Chapter 4

Civil Society Institutions

Here to work we have to do a guetza. Here with my neighbor I can help him, he has to come and help me, and in this way we help each other. This we here call guetza: he finishes his work, then comes and helps me and I finish my work [and help him], and this is how we live, direct support from neighbor to neighbor.

—A poor man, Mexico 1995

If you are as poor as I am and can't contribute regularly, you can't participate.

—A poor woman, Togo 1996

This chapter turns from the institutions of the state to institutions of civil society. Civil society refers to those groups, networks, and relationships that are not organized or managed by the state. Civil society, for the purposes of this discussion, covers a wide range of formal and informal networks and organizations including nongovernmental organizations (NGOs), community-based organizations (CBOs), and networks of neighbors and kin.

Social capital is a useful concept in understanding the role that civil society institutions play in the lives of poor people. Social capital, broadly defined, refers to the norms and networks that enable people to coordinate collective action.[1] This capacity varies but can reside in any group, network, or organization—including the state. Civil society clearly lies outside the state, although state laws, such as freedom of assembly and laws governing finance, affect it. Societies vary in the stock of civil society institutions that constitute a part of their social capital.

Poor people invest heavily in social relations for psychological, cultural, and economic well-being. When communities are cohesive and their associational life is vital, they are better positioned to attract government and NGO resources. This chapter explores why this is so, and explores the role that civil society institutions play in poor people's lives, both routinely and in times of crisis.

The relationship between a flourishing associational life and economic development is confirmed by several recent studies. A national survey conducted in Tanzania as part of a PPA finds that, even after controlling for the standard set of economic and demographic variables, villages with higher social capital, as measured by membership in functioning groups, have higher incomes (Narayan and Ebbe 1997; Narayan and Pritchett 1999). Similarly, recent studies in Indonesia (Grootaert 1999) and in Bolivia (Grootaert and Narayan 2000) show that households with higher social capital also have higher incomes, and that social capital has a disproportionate impact on lower income quintiles, and on small landholders rather than large landholders. The characteristics that seem to have the strongest impact on economic well-being are number of memberships, followed by active participation and contributions. Recent studies in Ghana and Uganda establish associations between social capital and social cohesion (Narayan and Cassidy 1999) and in India between watershed management and social capital (Krishna and Uphoff 1999). A social capital survey in Panama concludes that communities with high social capital are close to five times more likely to receive NGO assistance than those with less social capital. This association is particularly strong in access to water systems in rural areas and in indigenous communities. Communities with higher social capital are better able to organize for collective action.

Social capital manifests itself in norms, values, and informal networks, as well as in local organizations such as farmers groups, burial societies, informal lending associations, neighborhood support networks, and mosque associations. It is tempting to assume, especially when the state is weak or dysfunctional, that these mechanisms are a major resource that can be relied on to lift poor communities out of their poverty. The reality is far more complex.

The PPAs indicate that community-based organizations (CBOs) and networks are indeed a key resource for the poor, but often only as coping mechanisms that substitute for the role of the state rather than as a complement to state efforts. Given the limited resources of the poor, if there are no bridging connections across social groups within and outside the community, poor people's social networks will provide only limited resources and opportunities. In rural areas, organizations such as parent-teacher associations, women's associations, or seed-buying groups are disconnected from other similar groups. These bonding social institutions do indeed support and improve life for the poor. But in the absence of bridging social capital, these informal networks do not lead to social movements that challenge inequitable social norms, laws, or distribution of resources, nor do they facilitate new partnerships with the state that sustain improvements in economic well-being for the poor.[2] Some government interventions are beginning to build on local-level institutions. In the final analysis, the PPAs demonstrate that the potential of civil society organizations to represent the interests of the poor in governance still remains largely unrealized.

PPA results concerning the role of civil society institutions in the lives of the poor can be summarized in five findings:

4 **Nongovernmental organizations (NGOs) have only limited presence.** NGOs do not figure prominently in poor people's lives. While they are extremely valuable in certain areas, and provide basic services in the absence of state action, they are affected by some of the same flaws as state institutions, albeit to a much lesser extent. Their potential for scaling up by working complementarily with the state is beginning to be tapped, especially in the delivery of basic services such as primary education, forest management, and drinking water. On the other hand, there are few examples of NGOs addressing basic structural social inequity.

4 **Community-based organizations (CBOs) often function as important local resources to the poor.** The poor invest heavily and place their trust much more readily in their own CBOs. They do so for survival and security—not necessarily because CBOs are more effective than formal institutions, but because

the poor rarely have access to state institutions. The paradox for the poor is that they benefit more when the groups include the rich, but only up to a point, after which their voices become silenced. The poor also get excluded from many groups because of their limited assets and their inability to pay fees (see chapter 6).

4 **Neighborhood and kinship networks provide economic and social support.** The qualities of these informal social networks provide important clues to what attributes the poor seek in formal institutions meant to help them. However, long-term stresses can overwhelm informal support systems. Overuse depletes the capacity of individuals and groups to maintain reciprocal relationships. Kinship and community social networks are resilient, but under times of stress they are less capable of functioning as effective and dependable support systems. During such times the radius of trust and cohesion often narrows to the immediate family, and even family bonds can fracture if pressed too hard.

4 **The rich and the poor, women and men, are organized differently.** First, the groups and networks of the rich, powerful, and elite are cohesive; they cut across communities, and their members are active in social, political, and economic affairs. The networks of the poor, however, are more atomized. Within communities, networks of poor people engage in social activities and rituals, limited economic activity, and very circumscribed political activity. Across communities the poor have relatively little exchange except through intermarriage. Second, there are important differences between the networks of poor men and women. Poor men are embedded in vertical patron-client relations with the state and with landlords, employers, and traders, whereas women, who are largely denied access to these institutions, develop and invest in extensive informal social networks with other poor women.

4 **Redistributing power is not high on the agenda.** Organizations that help to increase the bargaining power of the poor, or to correct the fundamental power inequities at the household, community, or state level, are conspicuous in their absence from the PPAs. The poor mention membership organizations in only a very few cases. The researchers in the PPAs describe several organizations known worldwide for their excellent work; the poor themselves mention them only infrequently when they talk about institutions that are important

in their lives. This is presumably because these organizations, despite their size, do not reach the majority of poor people.

The remainder of this chapter elaborates these findings and is organized in three sections, discussing in turn NGOs, CBOs, and neighborhood and kinship networks. The chapter ends with two case studies—one on financial services for the poor (case study 4.1) and the second on the disconnect between local organizational capacity in communities and the government in Indonesia (case study 4.2).

Nongovernmental Organizations

We have no more malnutrition thanks to the NGO in our village. —A farmer in the Sikasso region, Mali 1993

Nongovernmental organizations (NGOs) around the world embody a rich diversity in terms of purpose, size, structure, and capacity. They run the gamut from small location-specific grassroots organizations to those that are practically indistinguishable from state institutions. In general, NGOs are valued because they are rooted in civil society and have some degree of independence from the formal rules and norms that govern state and market institutions. Typically, they are organized around a core set of values, such as liberty, particular religious beliefs, or the right to education. Over the past decade NGOs have been regarded with great interest by development practitioners, in the expectation that they may become the vanguard of civil society and take a leading role in ensuring more equitable socioeconomic development (Korten 1990). NGOs are often the only outside actors perceived to work in the interests of the poor, and, in the absence of the state, many NGOs have, in fact, taken on a vital role in the provision of basic services to the poor.

However, the PPAs indicate a mixed record for NGOs. On the positive side, there are many localized instances of NGOs reaching groups of the poor with highly valued services. The Sub-Saharan African PPAs in particular contain many such examples. There are several reports of NGOs helping to bring the goods and services of formal institutions into poor communities. There are also increasing examples of NGOs working in partnerships with government to scale up their outreach, particularly in education and in health. For these reasons, NGOs enjoy a measure of trust and confidence that poor people do not generally extend to formal institutions.

There are also stories of problems with NGO coverage, implementation, and ultimate effectiveness. While it is not surprising that NGOs are barely mentioned in the reports from Eastern Europe and the former Soviet

Union because they are so new in the region, they also fail to figure promi-
nently in many other poor communities elsewhere in the world.
Furthermore, it is unclear whether NGOs are more successful than formal
institutions at reaching the poorest areas. As with other institutions,
NGOs are not immune to mismanagement, corruption, or lack of respect,
or to actions that inadvertently skew local priorities and power relations.
While NGOs are reported as attempting to build local capacity, there are
few examples of marked success in the PPAs. Relations between NGOs
and governments are often marked by tension: truly complementary rela-
tions between the two are rare. There are hardly any examples of NGOs
addressing underlying social inequities by actively supporting either poor
people's organizations or social movements. When immediate survival
needs are great, it makes sense for NGOs to focus on basic survival issues.
However, with some exceptions, there is little evidence of NGOs moving
forward to address fundamental inequity issues that create the problems in
the first place.

The rest of this section addresses three topics. The first focuses on
NGOs as resources for poor communities, including the kinds of services
they provide and the trust that people place in these organizations. The
second addresses the limitations of NGO coverage—whether they reach
the poorest, the frustrations the poor experience in dealing with NGOs,
and the lack of NGO success in building long-term capacity of the poor for
self-governance. The third discusses the emergence of government and
NGO partnerships in the context of decentralization, and the tensions un-
derlying these new relationships. There is some evidence that these part-
nerships may lead to improved local services and local level accountabili-
ty on a large scale.

NGOs: Resources for Poor Communities

> *Church-affiliated entities represent probably the most visible
> and far-reaching safety net presently operating in Benin.*
> —Benin 1994

A central strength of NGOs is their ability to bring in or access addition-
al financial, technical, and often political resources. Particularly when the
state is weak or absent, NGOs can be critical in helping poor people meet
everyday needs. This may include providing food during seasonal short-
ages, introducing safe water and sanitation systems, offering health care
and health information campaigns, or improving school buildings or
community centers. In Swaziland, for instance, NGOs are active in edu-
cation and health care, sponsorship of orphans and poor school children,

and in the provision of "free medical services … targeted to street children, the elderly, and HIV/AIDS victims" (Swaziland 1997). In India, in addition to eye camps, health camps, and veterinary camps, NGOs are involved in:

- distributing seeds (often offering varieties that are preferred to those distributed by the government);
- offering watershed management;
- providing access to literacy education;
- organizing or encouraging women's groups;
- teaching income-generating activities; and
- providing relief and direct assistance to the poorest.

In some regions NGOs with the strongest presence are religiously affiliated. This is the case, for instance, in Benin, where these organizations function as one of the most visible and widely distributed institutional safety nets for the poor. "The majority of the orphanages are run by Catholic sisters, the only country-wide nutritional program is managed by Cathwell (Catholic Relief Services), and nuns and priests have set up several programs to assist the sick, the abandoned, and the destitute. In Cotonou the Catholic Church is arguably the strongest presence helping the most vulnerable" (Benin 1994). In Panama (1998) over half the communities acknowledge churches and schools for their support. In Vietnam (1999b) poor Catholic households in need of support turn to the church. In Georgia the Russian Orthodox Church and the International Orthodox Churches Charities run soup kitchens for the elderly and disabled and distribute food and medicines (Georgia 1997). These efforts were praised by local people who noted that "although local Armenian and Georgian priests had organized the distribution, they did not reject any minority, including Jews, Greeks or Russians" (Georgia 1997). In Pakistan (1993) the PPA reports "a deeply entrenched tradition of private charity and welfare reinforced by Islamic religious obligation." Mosques and shrines are valued as sites of charity. Ashrams are mentioned in some places in India as places of refuge for the poor.

Although NGO presence is uneven, in areas where NGOs are active they often receive more positive ratings than state institutions. Some of the trust and confidence in NGOs stems from having extended contacts in particular communities. In Swaziland, for instance, local populations tend to distrust outsiders in general, but are particularly distrustful of government representatives. While there is little confidence in any of the central government agencies to adequately address the needs of poor rural communities, NGOs that have established ongoing relationships with particular communities enjoy a level of trust denied to most other outside organizations (Swaziland 1997).

In Thailand, during the financial crisis, poor people reported feeling disillusioned by the government, but identified NGOs as a potential catalyst for improving their lives. Focus groups in urban slums express feelings of distrust and isolation. Yet "when asked to identify what various institutions can do to overcome their problems, the Bangkok slum group suggested many ways which their own groups and NGOs can help, but very limited suggestions were identified for the government" (Thailand 1998). Focus group participants related that in the past they have received very little support from governmental agencies, and there is little reason to expect that this might change in the near future.

There seem to be two kinds of reasons for the positive reception of NGOs. First, they may be able to respond better to local priorities. In Ghana, for example, NGOs are valued over the government for being able to provide services that reflect community needs. In the areas of health and education, in particular, high appreciation is voiced for NGO efforts. Much of the appreciation stems from the perception that NGOs often possess special expertise that can assist in strengthening local livelihoods. In the village of Komaka community members express strong interest in establishing a grain bank "to create emergency food stocks in the village and thus reduce vulnerability to both drought and the ravages of the 'lean season'" (Ghana 1995a). The overriding opinion is that this is a project in which NGO assistance would be far more valuable and effective than government assistance (Ghana 1995a). In some cases NGOs may have larger resources at their disposal than official agencies. The Togo PPA, for example, reports that NGO expenditures in 1994 were roughly 4 billion CFAF, a figure exceeding the government budget for rural development (Togo 1996). The number of NGOs active in Mali grew from 30 to 250 between 1983 and 1993. While growth in numbers alone can reflect financial incentives to create NGOs, the common perception of NGOs in Mali at the local level is that they contribute significantly to economic opportunities and overall well-being; moreover they function as important social safety nets (Mali 1993).

A second reason for the positive reception of NGOs in some areas is that NGO staff members are viewed as more compassionate than government officials. In the former Soviet Union countries many people describe NGO workers as "more understanding and kind." In Latvia (1998), people have positive attitudes toward both national and international NGOs, even though they do not expect regular or long-term assistance from them. When asked about the NGOs from whom they receive aid, people mention the Salvation Army for its distribution of clothes to large families and to people living alone; Save the Children Fund for cash, clothes, and food; and aid from the churches, if they belong to the

congregation. In Georgia many people have benefited from the regular assistance of organizations such as the International Red Cross, and from Médecins Sans Frontières (Doctors Without Borders). Several local NGOs are also cited as providing important assistance to people in need (Georgia 1997).

Limitations of NGOs

> *Even the nongovernment initiatives have at best provided marginal access to Gandas (tribals). There has been quite limited participation of Ganda women in the development activities promoted by NGOs.* —India 1997c

> *Full information was rarely forthcoming and sometimes aid was diverted to dead souls.* —Ukraine 1996

While NGOs have played a key role in making development more participatory, often they have only limited outreach and have not touched the lives of the majority of poor people. In Panama, for instance, a social capital survey concluded that only 10 percent of the communities received support from NGOs compared with 33 percent that reported some support from government sources (Panama 1998). Similarly, in Indonesia, the estimate is 7 percent (Indonesia 1999). Even within the communities where NGOs operate there are accounts of relative unawareness of their activities as well as evidence of NGO-funded investments that have foundered. When a community in India is asked about the role of NGOs in their area, they respond that there are few, although they specifically mention two groups engaged in both development and welfare activities. They rank the contribution of the NGOs to their development and welfare as secondary to the government's efforts (India 1997c). Even in Bangladesh, with the world's largest NGOs, high awareness of NGOs is primarily associated only with microcredit programs.

Similarly, the Togo PPA acknowledges important NGO contributions, but also raises the problems of the uneven presence of NGOs—especially in the poorest communities—and the low sustainability of their interventions. Regardless of NGO presence and activity, over half of the farmers interviewed are not aware of any sources of NGO assistance. In some cases the assistance has ceased because a particular project has finished or because there is no longer any missionary presence in the area. In other cases, however, there is simply no NGO presence whatsoever (Togo 1996). Similarly, while acknowledged as valuable during times of drought and crop failure, NGO activity in Swaziland is viewed as "infrequent and unreliable" (Swaziland 1997).

In the absence of secure financing and the resulting dependence on governments and international agencies, NGOs in many places have become contractors rather than community catalysts. In India even government officials identified "target-led reporting" (which is the pressure to achieve predetermined targets) as an inhibiting factor for performance or quality-led output (India 1998d). In Senegal 80 percent of financing is external; NGOs are dependent on implementing the "pet projects" of external donors. NGO presence is heavily concentrated in certain project areas, leading locals to conclude that NGOs are "vehicles to dispense financing with little local participation" (Senegal 1995). Some NGOs, fed up with their dependency, now consider their highest priority to be achieving financial independence for themselves and their clients (Senegal 1995).

Difficulties with aid programs administered by NGOs are also found in Armenia, where many feel that money spent by NGOs on humanitarian food and fuel assistance is misdirected and can be put to better use in job-creation. There is also a marked lack of information about funding and aid sources. Many people "were also confused and generally negative about the practice of targeting aid and the basis on which decisions about 'vulnerability' were made." Those interviewed are generally most positive about international organizations that used expatriates to distribute and monitor aid because of a widespread and deeply ingrained distrust of national governmental agencies (Armenia 1995).

Like the state, NGOs are not free of the tarmac bias: they tend to reach people who live close to passable roads and miss the very poor. In Latvia, "relatively few respondents had received assistance from NGOs. Those that had tended to live in large towns or cities; in many cases they were already receiving assistance from the municipality" (Latvia 1998). In the Kenya PPA it is noted that only two NGOs are located in the coastal region districts, while the rest are located in Mombasa, accessible for most of the population only by ferry. The NGO activity is concentrated along the highways, near the beach, and near the resort hotels rather than in the large interior area characterized by "drought, lack of water year around, tsetse attacks on livestock, and various forms of wildlife which devastate crops" (Kenya 1996). In Tanzania a chief says, "We have many NGOs working here. They all work in one small circle of communities [he made a circle with his finger on the table]. The largest number of people are ignored. [He spread his arm to indicate the rest of the table]. I don't know why" (Tanzania 1997).

The Bangladesh PPA notes:

We actively sought out "pockets of poor" and it would seem that these pockets are often neglected by government and NGOs alike. Remote and difficult to reach areas such as the

*Chars (tribal groups) and parts of Sylhet are particularly
neglected. In Sylhet, the conservatism and widespread reli-
gious-based distrust of the intentions of NGOs also contribute
to the unwillingness of NGOs to work in this area. Most poor
people know about NGOs because of their credit provision,
either cash loans or provision of latrines, tube wells, and
housing on credit basis. Over 80 percent of the NGO services
(excluding Grameen Bank) noted were credit. This credit is
often too small for productive purposes, repayment terms are
not easy, and the behavior of the field workers is often criti-
cized. Very few other NGO activities were noted by villagers
and were incidental. For example, one local NGO in Yousuf
Matbarer Dangi forms groups and provides training; World
Vision provides student support in Burunga; there is a mission
hospital in Katabari. One village indicated they had a BRAC
[Bangladesh Rural Advancement Committee] school; one local
voluntary group is registered with government to provide
family planning services in Salim Biswas Dangi.*
—Bangladesh 1996

While insufficient geographic coverage is one aspect of not reaching
the poor, another aspect is lack of fit between program design and the needs
of the poor. In Armenia the NGOs' lack of familiarity with local traditions
and conditions results in programs that do not work out as intended. A
school program designed to supply children with a daily glass of milk and
a high protein biscuit is a case in point. In some schools, teachers present
the children with "four to five, or all 45 biscuits at a time, so that the chil-
dren would not feel humiliated by the offer of a single biscuit." In some
schools teachers simply give the children powdered milk to take home be-
cause a lack of running water prevents them from making the milk at
school (Armenia 1995).

In Zambia, the PUSH (Program Urban Self Help) program involves
a number of national and international NGOs. The program aims to build
urban infrastructure by giving women food rations. An evaluation revealed
that less than 3 percent of households benefited from these programs.
Reasons for nonparticipation varied. "Extremely arduous physical labor is
resulting in some infrastructural gains but they would be minimal com-
pared to the physical exertion demanded of the women and the costs in
terms of time. Women complained that their bodies were breaking"
(Zambia 1994).

The reasons for lackluster NGO performance vary, but the PPA
reports and other literature on NGOs suggest that uncertain funding and

limited management capacities hinder effectiveness and independence of NGOs. This includes difficulties with rotating leadership and effective systems of financial management, planning, monitoring, and evaluation (Fox 1993). Indeed, many have no full-time staff or permanent offices. Some operate on a voluntary basis and some are funded largely by member contributions. Their capacity to make good use of new resources is limited. For these reasons, some of the more successful approaches to scaling up NGOs take a longer-term perspective, allowing them to gather field and administrative experience.

Beyond problems of finances, organizational capacity, and coverage, across regions there are some reports of insulting behavior, corruption, and nepotism within NGOs that have undermined people's general confidence in NGOs. In Bangladesh some of the strongest negative statements about NGOs emerged in connection with credit-granting NGOs. The dissatisfaction centered on credit programs that are perceived to give too small amounts for productive purposes, as well as on rudeness, threats, and use of force to recover credit. The most extreme examples related to the "bad behavior of field staff" (Bangladesh 1996). As a result of poor people's experience with credit-granting NGOs that "terrorize, insult, and lock up defaulters," the poor prefer NGO involvement in tube well installation and in the provision of latrines.

Another sentiment voiced in some places is that there is little altruism in NGOs, and many are established for the personal gain of the founders. "The founders of NGOs are the victims of economic recession who see the establishment of an NGO as the solution to their financial and employment problems. During a regional NGO meeting in July 1992, one of the speakers summarized the problem as follows: 'Those who have taken the initiative are essentially the retrenched civil servants and the unemployed graduates. … There are several associations that see an NGO as an institution to provide employment to its members, an easy solution to earn money or do some tourism'" (Benin 1994).

In Armenia many poor people feel that relief funds flow into the pockets of NGOs rather than finding their way to poor people. As in many other countries in the region, there is a widespread conviction that local NGO employees direct aid to their families and friends, sell it, and come under pressure from local criminal organizations to divert aid in other ways (Armenia 1995). In Macedonia poor people said that in order to receive humanitarian aid, "they were forced to pay a 'membership fee' which ranges from 250 up to 400 denars depending on the humanitarian or nongovernment organization" (Macedonia 1998). A middle-aged man said, "I became a member of a humanitarian organization and received benefit in oil, flour and noodles. I was promised that in the next shipment I would be among

the first on the list since my family was poor. I was told that first I had to pay the membership fee, which I paid with borrowed money. From the shipment which was of school commodities, my children did not get anything and they do not go to school now" (Macedonia 1998).

In Georgia many respondents felt that there was large-scale collusion between aid distributors and corrupt business. In Tbilisi, the "neighbor of a Red Cross worker who regularly stored Red Cross shipments of supplies in his apartment said she witnessed middlemen purchasing these goods directly from the apartment to resell to private businesses" (Georgia 1998).

In Ukraine, except for Crimea and Chernobyl, "the question as to whether respondents had received any assistance from charitable organizations was almost seen as black humor" (Ukraine 1996). This was particularly true in eastern Ukraine. Although all had heard of shipments arriving from Western countries, people said it was mostly children's clothes, only some of which could be used, and packages of margarine, butter, or condensed milk. Nearly all argued that humanitarian aid "did not reach those for whom it was intended" because someone was "warming their hands on that aid," evidenced by the fact that the same packages were for sale in the stores (Ukraine 1996). Similar accusations were made by Tartars to whom aid was distributed by the Mejlis, the political organization representing the Tartars.

While faith-based groups are often mentioned as sources of help, in Panama "discussions revealed that Christian sects have occasionally had a divisive effect among indigenous communities. In one Kuna island community, for example, part of the community refuses to recognize the Asambleas de Dios, with their congress not wanting any more churches because the proliferation of churches is seen as fragmenting the community into small units … If the community is divided, those divisions are reflected in church organizations" (Panama 1998). In Macedonia, while people respect religious humanitarian organizations, it was reported that "most of the families, mostly Moslems, do not apply for help due to the shame, others consider that even these organizations are corrupted and the benefit is distributed among friends" (Macedonia 1998). Georgians expressed mixed sentiments toward the role of religious organizations that required them to switch faiths. The report notes, "This issue perplexed an Azerbaijani family, who finally decided to accept aid from Jehovah's Witnesses, despite initial reluctance to accept a pacifist faith whose tenets they might have to violate if members were called to serve in the Georgian army. They compromised by deciding the 'less important' family members—mother and sister—would use the aid" (Georgia 1997).

Despite their efforts, perhaps the biggest weakness of NGOs is that they generally do not tend to support the long-term capacity for local self-

governance. This makes the ultimate institutional legacy of NGO activities questionable. This problem is likely to become more acute as the pressure grows on NGOs to deliver services quickly. In the Busia district in Kenya, in areas where NGOs have been active, the PPA concludes that "There was little or no evidence that any groups formed or assisted by NGOs had achieved any level of autonomy. Nor had they evolved into larger groups or diversified their activities. Thus, while NGO and church inputs are helpful to the individual poor in their struggle to survive, they have not assisted in strengthening the capacity of existing groups to become autonomous" (Kenya 1996).

NGO–State Links

> If I invite 30 NGOs to help me in a decision, I'll have
> 30 different suggestions and one big fight. —Senior
> government official, El Salvador 1997

NGOs provide a vital link between civil society, the state, and the market. Such links can be crucial in making development activities accountable and effective. In India, for example, "The programs that were undertaken by quasi-government institutions in collaboration with NGOs seemed to be more effective than the programs that were purely undertaken by government" (India 1997a).

One important factor creating new opportunities for NGO involvement is the decentralization of government programs. In El Salvador, in 1991, the ministry of education initiated comprehensive reform to increase the accessibility and quality of basic education by decentralizing the school system and promoting community participation in schools. The program has its origins in community-organized efforts to address the educational needs of children during the war period. A community-managed school program, EDUCO (Educación con la Participación de la Comunidad), has been developed in which management of new preschool and primary schools is delegated to parents and community organizations. One hundred and ten NGOs are registered as working in the education sector alone. About half of these offer technical training programs, and the other half offer management training programs. "NGOs are capable of expanding their coverage with subsidies from the private sector" (El Salvador 1997). In Nicaragua NGOs are actively participating with the government in the decentralization program (Nicaragua 1998) and in India NGOs are working with state governments on rural water systems (India 1997c).

While NGOs are independent of the state, their very presence and survival depend on government—on the laws governing NGOs, and

perhaps more importantly, on government attitudes toward NGOs. Attitudes can vary from a desire to work in close partnership with NGOs to outright hostility. In El Salvador, as noted above, decentralization policies in education are testing new partnerships among NGOs and the government. While some NGOs find the government to be "authoritarian and inefficient," the government finds NGOs "erratic and unaccountable." Officials also express frustration with large international NGOs "each bringing their own method of conducting affairs … and the minister is left with people who do and undo things" (El Salvador 1997).

In Armenia tensions and miscommunications sometimes mar the relationships between international NGOs and local authorities. NGOs complain that government lists of "vulnerable" families are very inaccurate, and no reliable statistics can be obtained. In some cases, they feel that "government authorities tried to steer their attentions to less needy areas to satisfy particular constituencies, while needier populations remained underserved" (Armenia 1995).

Local officials sometimes oppose direct NGO distribution of assistance. In Giumri, Armenia, one NGO reports that local officials neither help nor hinder. In other cases, they harass NGOs by cutting off electricity supplies or forcing them out of rented premises. The director of an NGO that ran a low-fee pharmacy reports considerable tension with town authorities, who feel they should control all the local aid "in order to better coordinate it." Local pharmacies and hospitals particularly resent the low-priced pharmacy because it undersells them (Armenia 1995).

In South Asia, particularly in Bangladesh, NGOs have managed over a period of decades to become a force that the government has to take into consideration. Poor people in Bangladesh mention both the Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC) for their credit programs; BRAC is also mentioned for its work in education and scholarship programs for girls. Its educational programs for poor girls have a major impact on government educational policy for poor girls. However, in both Bangladesh and India, while several local NGOs are named as active in various fields, none is singled out as having made a difference in local power relations or inclusion of poor people in local councils or other decisionmaking bodies.

If government involves itself in local organizations but does not share power, it can alienate poor people and destroy the organization. In the Republic of Yemen, for example, the government's increased involvement in local NGOs is cited as a major reason for "the decline of local contributions to local projects in terms of money, time, and labor" (Republic of Yemen 1999). In practice the PPA reports include more examples of government-NGO partnerships than examples of

watchdog NGOs holding governments accountable at the local, state, or national level.

Community-Based Organizations

Without age groups in Igede we cannot survive because of general government neglect. —District Head of Owokwu, Nigeria 1996

As the past is more resilient than the future, and as passions are more lasting than interests, indigenous communities tend to be not only more stable over time, but more cohesive than rural and urban communities. —Panama 1998

Community-based organizations (CBOs) are grassroots organizations managed by members on behalf of members (Edwards and Hulme 1992). Poor people everywhere report a heavy reliance on them. CBOs perform vital and quite diverse functions for communities, including the mobilization of labor, infrastructure development, cultural activities, conflict resolution, and management of relations with outsiders, as well as emergency relief. Deeply rooted in local culture, indigenous organizations may sponsor celebrations, rituals, and festivals that bring joy and give meaning to people's lives. They are often the only organizations that poor people feel they own and trust, and on which they can rely.

These positive attributes notwithstanding, CBOs acting alone have generally not been a force for change in local power structures or for significant development gains. Poor people's organizations suffer from many capacity constraints. As Uphoff (1986) notes, "Such organizations can originate spontaneously from local initiative, but while isolated instances of local institutional development can be impressive, their cumulative effect is negligible." When CBOs arise in response to external incentives, there are often difficulties with sustaining local interest. In their now classic study of 150 local organizations across the developing world, Esman and Uphoff (1984) developed scores for rural development performance. They found that local organizations were the most successful with the highest scores when the organization was initiated by rural people themselves or when initiated by local leaders (scoring 153 and 138, respectively). The scores were lowest when the initiation was by government (16) and not much higher when jointly initiated by government and communities (50). However, when outside agencies, either government or NGOs, focused on building local capacity rather than on creating local organizations to implement external programs, the scores were higher (114).

This section is organized in three subsections. The first discusses the role of bonding and bridging organizations and the role of cultural identity as the foundation for bonding and group solidarity. It also discusses the impact of urbanization on group solidarity, and how the basis of solidarity shifts from shared cultural roots and meaning to shared occupations. It highlights two types of CBOs: *tontines* (revolving savings and credit groups) and burial societies. The PPAs report a remarkable absence of bridging associations. While bonding groups are important to survival and for a sense of belonging, in the absence of bridging ties they serve primarily as a defense against destitution rather than as a means of moving the poor out of poverty. The subsection ends with the case of federations of indigenous networks in Ecuador.

The second subsection discusses differences between the networks of the rich and the networks of the poor, and how cohesiveness among the elite often leads to their takeover of CBOs. When the poor belong to mixed community-wide groups they benefit from the greater availability of resources, but they also have less say in decisions that tend to reflect the interests of the elite. The subsection also explores differences between the networks of poor men and poor women. Women continue to be remarkably absent from community decisionmaking roles.

The third subsection focuses on building new partnerships to design interventions that build on the strengths of poor people's institutions, NGOs, and institutions of the state. It ends with a reference to the case study on Indonesia (case study 4.2), highlighting the importance of local capacity building and the difficulties in designing partnerships between community groups, governments, and NGOs.

Bonding and Bridging Organizations

> *Cohesion can only exist when a sense of identity prevails.*
> —Panama 1998

> *If it hadn't been for help from the village, the children*
> *would have died of hunger.* —Armenia 1995

Community-based organizations typically command confidence because people feel a sense of ownership of them, and feel that these organizations are responsive to their priorities. Indigenous identity, based on caste, ethnicity, clan, gender, and age, lays the foundation for many of these organizations. "Historically, indigenous groups have developed community organizations as a solution for confronting economic, social, and political challenges. Lacking physical capital, and with more problematical access to the institutional resources that build human capital, without the spacious

social experience that is behind the sentiment of citizenship, social capital became their capital. Social capital essentially became a homegrown solution among indigenous communities, organized through face-to-face interactions" (Panama 1998).

In Mali researchers find that traditional associations are the main safety nets. Each village generally has three associations, or *tons:* the men's association, the women's association, and the young men's association. The purpose of these tons is "to keep cultural traditions alive, strengthen community ties and, especially, share labor—both in communal fields and in the individual fields of the members. Often the earnings of the association are for consumption items, such as meat for celebrations, but they may also be contributed to community development initiatives, such as building materials or digging wells, and to pay the fines imposed by foresters" (Mali 1993).

Similarly, the age groups (age cohorts tied together through ritual) of Nigeria undertake varied community tasks and often develop sophisticated institutional capacities:

> *"Without age groups in Igede, we cannot survive because of general government neglect," said the District Head of Owokwu. "Age groups are, however, generally self-development oriented. They construct roads, act as thrift and credit associations, procure farms for their members. The age groups actually have an elaborate organizational structure that includes a chairman who acts as spokesman of the group. There is also a secretary who most times is literate in order to keep records of the [happenings] within the organization. Actually, the age group also acts as a powerful tool of socialization and maintenance of law and order for the community. People of the same age have to qualify to be members of the group by being upright members of the community. They also have to be hardworking, of sane mind, and not convicted of any crime."* —Nigeria 1995

There are important differences in rural and urban communities. Urban communities, although richer economically, often struggle to find a basis for communal security and solidarity. In Senegal a relative lack of social cohesion in urban areas, when compared with their rural counterparts, is noted. "Economic changes have also spurred changes in the social structure; in the Senegal River Valley for example, pastoral groups have coped with livestock losses by becoming more sedentary, and women have adapted to long absences of their emigrated husbands by becoming more active in farming. In urban areas, the social network has in many cases become weaker, and strained with the growing number of unemployed

who come to the cities and stay with relatives while searching for work" (Senegal 1995).

The shift from indigenous to interest-based living, whether in rural or urban areas, is invariably accompanied by a shift in focus from collective gains to individual gains. In indigenous communities people tend to belong to groups that aim to benefit the locality as a whole, whereas urban poor people are more likely to belong to groups for individual income gains. The PPAs bear this out. In Mali urban associations are based on shared characteristics of the members, such as occupation, area of residence, or area of origin. Members of occupational associations help each other by providing tips to increase productivity and earnings or by sharing work opportunities. For example, members of a well-diggers' association will invite an unemployed member to work in their construction site (Mali 1993). In Panama, among rural indigenous communities, identity is based on a common past and a shared history and culture, whereas among the urban communities analyzed, identity is based on occupation and shared common interests. The Panama report notes that indigenous households participate in organizations much more than either their nonindigenous urban or rural counterparts (40 percent, 28 percent, and 30 percent, respectively). Indigenous people are found to participate in community associations, while other rural communities participate more frequently in cooperatives. Cooperatives are the only significantly frequent form of participation among urban residents (Panama 1998) (see box 4.1).

Psychological well-being is independent of economic well-being. When comparing urban to rural areas, at least in terms of community relations, indigenous rural populations appear richer in solidarity and support mechanisms, and appear happier despite greater poverty. They have strong patterned social relations, and a clearer sense of identity. The Georgia report observes, "Poverty has strongly affected patterns of sociability, solidarity, and authority. Although physical conditions are worse in villages than in towns or cities, [village] people felt their neighbors were more willing to lend a helping hand. People offer loans, tutoring, and medical services to neighbors" (Georgia 1997). While in Mexico: "Paradoxically, those that have the least, the indigenous peoples of Oaxaca, are those that fear their present condition the least as well, for they, and only they, have traditional communitarian institutions (*tequio, guetza*) which provide them support in times of need" (Mexico 1995). Similarly, social solidarity among indigenous communities is especially strong in the Panama report. "The [survey] indicates that indigenous communities have a more positive outlook about their situation than urban and nonindigenous rural communities, despite the fact that they have a higher incidence of poverty" (Panama 1998).

Box 4.1 Indigenous Organizations among the Kuna in Panama

The Kuna in particular have a long tradition of organization and thick association networks. On one Kuna island, community members meet every day and hold a traditional congress Fridays and Mondays. In their daily meetings they discuss issues related to the work that everyone owes to the community: airstrip maintenance, house construction, road maintenance, unloading boats. On another island, the community has ordinary meetings once a month and extraordinary meetings when the *Sahila* [chief] goes to the congress or to other islands so that he can give a report to the rest of the community. Smaller groups meet more frequently; women getting together to sweep streets, or to discuss commerce, solve social problems. Another example is the housing committee (*junta de construcción de la casa*), that builds about four houses every three months with about eight people on the committee. Women have a group to prepare for the traditional party held when a girl reaches puberty. They help the family whose fiesta will take place. In the indigenous community of San Ignacio de Tupile, there are as many as eight different community organizations covering issues such as schools, cleaning of local roads, nutrition, and water.

Source: Panama 1998.

Forms of community-based organizations vary infinitely, from revolving loan societies to a simple arrangement for exchanging labor and sharing food. We highlight two types of CBOs: *tontines* and burial societies.

Mobilizing savings through tontines

> *If you engage yourself in many groups, how are you going to work? One needs to survive. … But if you don't join a group, how can you cope with a difficult life?* —Tanzania 1997

Tontines are an interesting example of CBOs. They are common in several countries in West Africa, and variations are found throughout the world.

Box 4.2 *Tontines:* Pooling Credit and Labor

The *tontine* system in West Africa functions as both a credit network and a labor-sharing system. *Tontines* generally comprise five to 10 people … who contribute money at regular intervals, with each member in turn receiving the full amount collected. In effect, members who collect the prize during the first rounds benefit from a no-interest credit, while those collecting last simply receive their savings back with no interest. The levels of and intervals between contributions can range from US$.25 a month to over US$10 a week. Other types of *tontines* may be set up with a specific purpose, and they function more like insurance. In Ghana, for example, the *Kugadzadzo* is a savings club to finance funeral expenses (Ghana 1995a). Better-off individuals may belong to multiple *tontines* to provide extra security.

Tontines may also involve sharing labor and other resources among the members. In Benin, *tontines* "enable poorer families to share not only labor and possibly agricultural tools, but also food (often superior food, such as fish sauce) with richer farmers. For the core poor, being members of a *tontine des champs* may well be their only chance to secure regular access to proteins. In addition to playing a redistributive role, labor-sharing clubs are also a form of insurance against illness or other forms of incapacitation because they guarantee continued agricultural production and therefore survival for their members. In this sense, their existence is especially valuable for older people, who might not otherwise be able to cultivate their land" (Benin 1994).

Tontines are often the only local institution, formal or informal, to which the poor have recourse in times of crisis. The Ghana PPA notes that when a member has a desperate need of cash, the others will often rescue him out of a sense of group solidarity (Ghana 1995a). As explained in the Benin PPA, however, "Borrowing is never an easy choice. On the one hand, dignity may prevent people from asking unless the situation is really critical; on the other, becoming a debtor increases vulnerability because it lessens social standing and, perhaps more importantly, the likelihood of obtaining another loan" (Benin 1994).

Box 4.2 illustrates the characteristics and limitations of successful tontines. They appear to be very effective as "voluntary-forced" savings mechanisms and in creating safety nets for the poor.

Dignity in death: burial societies

> *They will not put you free of charge even in a grave.* —An old pensioner in the village of Selce, Macedonia 1998

Burial societies have endured for many generations and can be found throughout the developing world—a testament to the high priority that poor people assign to ensuring that at least in death they are respected and accorded dignity according to local rites. As informal institutions, burial societies function as highly valued safety nets. Funerals are important in reinforcing one's standing in society, and ensuring support for survivors in times of need. Burial societies reinforce trust and reciprocity through pooled and collectively managed funds. "The community of Melan does not have a cemetery, and when somebody dies special transport must be hired to take the deceased and his or her relatives to the next cemetery at a cost of 100,000 sucres (US$50). The community pays half the cost" (Ecuador 1996a).

In Ethiopia, the PPA reports that burial societies are becoming out of reach for poor people: "*Idir-idirs* (burial societies) exist for funeral insurance in four communities, and in two communities, they cover also health and other critical problems. In Mechek no formal *idir* exists but clan members contribute two to three birr at the time of a funeral, that is paid back by the family. In Korate participants mentioned that the membership fee increased from 20 birr to 100 birr, and whereas the poor used to [be able to] afford to be *idir* members by selling fuelwood and grass, the entry cost is now prohibitive" (Ethiopia 1998). In urban areas, given declining incomes, sustaining *idirs* is difficult. However, every community still has at least one *idir,* but with declining membership.

In some West African countries—for example Togo, Senegal, and Benin—it is reported that "tradition and social pressure combine to make conspicuous consumption at ceremonies not a luxury for the very rich, but a duty even for the poor. The cost of funerals and marriages has apparently gone up, following a trend opposite to that of the country's economy. Families will routinely go into debt to finance the best funeral yet in the village, going to such excesses as hiring a generator for the wake, offering abundant food and drinks to everybody, even sewing uniforms for those attending" (Benin 1994).

Concern about funeral expenses and ability to save funeral money is widespread among the poor in Eastern Europe and the former Soviet Union.

Often this means facing the impossible dilemma of either providing health care for a sick relative or ensuring their decent burial. "Families must often gamble on the relative cost of treating a severe illness versus paying for the funeral. When Timur's father became ill, his family could not afford to have him moved to the hospital. The cost of his funeral turned out to be almost as expensive as hospital treatment, however. The family paid 30 lari for the death certificate, 100 lari to have the body prepared, 300 lari for the coffin, 150 lari to register for burial and dig the grave, and 300 lari on a modest wake" (Georgia 1997). For poor people, such expenses for a funeral are weighed heavily because they can serve to maintain or advance one's standing among extended kin and the community as well as to shape access to support during times of need.

Failure to fulfill one's social role can be an extremely shameful and isolating experience: "Recently, Nodar's mother died [in Georgia]. Just after he had arranged her funeral, his neighbor's mother also died, and the neighbor arranged for her own mother's funeral to take place at the same time. The neighbor then begged Nodar to organize his family's funeral procession and burial [for an earlier time]. Because the neighbor could not pay the required $200 for a coffin, she had simply rented one for the showing of the body. Her mother was to be buried without a coffin, however, just wrapped in cellophane. The neighbor was ashamed that people coming to the funeral of Nodar's mother would observe the contrast" (Georgia 1997).

The juxtaposition of social solidarity, financial burdens, and personal pride are well articulated in the PPAs: "Funerals remain the one event which still unites the community. Family members feel great pressure to show their worth by properly honoring the memory of the deceased with a large funeral meal. Although everyone who comes makes a contribution in cash or food, an unexpected death can still mean financial catastrophe for a poor or middle-income average family, forcing it into debt" (Armenia 1995).

Absence of bridging organizations

If one man is hungry and does not have any food, then how can he help another hungry man? —Pakistan 1996

Harnessing the potential of local-level associations and networks for poverty reduction requires an understanding of the nature of crosscutting ties, the extent of bonding and bridging ties, and the extent of substitution or complementarity between local institutions and the state. Societies are built up from social groups within which people interact with each other, share values and resources, and trust each other; in other words, there is

bonding. When power is unequally distributed these social groups differ in their access to opportunities and resources. When social groups are disconnected from similar social groups in other communities it is difficult for them to organize around issues to bring about change, and social movement is unlikely. When social groups have no connections with other social groups different from themselves, they are unable to access the resources available to these more powerful groups. In both cases, groups lack bridging social capital.

The results from the PPA analysis suggests that associations of the poor are much more effective at meeting short-term security needs than at fostering change in the underlying rules of exclusion. In large part, this is because limited resources are siphoned off by daily exigencies and ongoing stresses and shocks. Most such informal associations, networks, and traditions of self-help are disconnected from larger collective action and resources of the state or other agencies.

Many countries have traditions for collective community work, such as *swadya* in South Asia, *gotong royong* in Indonesia, and *harambee* in Kenya. While *harambee* once represented an important coping mechanism for the poor, in a climate of high inflation and poorly functioning government services the tradition of *harambee* is stretched thin. People are fed up and say, "Now there is too much *harambee,* we do not want any more" (Kenya 1996). The PPA estimates that there are over 300,000 groups in rural areas, mostly disconnected from any external technical or financial assistance. "Hundreds of cases were recorded everywhere of the poor investing their resources in misguided *harambee* efforts related to water, farming, livestock, education, health, and a range of income-generating activities. School buildings without books, health clinics without drugs, chickens that die before they can be sold, and cotton that does not grow are of little use to anyone" (Kenya 1996).

There are of course exceptions. One striking example is the growth of networks of indigenous organizations that now engage with government at the local and national level in policy decisions in Ecuador.[3] (See box 4.3.) One NGO in Rajasthan, India is working on creating federated structures for women's groups to increase their negotiating power in local markets. Their activities include bulk procurement of raw materials, supplying credit, and teaching women entrepreneurs about the markets (India 1997a).

Differences among Networks

Most PPAs do not differentiate between different kinds of networks, but a few have rich descriptions of the differences between the organizations of the rich and the poor as well as organizations of men and women.

Networks of the rich and poor

The leader of the collective farm was and remains a king; he does not obey the law; he does what he wants, when he wants. —Moldova 1997

There are two important differences between the networks of the rich and the poor. First, since the rich are well connected and, by definition, have more resources, they generally do not need external facilitators or catalysts to organize and mobilize. Second, since they are connected to others with power, their activities do not bring about resistance to change from the powerful unless one well-connected group becomes a threat to another. For example, proposals to increase investment in university education rather than in primary education, or to cut taxes for large businesses, or to reduce

Box 4.4 Tarifero Peasant Farmers Association in Manta, Cahul District, Moldova

In Pirlita farm workers wanting to privatize are frustrated by the many obstacles placed in their way. The 79 households, composed of teachers, *kolkhoz* [collective farm] workers, and pensioners chose a schoolteacher to help them push for privatization. They named their group Tarifero, which means strong as iron. During the first meeting of their leader and the manager of the collective farm the latter promised to implement land reform. In point of fact, though, he distributed only a small portion of the promised area—the oldest and least productive orchards—and began to oppose the group. Members tried to register Tarifero as a formal Peasant Farmers Association, but although they had submitted all the necessary documents for registration, in 1995 the land law changed, and such associations could register only after they received their share of nonland assets. Although they remain unregistered, tax authorities demand they pay taxes as if they have already received their value quota. The collective farm management continues to actively hinder them. It refuses to allow them use of the equipment on the grounds that it can't spare the equipment, forcing them to purchase used equipment for cash. According to Tarifero's leader, "The leader of the collective farm was and remains a king; he does not obey any law; he does what he wants, when he wants."

Source: Moldova 1997.

tariffs for industrial use of water and electricity do not create an uproar in most countries.

Poor men and women, on the other hand, generally do not organize beyond their own communities without long-term external support for networking, creating federations, or mobilizing. Poor people's movements pose a threat to those in power that may result in imposition of restrictions on civil society, direct repression, or engagement and change toward greater equity. The resistance that poor people face is clearly evident in Moldova (1997), as farm workers attempt to privatize land (box 4.4).

The differences between the cohesiveness of the rich and the poor even within the same communities are described in PPAs from India. In

Madhya Pradesh, for example, the higher castes are found to be highly cohesive whereas lower castes have weak linkages, weakened further by the need for seasonal migration to look for work (India 1998c).

While there are feelings of solidarity, the extent of organizing among vulnerable groups varies by activity. Expressed solidarity is highest in social interactions, as in the celebration of festivals and rituals. However, this does not transfer into occupational cooperation. There are some cases of weak cooperation or cooperation among only a few families. For example, in one village in Rajgarh, Chamar (which is a scheduled caste, or Hindus who fall outside the caste system) families "shared the proceeds of sale of the skin of any dead animal in the village" (India 1998c). Some cooperation is noticed among those who migrate from season to season, but the organization is unstable because membership constantly changes. Among the poor there is only a limited amount of lending within the same community. Among the Chamar and Basod (scheduled caste), loans range from Rs. 50 to Rs. 100 for household purposes, and are observed more among women than among men. "Mobilization against the oppressive methods of landlords was very rare" (India 1998c). This is not surprising given the total dependence of poor groups on the landlords. This dependency is beginning to change in areas of high migration and where livelihood strategies are changing. There is little intracommunity cooperation across castes except when the rich are affected by the same problem, for example, in cases where embankment walls are breached. The collaboration and interaction stops as soon as the task of repair is completed.

In contrast, intracaste cohesion is found to be high among the wealthier castes. This cooperation "transcended village boundaries and has an all time presence; the intra- and intercaste cohesion among the vulnerable groups was generally limited to the village or the Panchayat boundaries and was generally present around an issue, existing as long as the issues existed" (India 1998d).

These differences in social networks of the rich and poor help explain why simple procedural interventions introduced by government do not lead to the intended changes.

Takeover by the elite

> *These community organizations do not listen at the local level, only help the better-off.* —Guatemala 1994a

There are many more examples in the PPA reports of elites taking over local institutions than of elites working to improve the lives of the poor. Given the general cohesiveness of the rich and the relative atomization of

the poor, this is not surprising. Indeed, when assessing the specific accomplishments of CBOs, several PPAs give guarded reviews about the extent to which benefits reach poorer community members. Based on data from the central office of cooperative societies, the PPA in Rajasthan finds a number of cooperative societies registered in a particular district. These include the Agricultural Multipurpose Society, Primary Agricultural Cooperative Society, Lift Irrigation Society, Oil Seed Growers Society, Consumer Cooperative Society, and agricultural farming societies. Records reveal that, although in principle membership is open to all, in reality the moderate and prosperous farmers control and manage the cooperatives. "The report concludes that these cooperative societies have mostly benefited the prosperous, while not addressing the needs of the most deprived groups" (India 1997a). The picture is similar in Nigeria: "The main drawback noted with such bodies is that they tend to look after only their members, while a much broader section of the community is in need" (Nigeria 1996). In Guatemala, the poor say, "These community organizations do not listen at the local level, only help the better-off" (Guatemala 1994a). The Cameroon PPA notes that wealthier groups are better able to take advantage of the resources of CBOs:

> *Despite the widespread view that community solidarity is natural, those who have worked closely with associations in Cameroon report that social tensions (jealousy, sorcery, and personal power struggles) can play a divisive role, and that general cooperation is not automatic. Community-wide groups may be dominated by the interests of those who are better off and have more resources—especially time—to devote to group activities. Small groups made up exclusively of poor people focus more on their specific needs, but may not have the linkages necessary to claim needed services or inputs. Where women are largely confined to the house, their ability to participate in associations is correspondingly limited.*
> —Cameroon 1995

In a number of countries, including India, Tanzania, and Venezuela, some CBOs have been taken over by political parties. In Venezuela the political parties appear particularly powerful in the life of CBOs. One person remarked, "In the community, the organizations are handled through the neighborhood association. Here in Venezuela the neighborhood associations function through the political parties. The neighborhood leader here is COPEI (Comité de Organización Política Electoral Independiente). I, as a member of the neighborhood association, am part of COPEI and when I need something, I go to City Hall and they listen to me, but if I didn't

belong to any political party, they probably would not listen to me" (Venezuela 1998).

Communities sometimes take action when faced with government inaction. Some communities in Venezuela, having grown tired of waiting, took things into their own hands. "We have built ladders, drainage, wired alleys, all from our own pockets; we organize and we buy. I'm not going to tell you we pay for electricity there, the electricity is stolen. When we built the playing field, we organized it and bought the material we needed" (Venezuela 1998). In Nigeria, however, the urban elite play a critical role in bringing resources to rural communities. "Sons abroad" in the cities and overseas are seen as key allies in poverty reduction. They are the ones who set up "self-help" organizations in rural areas. The poor feel that without the involvement of influential leaders, development cannot be stimulated (Nigeria 1996).

Women's networks

To mourn, you stay with the dead person for five days if the dead person is a man and four days if the dead person is a woman. —Kigoma, Tanzania 1997

We women ask for credit only of those who won't tell. We ask for credit from friends and relatives, sometimes pawning a piece of jewelry or something precious. —Togo 1996

The different positions that men and women occupy in social structures have far-reaching implications for women's and men's access to formal and informal institutions. The most important institutions in poor people's lives are often gender-segregated. When development interventions do not factor in these differences, rather than benefiting, women may emerge as losers from development.

In many parts of the world women cannot own property, do not inherit land, are not documented as heads of households even when they are the primary income-earners, need to get permission from husbands or another male relative such as a father or brother in order to go out or work, and have little contact with representatives of the state or with community leaders.[4] This differential status of men and women is reflected in social norms, everyday interactions, and even in mourning practices. One important consequence of differential access and exclusion from the powerful social networks is that women invest heavily in informal social support mechanisms with other women.

In many societies custom requires that when women get married they move away from their villages and neighborhoods to their husband's homes

and neighborhoods. Distant from their own social networks, excluded from the husband's social networks and from contact with public institutions, young women seek friends and alliances with other wives who have moved to the same location because of marriage. In many societies there are great differences in the status of mothers-in-law and wives, and wives remain outsiders until the cycle repeats in the next generation as wives become mothers-in-law. In societies where these traditions are strong, this fragments women's networks into those who are from the outside, and those who are on the inside. To survive as outsiders women turn to other outsiders to create informal social networks for emotional solidarity, social support, and financial support for managing their domestic responsibilities.

Women's informal networks also provide support and information. Women's networks often become coping mechanisms. In South Africa, "A discussion group of women in Patensie indicated that women's social support was the network to which they turned when they were abandoned by their husbands. In the event of desertion they explained that a single woman can go to an older woman who will advise her what to do. The group also explained that women are particularly helpful, as they say this could happen to any of them. People will give rands [money] or some vegetables to the deserted woman. Many single mothers indicated that they often borrow from neighbors and relatives" (South Africa 1998). In India the creation of *mahila mandals* (women's groups) is mentioned in some reports as a way of empowering women and raising awareness about their rights (India 1997a).

Women's groups and networks are mentioned in the majority of reports. Women's groups appear to be more prevalent in Sub-Saharan Africa. Some of the most detailed examples of women's groups come from the East African PPAs. The examples show the courage and tenacity of women despite limited resources and limited technical know-how. Both in Kenya and in Tanzania most women's groups in rural areas are disconnected from any sources of technical or financial know-how and resources. In Kenya there are over 23,000 registered women's groups. Grounded in *harambee* and a social welfare tradition, the groups are struggling with economic concerns. Less than 2 percent of the registered groups report social welfare as their primary activity (Kenya 1996). Box 4.5 highlights activities of some women's groups from different regions of the country.

Finally, women's informal networks and groups may decline under conditions of severe economic shock. The PPA in Togo reports a dramatic decline in membership in *tontines* in the poorer regions after the financial crisis because "nobody could afford to save anything." In Benin, among vulnerable groups, *tontine* membership went down as much as 60 percent after the devaluation in January 1994 (Togo 1996).

Box 4.5 Women's Groups Using Social Capital to Generate Income in Kenya

Ombo Women's Group, Kisumu. The group formed in 1983 to begin income-raising activities. All the members belong to the same clan and started with making rope and weeding rich people's farms. Wanting to diversify, they rented two fish ponds from a neighbor, restocked the ponds, purchased fish food, and marketed the fish at the local market. Despite increased fish production, the activity was abandoned because open access to the fish ponds resulted in high levels of stealing fish and a declining fish harvest. The group now focuses on basket making, hiring of vehicles for the very sick for transport to hospitals and, when income is available, extending small loans to members for petty trading and hawking activities.

Nyamira Women's Groups. Both Muchenwa (80 members, of which six are men) and Omoteme women's groups (47 members, of which five are men) started with Kshs. 20 as entry fees. Because of high interest in membership, fees have been increased to Kshs. 500 and 200 respectively. The goal of the groups is to buy commercial plots, rental houses, corn-grinding mills, and household items. The Omoteme Group has assisted in building 20 houses for its members. The Menyenya Women's Group and several like it have a membership fee of Ksh. 20 and rent land to grow vegetables that are then sold to the secondary school. With the meager profits from the vegetables, the groups buy household utensils. Other groups invested in poultry raising, but this was abandoned when poultry diseases killed all the chickens. A private hospital-based livestock extension service is now advising the group on rabbit rearing.

Mandera. Even in the harsh circumstances of Mandera—a dry semi-desert district with the harshest environment of any of the area's studies, and isolated from markets and city centers—women's groups persist in their efforts. In Arda Kalacha, a village in which everyone is categorized poor or very poor, a women's group came into being seven years ago to assist needy people, initiate *harambees,* and help the poor pay for school fees. The group has 30 members. Despite their very limited resources, they continue to extend help to the most destitute in the community who are unable to participate in or contribute to the group's efforts.

Source: Kenya 1996.

Men's networks

In contrast to women's networks, poor men's networks tend to be shaped by their higher social authority and their employment relations. Beyond this, the PPAs have very limited descriptions of poor men's social relations, except to mention poor men's drinking habits (chapter 6).[5] In their employment, poor men are typically embedded in vertical "client-patron" relations. This can be seen most clearly in wage labor where tight markets and increasing mechanization restrict wage labor opportunities for the poor. Under these circumstances it is rare for poor men to organize and collectively negotiate better terms.

In India, for example, the poor are embedded in multiple dependency relations with rich landlords, with whom they seek wage labor as well as loans during times of need. *Haali*—where a poor man pledges labor for a year in return for a loan—is a common way of obtaining credit. The rates in the villages are around Rs. 6,000/ ($180 per year), but when contracts are entered into in times of distress, the amounts can fall to Rs. 4,500. While vertical links provide access to material resources, they no longer seem to provide emotional support to men. In Pakistan older men regret the fact that, while in the old days landlords on whom they depended knew them by name and treated them with respect, nowadays the landlords don't even know their names (Pakistan 1993).

The gender division in social networks carries significant costs for both women and men. In general, while women tend to be isolated from production networks, men are isolated from those informal institutions that provide for emotional well-being. In addition to the social isolation that many poor men feel, like poor women, they too rarely have access to the transformative networks that bring about change in power relations. Poor men are instead often left struggling to maintain their positions in local society. "Honor requires the men to earn enough to support their wives and children and to maintain the family's position in the community by public demonstrations of prosperity" (Armenia 1995).

Women's absence from community decisionmaking

> *Men have a better place in the community.* —El Salvador 1997

> *Mayan society is a man's society.* —Guatemala 1997a

Despite the rhetoric about "women in development," women's participation in community decisionmaking remains highly constrained. In the Republic of Yemen researchers report, "Women do not take part in committees. Participation takes time, and women's workload is heavy, especially when men migrate to the cities or to commercial farms in irrigated

areas." Women seem to prefer using their time to raise additional income or to learn to read and write rather than to participate in meetings that offer uncertain returns (Republic of Yemen 1998). Similarly, in El Salvador men dominate the new education management committees. In 1992, 78 percent of the presidents were men. Two explanations are offered: "Men are better known in the communities and have better chances to be selected as representatives; and women's household duties would not allow them time to participate or to be trained to perform management duties" (El Salvador 1997). In Guatemala, because of their exclusion from community councils, women have created their own women's committees (Guatemala 1997a).

In Orissa, India, it is reported that women do not participate in the traditional caste *Panchayats* (caste-based local councils). "Women are not allowed to make any representation and in cases of disputes involving them, they do not get any support from other women of their own caste, as women are barred from attending any such dispute resolution meetings of caste members" (India 1998a). This increases women's vulnerability.

In South Africa, when discussions were being held and women wanted to join in, "at first the men wanted the women to leave because they said that women did not understand the needs of the community. The women argued with the men and eventually it was agreed that the women could stay" (South Africa 1998).

In Vietnam the PPA reports that women's participation in community activities has declined with changes in livelihoods from indigenous systems of shifting cultivation in which women are key actors. "But along with the changes of society when new social systems came into place, the men took over the decisionmaking roles in organizations like the communist party and in local authorities like the committee of the communes" (Vietnam 1999a).

Building New Partnerships

> *The mayor, accompanied by the alguacil [sheriff], holds*
> *open fora where individuals begin by explaining the problem.*
> *Everyone is entitled to an opinion at this point. Authorities*
> *try to organize ideas, or what is called "networking the ideas."*
> *The auxiliary mayor is the moderator.* —Guatemala 1997a

Local traditions and practices can be used as the basis of crafting organizations for the poor for governance and service provision in partnership with NGOs or the government. With the peace agreement in December 1996 that ended a 34-year conflict in Guatemala, the

indigenous decisionmaking practices by consensus are beginning to be incorporated at each level of government (1997a). While the PPA notes many community-based efforts, the most successful CBO held up as a model of its kind relies on three ingredients for success (Guatemala 1997a). It responds to community priorities; it negotiates projects with line ministries; and it creates tripartite partnerships with the municipality, the government of Guatemala or NGOs, and the community. Through this process it has created its own health center, school, agricultural support activities, and loan fund. This organization, which started in 1975, has spread to 18 communities.

The government of Panama has started a local investment program (Proyecto de Inversión Local) that assigns $25,000 to each district for a community project. In theory, the district's representative schedules a meeting with each local organization to identify a project to be financed with the funds. In rural communities with high levels of associational life, the system is reported to work as planned. In one of the communities visited by the researchers, the community had decided to build an access road to a neighboring hamlet that belonged to the same district (*corregimiento*). "The entire town attended the meeting, and both men and women participated. … Everyone agreed on the project; there were outsiders who congratulated us for not being selfish." In another town, people have decided to use the money to buy an ambulance and to cooperate with neighboring villages to organize medical visits (Panama 1998).

In Nigeria local government is working with age groups in planning and managing markets. The market in Obusa was virtually built by the age groups. The local government planned the market and allocated the plots to the age groups that build stalls and collect fees on market days. They pay annual rent to the local government (Nigeria 1995).

Effective partnerships require not just changes in procedures but changes in mind-set, so that all partners—including external support agencies—see themselves as learners rather than as experts. In El Salvador, while discussing decentralized education strategies, the Vice-Minister of Education said, "Working with so many consultants that the banks send to El Salvador is difficult. The first comes and advises us we should do things in a certain way. We do it, but then comes the next and changes everything. Every mission there is a new consultant with new ideas and no memory for what has been going on. Often they do not read what the others recommended previously" (El Salvador 1997).

Community-driven programs, in which decisionmaking and resource allocation authority is vested in community groups, are important instruments to respond to community priorities and invest in local organizational capacity. In almost every country the poor say that new ways

have to be found that allow poor people to participate and monitor government programs to ensure that these programs really benefit the poor. In Vietnam, when the poor speak of the importance of loans and the corruption in credit supply agencies, they suggest a system of community monitoring. This would involve the poor establishing groups themselves to manage credit programs through appointment of a treasurer, or "moneykeeper," in the community; someone who would keep everyone informed about the money received, who has taken loans and for how long, and so on. The moneykeepers would be responsible for disseminating information about procedures. As well as making the procedures clearer, it is expected that this would also establish a system of community monitoring of the program so that "leaders cannot give money just for their families" (Vietnam 1999a). In Benin (1994) community-based health monitoring systems have been initiated in one region, and communities are involved in collecting information on village health that is discussed every three months in the village assembly. A village committee monitors the implementation of the assembly's decisions. In the Zou region, for example, there are 250 sociosanitary committees that monitor and manage pump repairs, sanitation, and health education.

The Indian experiment with decentralization—with devolution of decisionmaking authority to *gram sabhas* at the village level, and constitutional amendments requiring women to be elected in one-third of the positions of leaders of the *Panchayat*—sets the framework for new partnership between the poor, governments, and NGOs. While change in legislation alone will not necessarily lead to social change, it creates new space for women to emerge as leaders and for civil society to organize and work in partnership with the state to create more responsive governments for the poor. Without support for poor men and women to organize, mobilize, and inform themselves, the potential created by the political changes will remain unrealized. While in some parts of the country rural women are asserting their leadership roles and changing the types of projects being financed by village councils in dramatic ways (Jain 1996), in other parts of Bihar and Uttar Pradesh change may be slower in coming (India 1998b). One PPA from India reports:

> *Although Devi was elected village pradhan [chief] to fill a quota position reserved for women, the villagers always address her husband, Gulab, as the pradhan. It was he who was garlanded and congratulated when the election results came in, and he attends Panchayat meetings in place of Devi, who stays home. It is clear that Devi is pradhan in name only, and her election has in no way empowered her or women more generally. In other villages, men from scheduled*

castes [SC] have been elected to fill SC set-aside positions, but were controlled by their wealthy high-caste patrons. Some cases were found, however, in which the balance of power was said to have shifted due to the activities of an SC pradhan in a way that curbed abuses of power by the higher castes. Thus, while there was variability in the findings, it was learned that a woman or SC pradhan is no guarantee of a shift in power relations. It may be necessary to create more extensive systems of local accountability to ensure that reserved positions are truly occupied by representatives of the deprived and powerless. —India 1998b

The Indonesia case referred to at the end of this chapter (case study 4.2) explores in detail the community's capacity to take collective action, and the difficulties in connecting government programs with community capacity. The study results have been used to design the Kecematan Development Program which seeks to build on community capacity and overcome the problems identified in existing government programs. The funds flow directly from the *kecematan* to the community in response to community proposals. Mechanisms have been designed to ensure transparency and accountability of decisions and resource use at all levels through availability of information, and through the training of NGOs and journalists as independent monitors.

Neighborhood and Kinship Networks

So, where do the Togolese turn for help? To their families, of course, and to their clans. —Togo 1996

People who live in the same group (natural settlement) not only cooperate and help each other in productive activities but also support and help each other in family events such as birthday celebrations, weddings, funerals, and religious rituals, and in social life such as first aid and illness. Private loans are often without interest conditions when granted among the households. —China 1997

Beyond groups and associations, networks of neighbors and kinfolk play an important role for most poor people. This is the first line of defense outside the immediate family in times of difficulty or crisis, and reciprocal obligations are strong enough to make it a very reliable defense. Whole communities are dependent on the shared human and material resources of

their neighbors, clan, and extended family. Poor people repeatedly state that they borrow money from friends and neighbors to make ends meet, exchange a variety of services, and use the resources of their social networks in innumerable ways in order to survive.

However, it is also clear that there are limits and costs to depending on friends and neighbors for support. The problem, of course, is that these networks have few outside resources to draw on, and the other members of the network are often in exactly the same plight. Especially in times of crisis or stress that increases the vulnerability of the entire community (for example, drought), resources are stretched thin for everyone and thus the "insurance" provided may become only nominal.

Costs and Limits to Reciprocity

> *It is useless for me to use the money I earned abroad*
> *to buy grains to sell during the preharvest season, because*
> *I would have to give them for free to my relatives.*
> —A farmer, Mali 1993

While family networks have great importance as coping mechanisms, the strong sense of reciprocal obligation that makes them successful in times of crisis also makes them resistant to individual entrepreneurship and accumulation. In many parts of Sub-Saharan Africa strong kin obligations interfere with individual motivation to save. In addition, when the network is small and homogeneous, it is likely that problems affecting one member will also affect others. When everyone is affected by an event and resources are limited, kin ties may be of little assistance. "It is not uncommon that in a remote village nobody has enough to eat during the postharvest season, so nobody can offer a free meal to the neighbor's children" (Togo 1996).

In Pakistan the PPA conclude that, while reciprocal relations exist in communities to assist during personal emergencies, they are an unstable base for long-term security. The first order of preference in times of need or crisis is to turn to immediate family. "When these networks are insufficient or unable to respond, assistance is sought within the *biraderi* [kinship network] or *quom* [caste network]. Familial and community obligations toward children, pregnant women, and elderly and invalid dependents are taken very seriously. However, they are often beyond the means of the poorest households, particularly in the context of high levels of unemployment" (Pakistan 1996).

Conclusions

There is no institutional panacea. Informal networks of poor people and bonds of solidarity provide meaning and identity and support during crises. However, the resources of these networks are limited. Community-based organizations are responsive to local needs, but as they grow they may become dominated by the better-off and ultimately exclude the poor. Most CBOs also exclude women from decisionmaking. NGOs are not as widespread as it sometimes appears. While they do much to support basic survival, their track record in accountability to their poor clients is not strong. Few NGOs have successfully addressed local capacity or underlying power and justice issues. Pressure from governments and international donors for quick service delivery, coupled with unstable, short-term financing appears to be undermining the capacity of NGOs, where they exist, to work effectively with poor communities.

It is clear that there is no single institutional solution to the problems of the poor. Crafting institutional designs that blend the values and strength of poor people's institutions with the community organizing skills of NGOs and the resources of state institutions takes on new urgency, given the limits of all these institutions. The big challenge for outsiders—NGOs, governments, the private sector, and international agencies—is to support the capacity of poor people to organize, mobilize resources for priority needs, and participate in local and national governance. In many countries governments are putting into place decentralized structures for local governance. While new structures do create space for poor people's empowerment, long-term commitment to build the capacity of the poor and facilitate collaboration across communities will be required so as to bring about lasting change.

Poor communities are more or less gender-segregated. Unless community organizing strategies are based on an understanding of social cleavages, women are likely to be further marginalized in their communities. There are many cases of successful partnerships between governments and civil society. The challenge is still to scale up small efforts at partnership without losing their responsiveness and accountability to the poor. Responsiveness requires the flexibility to respond to local schedules and local needs, and it requires processes that build local capacity for self-governance. The pressures in large programs are toward standardized procedures and quick disbursement of resources. However the principles are clear, and there is enough on-the-ground experience in large community-driven programs to make fewer mistakes than in the past.

Every human being deserves to be treated with respect. While structural change requires organization and time, mindset and behavioral

changes are within the control of individuals. Everyone—NGOs, religious organizations, CBOs, local elite, local leaders, local officials, national and international financiers—all of us should be held accountable for our behavior in our encounters with poor women and men around the world.

Case study 4.1 Financial services

Since there is no self-owned property, we can't get loans.
—Venezuela 1998b

Repayment in labor is the last resort especially for an able adult person. —India 1998d

Participation in the formal financial sector is not an option for most of the poor involved in the PPAs. The microcredit summit estimated that in 1997, 925 institutions reached 12.6 million poor households worldwide. It also estimated that despite the microcredit movement, only 2 to 5 percent of the 500 million poorest households in the world have access to credit through formal institutions (UNDP 1997). Most discussions of credit access in the PPAs focus on informal arrangements. Obtaining credit in the informal sector may entail paying higher interest rates—in India, 36 to 120 percent per annum (India 1997a); in Togo up to 360 percent per annum (Togo 1996). Yet the flexibility and availability of informal credit schemes make them the only choice for the very poor. This case study addresses two prevalent themes in the PPAs: credit access and cycles of debt and poverty.

Access to Credit

In Guatemala local networks are described as the most common alternative to formal credit services. "In marginal urban areas shopkeepers provided credit for food on a limited basis and only when the family was well known to the shopkeeper. Family and friends loaned money to one another to cover emergency health-care costs. Wholesalers gave credit for goods to be sold in the informal economy. Local governance committees provided credit for household construction materials such as tin sheeting" (Guatemala 1994b). Similarly, one of the India studies concludes:

For the lower economic strata of society whose major requirement is consumption credit, formal credit institutions have no relevance. And even for investment, procedural difficulties and inability to satisfy the collateral requirements drive them away from formal credit institutions. As elsewhere, there are two major categories of moneylenders: (1) trader-moneylender

and (2) landlord-moneylender. There can be a situation where a landlord-moneylender is also active in village and/or Janpad politics, and can integrate his moneylending business with his political activities, and thus influence decisions. Ongoing development efforts do not seem to influence his role or activity in any significant manner and hence, to that extent the moneylender is not a stakeholder. However, any serious effort to intervene in rural microcredit (as has been suggested) would immediately make him a crucial stakeholder. As the moneylender is informal and at the fringes of law, he can immediately respond in many ways to destroy any attempt which affects his business. —India 1998c

In the regions studied in Madagascar fewer than 10 percent of the poor interviewed have access to formal credit, and 98 percent of all agricultural activity is self-financed. Relatives and friends are the most frequent lenders, providing the bulk of short-term credit either in cash or in kind. Most of these loans are interest free (Madagascar 1994).

In some countries, such as Swaziland, access to formal lending institutions may be constrained more by a lack of effective dissemination of information than by the nonexistence of services. "Although borrowing from the bank or from moneylenders was mentioned by a few male participants, and some women mentioned revolving credit schemes, there was generally little knowledge or experience of formal savings and credit. In most of the groups, discussion of the options involved had to be abandoned and the groups discussed instead the use of traditional interhousehold borrowing of food. A number of men had dropped out of agricultural cooperative or credit schemes because their production was insufficient to repay loans" (Swaziland 1997).

The situation in Eastern Europe and the former Soviet Union appears very similar. In Moldova poor people express profound mistrust of banks (Moldova 1997). In Ukraine, as elsewhere, in the absence of access to formal sources of credit people turn to kinship networks. "Families who have fallen on hard times often have friends and neighbors who are somewhat better off and willing to help them make ends meet. Borrowing is a common practice and, given widespread recognition of the number of people working without a salary and the belief that mothers with small children should not be working, there is little stigma attached to it. However, most reported that they tried to avoid borrowing and attempted to repay their debts as quickly as possible to avoid marring a relationship over money" (Ukraine 1996).

Cycles of Indebtedness

When credit is scarce and poverty high, moneylenders wield enormous power and can be extremely exploitative. Box 4.6 presents an example from India that illuminates the complexity of debt and finance cycles for the poor.

Debt cycles are often linked to seasonal migration strategies for providing household income. They can create difficult situations for women left as household heads to deal with sometimes irregular remittances (South Africa 1998). For many villagers in India, migration to the urban locations outside the state in pursuit of livelihood is guided by the need for money to repay debts, covering deficits created by losses in agriculture or meeting expenditures of large magnitude on account of marriages, festivals, ceremonies, and so on. The returns accruing to their ventures outside their village hardly make up for their toil, and the costs include bad health, broken families, and deepening of their debt burden (India 1998a).

Case study 4.2 Indonesia—Community Capacity and Village Government

> *People do not perceive themselves as having any real influence. The fact that a village head is an elected official does not, oddly enough, create the feeling among the community that they are the source of his power.* —Indonesia 1998

The answer to the question, "Is there capacity in the communities for collective action?" depends on whom you ask. A large study undertaken in 48 Indonesian villages in three provinces—Jambi, Central Java, and Nusa Tenggara Timur—explores this question by examining quantitative data based on in-depth qualitative information about community groups, collective action projects, and village government (Indonesia 1998, 1999).[6] This case study draws on these data to examine three questions: (1) Is there a difference between community-initiated and government-initiated projects? (2) What is the impact of organizational capacity? and finally, (3) What are the linkages between local capacity and government programs? Because community capacity is a key factor in ensuring that poor people have access to information and services, this case study attempts to untangle factors associated with local capacity, including impact of government activities. The study compares government- and community-initiated programs.

Community capacity is the ability of a community to mobilize and carry out collective activities to solve its own problems. Community groups

Box 4.6 A Cycle of Debt and Credit in India

"My household of six members requires at least one *mana* [quantity] of rice every day. However, now that I am carrying so much debt on my head we have no choice but to limit our consumption," says Bhimraj, who came from his ancestral village of Nuapada after his marriage 15 years ago to stay at his in-laws' place. Talking about his household economy Bhimraj softens his voice: "I have no land, so I work as a wage laborer and earn a maximum of Rs. 400 in a month. In the evenings, I go to sell the one liter of milk that I get from my cow, that fetches Rs. 108 to 150 a month for six months. My wife also goes for work and earns Rs. 200–250 a month. My mother-in-law works as a cook in the village school and earns Rs. 100. My brother-in-law is employed in the Keshinga rice mill and he sends Rs. 200 every month to the household. I spend no less than Rs. 800 in buying rice. Every week my expenditure on vegetables and salt is about Rs. 25. Another 200 rupees a month goes on kerosene, cooking oil, and my son's education. So, you can see that I can hardly save Rs. 50 in a month. I have borrowed Rs. 4,000 from Veda of Nuapara by mortgaging one acre of land. I don't see any chance of being able to retrieve my land in the near future. My mother-in-law carries on her head a *Kharif* loan of Rs. 2,000 borrowed from the grain bank. I had also borrowed Rs. 1,200 from the State Bank, which I have yet to repay. I don't know why I got only Rs. 1,200 while Rs. 2,400 was sanctioned against my name. In addition, I had borrowed five pounds of rice from the *mahajan* [moneylender] five years' back for my sister-in-law's marriage, which I need to repay. We had a much better time in my father's house at Nuapara. At least this pressure of debt was not there on the head." He is not sure whether he will be able to educate his other son and his daughter.

Source: India 1998a.

in Indonesia have initiated a wide range of activities with primary focus on credit and the construction of basic infrastructure. Of all community development activities, 53 percent have been initiated by government, 38 percent by communities, 7 percent by NGOs, and 2 percent by the private sector. As seen in table 4.1, community-initiated projects performed better than government-initiated projects on every criterion.

Table 4.1 Comparison of Community and Government Projects

Item	Community-initiated	Government-initiated
Number of projects	319	411
Project initiator	38 percent	53 percent
Reaching beneficiaries	83 percent	67 percent
In full use	85 percent	51 percent
Good maintenance	74 percent	37 percent
No women's participation	29 percent	54 percent

Most community-initiated projects are carried out at the sub-community level, in the hamlet or neighborhood; organizing is based on proximity rather than on occupation or other identity. Women are more involved in community projects, primarily in credit schemes, than in government projects, and poorer households are less active in decisionmaking although not excluded. The most prominent groups in the village are community-initiated. They have multipurpose activities, elect their own leaders, collaborate with other groups, raise and manage funds, and, most importantly, mediate and resolve conflicts at the local level. One-third of the most active groups have existed for more than a decade.

In addition, villages with high organizational capacity (measured on a five-point scale—one is low and five is high) carry out a greater number and a wider variety of community projects, collaborate more across groups both within and across the community, have an effective local government, and have a greater percentage of households that participate in collective activities (see table 4.2). The data do not establish causality, but the strong association is noteworthy.

There are several factors that do not seem to vary with organizational capacity. Organizational capacity does not appear to affect community

Table 4.2 Average Performance Scores of Village Government by Village

Performance	High capacity	Low capacity
Quality of village head	3.49	2.44
Village planning	3.24	2.73
Responsiveness of village government	3.51	2.52

Note: Scores for village organizational capacity range from 1 (low) to 5 (high). The sample was 48 villages.

participation in government projects, nor does it guarantee quality of outputs, either for government or community projects. Organizational capacity seems to be related to multiple bases of leadership, responsive and accountable leaders, multilevel mediation processes, cohesive traditional governance, and supra-village linkages.

Finally, there is a disconnect between community initiatives and institutions and government programs and institutions. Community initiatives and institutions that are the basis of local capacity are not connected to government resources and decisionmaking. In the study villages only 12 percent of community projects receive any government support and another 12 percent receive some government financing. No community groups receive any government financing, and only 2 percent receive any government support. Community organizational capacity has no impact on the quality of government-provided services. This finding is important in light of the fact that villages with high organizational capacity also have better performing village heads. This implies that central government programs do not take into account the knowledge or priorities expressed by village heads.

In the villages studied there are more government projects than community projects, reflecting the assumption that communities lack knowledge and need outsiders' skills. Government-provided projects and services are not accountable to the community, or to village government. The high failure rate of government projects, obvious mismanagement of government funds, and unfair practices in election of village heads to eight-year terms mean that incentives for accountability are low. Villages have little control over financial resources coming from the outside, even in the annual village subsidy from the government for bottom-up planning; regulations favor outside contractors over implementation by locals; and higher government is not responsive to village government's complaints of irregularities in government-initiated projects. Despite these drawbacks, in some places village heads are accountable, responsive, and innovative, and manage to bring development resources to their villages.

Notes

1. For an extensive review of what social capital is and what it does, see Woolcock 1998 and Portes 1998. For detailed empirical evidence in different contexts see Putnam et al. 1993, Tendler 1997, and Grootaert 1999. For debates on

policy implications see Edwards and Foley 1997. For recent research on social capital see Dasgupta and Serageldin 1999.

2. For an extensive discussion on bonding, bridging, and the relationship of substitution and complementarity see Narayan 1999.

3. See also Bebbington and Perreault 1999.

4. For a detailed discussion see Narayan and Shah 2000. The paper provides empirical evidence of women's and men's differential access to formal and informal organizations and implications for policy.

5. A computer search of the NUD*IST database that is merely indicative resulted in 66 references to women's groups and six references to men's groups.

6. The case study is based on two reports by Chandrakirana (1999) and Evers (1998), as part of a Local Level Institutions Study managed by Scott Guggenheim in the Jakarta office of the World Bank.