they, too, are driven by their need to survive. And, likewise, they have latent talents and capabilities that can help them to achieve a better livelihood. Their rapidly changing and insecure predicament alone makes them prone to shrewdness and sheer pragmatism. Such traits can be an asset or a hindrance, depending partly upon whether they can be directed into socially constructive and productive channels, which the formation of self-help groups can greatly facilitate. The formation of such groups can also become a means of their gaining some access to credit, which is such a critical issue in their struggle for survival. Understanding the urban poor in the light of such social perspectives is important in determining the most effective ways to help organise viable and useful self-help groups.

Progress to date

In several Asian cities, non-governmental organisations (NGOs) have identified or helped form self-help groups to develop a special focus on the thrift and credit needs of the very poor, to enable them to take constructive action for themselves.

KMBI is one such NGO which is implementing a self-help group credit management program in the northern fringe of Metro Manila in the Philippines. As already indicated, it has in the last three years helped form and train a large number of self-help group centres that are working successfully in some of the poorest areas of that city. The following text is based largely upon KMBI's initial experience.

7 Typical phases in the formation of self-help credit management groups in urban areas

Phase I

Initial contact and the beginnings of the group

The formation of a self-help group is usually facilitated by an NGO committing itself to work in a specific urban area which is considered to be a depressed community. This assessment would be based upon a determination of objective levels of poverty as well as upon the personal knowledge and relationships of NGO field staff members. Establishing relationships with key members of the community is a critical factor in assessing relevant information on local needs and poverty levels, as well as on the character of would-be members of self-help groups. Given the context of the urban communities described in Section 6 of this booklet, the NGO must also coordinate with local officials regarding poverty levels and needs, as well as establish the credibility of the NGO in initiating a self-help group program in that community. The interaction of NGO field staff members with these urban communities will be based on their general grassroots experience, and upon the basic principles underlying the formation and operation of self-help groups. (Section 8 provides a more detailed description of these principles.)

Communicating the concept

It is an important task in this phase that NGO field staff are able to explain the purpose of the SHG program to the community and local officials, to avoid any unwarranted suspicion arising on the part of would-be group members. It is also important at this stage for the NGO representative to emphasise the advantages of people working together in groups for their mutual benefit, in addition to what members can individually derive from the program. It is therefore important that NGO field staff be able to promote collaborative working together. The interest and commitment as well as the needs of potential SHG members should be initially assessed, especially with respect to attendance at regular meetings as well as compliance with their initial commitments to the group. Each group

comprises around five people, and six or seven of these groups combine to form a self-help group centre.

Promoting group leadership

After forming the self-help group, NGO field staff help it to identify and elect group leaders, and thereafter offer to train them in conducting group meetings and record keeping. Since group cohesiveness and support is critical for the success of the self-help groups, identification and training of good local leadership is crucial.

Size issues

On the basis of experience so far, it has been considered wise to form smaller SHG centres in the initial period — centres of, say, 10 to 15 members rather than larger ones of 25 to 35 members. Not only do the smaller SHG centres entail fewer problems, but they also bond more readily into an efficient credit and savings management unit. This is important as there are many who will adopt a wait-and-see attitude and be likely to join self-help groups if they are successful in their initial run.

Building basic financial skills

The thrift and small savings habit should also be inculcated at an early stage, even if the group's funds so generated are only enough to meet emergency needs. The NGO field staff member will spend time in training the group and its leaders in the techniques of savings mobilisation, and how savings may be used. Training must also be given in elementary bookkeeping and financial management for the group.

Such group savings will often be deposited in a common fund, to be managed by the group to help meet emergency or other needs as identified and decided upon by the members; it will usually be inadequate to meet their larger credit requirements for productive purposes. However, the discipline of the group in mobilising its own savings and in managing its own common fund provides an ideal preparation for dealing with the more substantial capital resources which are necessary to fund additional productive activities of group members.

Extending training opportunities

During this first phase, NGO field staff should also look into the existing skills, aptitudes and experience of individual group members in various fields. Where time permits, each member applying for a loan should be helped by the NGO representative to prepare a simple business plan. Based on such business plans, the SHG centres will decide on the amount and conditions of loans to be given to individual members for productive purposes.

Seed capital for loans for productive purposes

The NGO will provide small seed capital in the form of loans for productive purposes to be given to individual SHG members, based upon the consensus of the group. Unlike the MYRADA experience, provision of initial loans for productive purposes from the NGO is important for self-help groups at this stage. Given the economic pressures in the urban area, there is a greater need to earn money in the shortest time possible. The term of the loan should also be shorter to provide more opportunity for re-avaiement.

Longer-term issues

It is important to note that while SHG membership should be on a self-selection basis, the role of NGO field staff in the selection and pre-qualification of initial contact persons who would help identify other potential SHG members is essential to ensure early success. Such success is critical if the self-help groups are to survive and expand to reach out to other poor members of the community. This stage is also seen as a trial period between the self-help group and the NGO, where the sincerity and integrity of both is tested. This initial phase of the formation process normally requires a period of 3 to 4 months.

Phase 2

Further leadership training

This stage is considered part of the SHG formation process. However, the focus of training will be more on informal and on-the-job training of a

second line of leadership, or of assistant SHG leaders. Training given at this stage will also include conflict management, human relations, and the running of SHG meetings.

Replicating the process

It is also expected that in this phase the initial embryonic self-help groups will be able themselves to identify other potential SHG members and, through the self-help group leadership team, be able to replicate the efforts made by NGO field staff in training new would-be members. This will often mean that new groups led by newly trained SHG leaders 'split off' from the initial group. Since these may not require as much direct input from the NGO, these developments tend to be cost-effective in terms of NGO costs and resources. This kind of development among self-help groups, which is more evident in urban than in rural contexts, is also facilitated by the greater educational opportunities to be found in an urban context. However, this stage of the training of a second line of leadership is naturally very dependent on the success of Phase 1. If initial experience is unsatisfactory, the interest of the SHG leader/s and members will wane.

At this stage the NGO should have been able to test the ability of the self-help group to manage its credit and savings activities, and be willing to entrust more responsibilities to the self-help group. This stage of the formation process will normally require a period of 6 to 12 months.

Phase 3

Expanding loan requirements

As the self-help groups mature in their management of the thrift and credit activities, it is expected that their loan requirements for productive purposes will soon increase beyond the resources of the self-help group and the supporting NGO. It is during this phase that linkage with banks either directly or through NGO intermediation is necessary to secure more adequate capital for productive purposes.

8 Guiding principles for the operation of self-help groups

Following the above general guidelines, a number of self-help credit management groups have now been formed and trained in urban areas. On the basis of eight case studies carried out for the Foundation over the past two years, and of detailed research undertaken by other organisations over several years, certain guiding principles for the operation of self-help groups have emerged⁴. These may be helpful to other self-help groups and NGOs working in this field.

- 1) SHG membership should be resident in the same area, be homogenous, and number at least five persons.
- 2) SHGs should promote savings mobilisation.
- 3) Savings should be linked to credit⁵.
- 4) The development of financial disciplines and systems should be encouraged.
- 5) SHGs should begin with a simple bookkeeping system.
- 6) SHGs should hold regular meetings (once a week if possible).
- 7) They should have basic rules or by-laws (written or unwritten).
- 8) Group leaders should be elected by the members, with group functions or positions being rotated among the members.
- 9) Transparency in business operations and the overall conduct of group activities should be maintained at all times.
- 10) Basic training and guidance should be provided to members of SHGs.
- 11) The autonomy of SHGs should be respected.
- 12) Group liability and peer pressure should be the substitutes for collateral.

⁴ Research and experience by APRACA AND GTZ in Indonesia have contributed to these principles which were discussed and adopted by participants of a second regional workshop of *Banking with the Poor* in Kuala Lumpur in July 1992.

⁵ In the case of several Philippine programs, the amount of savings generated is a direct proportion of the amount of the loans distributed to members of the SHG (now approximately 1 to 10).

- 13) Loans should be kept small initially and repayments made frequently and regularly.
- 14) Transactions costs should be kept to a minimum through simplified group procedures and control.
- 15) Market rates of interest should apply to both savings and credit, to achieve financial viability as soon as possible.
- 16) Commercial banks should be asked to provide appropriate advances or lines of credit to supplement the group's financial resources and to enable it to lend for productive purposes.

9 Linking banks with self-help groups

When NGOs and self-help groups have been able to demonstrate financial discipline in mobilising and managing a small amount of savings and loans for productive purposes from the NGOs, they are then, according to recent experience, in a position to access more funds from the formal financial sector, especially the commercial banks. This enables them to fund more substantial credit for productive loans. In some cases where self-help groups are not able to directly access loans from the commercial banks (as has been the case thus far in the Philippines), NGOs may assist in devising practical arrangements whereby the NGOs themselves act as viable intermediaries between the banks and the self-help groups.

10 Tangible results

Following the action of KMBI in forming and training many self-help groups in the northern fringe of Metro Manila, a major commercial bank has already provided an initial line of credit totalling US\$30,000 and made a commitment to provide additional amounts to assist more self-help groups to fund their requirements for productive purposes. Significantly greater funding of the loan capital requirements of these NGOs/SHGs is now expected as a result of **Banking with the Poor** national workshops held with commercial banks in the Philippines in 1994, and subsequent negotiations with the Bankers' Association of the Philippines (BAP) and its member institutions.

II A call to action

The practical methods and significant results described above call for serious consideration and action by all concerned. This includes governments, banks, NGOs and international organisations, many of which have pledged themselves to the alleviation of poverty as a primary objective in the present decade. This booklet (and the comprehensive report on **Banking with the Poor** upon which it is based) provides some straightforward, practical guidance to the achieving of this objective. It can be done through the following:

- 1) by the poor forming themselves into viable self-help credit management groups
- 2) by NGOs in developing countries intensifying their efforts to help the poor to form such groups, using some of the successful methods, guidelines and principles outlined in this booklet, and its companion booklet based on rural experience
- 3) by banks in developing countries providing the necessary financial assistance or lines of credit to self-help groups directly or through NGOs on a sound commercial basis
- 4) by governments and central banks in developing countries providing the necessary policy, regulatory, technical and financial support to NGOs, self-help groups and banks to accelerate action for this purpose
- 5) by international organisations, financial institutions and bilateral aid agencies providing the additional technical, financial and policy support needed by NGOs and self-help groups to implement some of the low cost/high benefit methods described in this paper to help the poor to help themselves
- 6) by other organisations and individuals in the First World, who wish to support such NGO and self-help group efforts in the Third World, providing the small amounts of seed funding to help NGOs establish such groups to enable the poor to help themselves.

12 Conclusion

It is hoped that this booklet will be of some practical assistance to all those who share the Foundation's conviction that the poor are able and willing to help themselves, if only given the smallest opportunity and support to do so.

APPENDIX

Estimating the cost of forming self-help credit management groups

These guidelines have been prepared on this basis of the experience of KMBI in the Philippines. The basic assumptions for estimating the cost of formation of such self-help groups are as follows.

- 1) The group should have 15–35 members of common interest, socioeconomic status, problems and needs, who are residents of the same area.
- 2) The NGO should take up responsibility for the formation and training of the group and it is assumed that the entire process will take a minimum of 9 months to a maximum of 16 months — say, an average of 12 months for Phases 1 and 2.
- 3) The savings mobilised by the group members will be adequate only to meet emergency needs. In order to introduce self-help groups to the management of credit and resources for productive purposes, some seed money in the form of loan capital needs to be provided by or through the NGO from the third or fourth month onwards.
- 4) The NGO should help the group to identify and elect the group leader/s and sub-leaders to undertake and coordinate the activities of the group and provide necessary training for them to do simple banking operations as well as bookkeeping for the group.

On this basis, the total estimated cost for the formation and training of a self-help credit management group has been prepared below.

**Cost of self-help credit management group formation and training
(per SHG centre per year)***

KMBI field staff expenditure**

Full salary of one field staff member per SHG centre per year 390

Part salary of one field supervisor per group per year 138

528

Meal and transportation expenses 136

Sub-total 664

Training expenditure***

Orientation training for SHG members and leaders 74

Overhead cost (includes supplies and management cost) 293

TOTAL US\$ 1,031

* All dollar amounts in this discussion are in US dollars.

** An NGO field staff member can handle 6 SHG centres of up to 35 members per centre, and the monthly salary for the field staff is \$32.50 per SHG centre per month. A field supervisor can handle 5 field staff members, and the monthly salary is \$11.50 per SHG centre per month.

*** Training expenditure only covers training during Phase 1 of the formation process. Phase 2 training is already imputed in the salary of the NGO field worker and his/her field supervisor who are responsible for this training; training materials required during this phase are treated as the SHG members counterpart contribution and are not part of the NGO's expenditure.

THE FOUNDATION FOR DEVELOPMENT COOPERATION

The Foundation for Development Cooperation (FDC) is an independent, non-profit and non-partisan organisation whose aim is to strengthen international cooperation and development. It does this by undertaking, promoting and supporting activities to improve the quality and increase the quantity of aid to developing countries, and to promote development cooperation with these countries. It is the only such organisation in Australia.

The mandate of FDC calls for it to conduct policy-oriented research, foster public awareness, mobilise broader Australian and overseas interest and participation, and support non-governmental efforts to promote development especially at the grassroots level. This mandate has been endorsed by legislation of the Australian Parliament, amending the *Income Tax Assessment Act*, to allow tax deductible status for the Foundation.

The Foundation has developed close working relationships with Australian and international organisations (official, private and voluntary) and with its overseas counterparts (the Overseas Development Institute in the UK, the Overseas Development Council in the US and the North-South Institute in Canada).

FDC's core budget is derived entirely from private sources. It is anticipated that support from other private foundations, corporations and individuals will ensure the Foundation's viability as an independent policy research organisation contributing to international development and cooperation. Funding for specific project-related activities has also been received from government and international sources (the Australian Agency for International Development (AusAID), the World Bank,

the Asian Development Bank and the United Nations Development Programme).

The policies and program of FDC are determined by a Board of Governors comprising Dr Brian Scott (Chair), General Eva Burrows, Sir Llew Edwards, Sir Laurence Muir, Mr Stephen Taylor, Mr K. William Taylor, Professor Roy Webb and the Hon. John Wheeldon. The late Sir Gordon Jackson, who chaired the committee whose 1984 report (the Jackson Report) revitalised Australia's official development cooperation program, was a founding governor. The Executive Director is Dr John Conroy. He is responsible for the implementation of policies and programs agreed by the board with the advice and assistance of a Program Advisory Panel.

The Foundation's major activity to date has been a project, **Banking with the Poor**, which has demonstrated the scope for increased access to credit for the poor in developing countries on a sound commercial basis. It has shown that the creative and productive capacities of the poor can be realised by their increased access to credit. The uniqueness of this project lies in the establishment of linkages between commercial banks, indigenous non-government organisations (NGOs) and self-help groups of the poor to provide a sustainable flow of credit, thus helping the poor to help themselves.

Apart from projects of an applied and action-research nature such as **Banking with the Poor**, the Foundation also interprets its mandate as requiring studies of international and regional development issues, and in particular the aid, trade and investment relationships of Australia with its neighbours in the Asia-Pacific region.

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