



STANFORD
GRADUATE SCHOOL OF BUSINESS

STANFORD SOCIAL INNOVATION *review*

The Wrong Risks

By Sheela Patel

Stanford Social Innovation Review
Winter 2010

Copyright © 2009 by Leland Stanford Jr. University
All Rights Reserved



STANFORD
GRADUATE SCHOOL OF BUSINESS

Stanford Social Innovation Review
518 Memorial Way, Stanford, CA 94305-5015
Ph: 650-725-5399. Fax: 650-723-0516
Email: info@ssireview.com, www.ssireview.com

The Wrong Risks

Many grantmakers worry more about protecting themselves than helping poor people **BY SHEELA PATEL**

DURING THE EARLY 1980s, I worked in a community center that looked after the welfare of an inner-city neighborhood in Mumbai. My clients were the poorest of the poor: pavement dwellers who lived on the sidewalks. We offered these families health services, enrolled their kids in school, and organized childcare for them.

But every 15 days, public officials came and broke up their make-shift homes because it was illegal to squat on sidewalks. All we could do was give our clients a safe place to hide their belongings until the officials passed.

Being young and hot-blooded, a small group of us took the local government to court. At that time, India had a chief justice of the supreme court who regarded even a postcard from a poor person as a legitimate opening to a public interest suit. And so the suit commenced with relative ease. Our small group was very excited that we might actually change the policies that kept pavement dwellers impoverished.

To my surprise, however, my employer severely reprimanded me for this action and stripped away many of my discretionary powers. This organization, the Nagpada Neighborhood House, was one of the oldest and most prestigious nongovernmental organizations (NGOs) in the city. Yet it was too frightened to take on the local government. Its reaction made us realize that a lot of long-lived organizations had become risk averse. They did not want to challenge injustice if doing so meant risking their own institutional survival.

In response, many of us resigned our jobs to start our own organizations. Observing that women quietly form the backbone of many poor communities, we decided to create local centers that help these women take collective leadership. We called these “area resource centers.” A visitor to our centers soon pointed out that we were not area resource centers, but a society that promotes them. And so we became the Society for the Promotion of Area Resource Centers (SPARC), an organization that partners with slum dwellers, the homeless, and other poor people to improve their living conditions and promote their rights while making sure that women remain at the center of this process.

That was in 1984. At the time, donors gave money to us because there was a sense of trust. These funders did not set our priorities; communities of poor people did. We might have seemed like crazy peo-

SHEELA PATEL is the founding director of the Society for the Promotion of Area Resource Centers (SPARC) and the chair of Shack/Slum Dwellers International.



ple, but we were making large strides and creating new tactics, so we were given all the space we needed. Consequently, SPARC and its partners now operate in nine states of India and help some 750,000 households.

Unfortunately, the conditions that allowed SPARC to grow and succeed are changing. I cannot imagine donors in today’s world granting an organization like SPARC the kind of latitude it required in its early years. Instead, foundations and large NGOs have become more focused on developing portfolios of projects, managing risks, and producing outcomes rather than on listening to communities, healing deep inequities, and supporting innovation. As a result, many grassroots organizations that are experts in solving local problems, but not very skilled at communicating with “professionals,” are having trouble getting funds. By paying so much attention to managing their own risks, philanthropists are no longer attending to the marginalized people who risk so much to make change happen.

RISKY BUSINESS

In SPARC's first five years, we did not know anything about housing, land tenure, or the issues with which we are today quite experienced. We did know, however, that poor women wanted to make sure that their grandchildren were not born on the pavement. So SPARC began exploring why some groups of people do not get land or housing in the city.

Working with these poor communities, we discovered that land allocation is a deeply political process that rarely serves the most vulnerable people. Indeed, the very poor usually remain invisible to their governments.

Armed with this knowledge, SPARC undertook the first survey of pavement dwellers to find out their needs. We also helped create a toolkit that allows communities to conduct their own censuses, producing data with which to challenge the state's numbers. Then, over the course of many years, we slowly persuaded

Equitable solutions require taking the risks that come with treating poor people as partners and participants, rather than as beneficiaries and consumers.

the municipality of Mumbai to implement a policy that helped relocate some 28,000 pavement-dwelling households to alternative forms of housing.

Along the way, we created a form of activism called *precedent setting*, in which we publicly break rules, encouraging the state to produce new norms and standards that will allow poor people to gain access to housing and citizenship. With these programs and tactics, SPARC negotiates with the very people who break up our homes: the police, governments, and private sector institutions. Essential to this work is the simultaneous ability to produce informed dissent on the one hand, and to negotiate and collaborate with the state on the other. So we fight with the state and we negotiate with the state.

Our achievements have drawn the attention of slum dweller organizations in more than 20 other countries in Asia and Africa. With these groups, we created a larger network called Shack/Slum Dwellers International (SDI) in 1996.

Earlier in SPARC's history, we met the National Slum Dwellers Federation (NSDF), a network of male community leaders who were defending their neighborhoods from eviction in eight Indian cities. NSDF did not like established NGOs because they were largely ignoring slum dwellers' needs. For instance, although the slum dwellers had no water, several NGOs wanted to work with them to improve their nutrition and hygiene.

When the men of the NSDF saw what the women of SPARC were doing, they invited us to form an alliance with them. Along with Mahila Milan, which is a network of women's collectives, our alliance has created a safety net for poor people in a society with few social services. The three organizations have no official contract other than this agreement: If the day comes when we cannot work together, we will just let the alliance fall apart. To us, this symbiotic relationship strengthens our alliance.

But the informality of SPARC's alliances now horrifies everybody who gives us money. They ask, "How can you take such a risk?"

ON THE MARGIN

In the last 10 years, the whole architecture of philanthropy has changed in ways that make it very difficult for organizations like SPARC to survive. The first change is what I call the "log-frame virus"—an infection that drives funders to insist upon seeing the logical framework or business plan of an intervention, from inputs, to outputs, to outcomes.

I have to ask: Why this new obsession with logical frames and business plans? For many years, the World Bank has applied business practices to the housing problem in India—and failed miserably. Yet now, for far smaller amounts of money than the World Bank spends, grantees are expected to produce change through business planning. As a result of this mind-set, we now have to

pretend that, in a period of two years, we can implement perfect strategies and produce complete solutions. Equitable solutions take trial, error, and time.

The new architecture of philanthropy is made weaker still by the professionalization of foundation staff. Donor organiza-

tions have such high rates of turnover that we, the grantees, become the keepers of their organizational history. Many of our program officers do not know what their organizations funded us to do 10 or 15 years ago. When the outcomes of grants given a decade ago finally emerge, none of the original staff are there to share in the victory. Meanwhile, more recent hires feel overwhelmed by their grant loads.

Moreover, the new program officers are more likely to have advanced degrees. Seeing themselves as experts in our field, many of them feel that they can tell us what to do—even when they have only conceptual rather than practical expertise, or practical expertise for a different region. We dare not challenge them for fear of not getting our grant. We listen to their lectures in silence.

With their new strategies and new staff, foundations today are increasingly treating organizations like ours not as innovators, but as contractors who are hired to deliver their visions. We feel that our space—the development and evolution of community-driven strategies—is completely closing down.

These trends endanger SPARC and other organizations like it. Not only are we becoming the lone voice of grassroots activism in the global discussion of urban poverty, but the discussion of urban poverty itself is becoming marginalized.

At SPARC, we think of ourselves as a risk-embracing organization. We have always sought to share with poor communities the risks that they must take to change the status quo that keeps them impoverished. Now we would like more organizations to see that creating equitable solutions requires taking the risks that come with treating poor people as partners and participants, rather than as beneficiaries and consumers. ■

Note: This article is adapted from a speech that the author delivered at the Hauser Center for Nonprofit Organizations at Harvard University on April 14, 2008.