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.
—Mexico 1995

If you are as poor as I am and can’t contribute regularly, you can’t participate.
—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 Non Government Organizations (NGO), community based organizations and networks of neighbors and kin. Societies vary in their stock of civil society institutions, which constitute a part of their social capital. Social capital is a useful concept to understand 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.\footnote{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 Foley and Edwards. For recent research on social capital see, Dasgupta and Serageldin, 2000.} Social capital resides in any group, network or organization including the state. Civil society however clearly lies outside the state, although it is affected by state laws such as freedom of assembly and financial laws.

Poor people invest heavily in social relations for psychological, cultural and economic well-being. When communities are cohesive and their associational life is vital, communities 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 found 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 1997; Narayan and Pritchett 1999). Similarly, recent studies in Indonesia (Grootaert 1999) and in Bolivia (Grootaert and Narayan 1999) 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 land holders rather than large land holders. 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).
social capital survey in Panama concluded 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 was 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 upon to lift poor communities out of their poverty. The reality is far more complex.

The PPAs indicate that community-based organizations 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 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. Some government interventions are beginning to build upon 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:

- **Non-Governmental 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.

- **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 community-based organizations. 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

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17 For an extensive discussion on bonding, bridging, and the relationship of substitution and complementarity, see *Bonds and Bridges*, Narayan 1999.
their voices become silenced. The poor also get excluded from many groups because of their limited assets and inability to pay fees.

- **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.

- **The rich and 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.

- **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. Membership organizations were mentioned only in very few cases by the poor. Several organizations known worldwide for their excellent work are described by the researchers in the PPAs, but are mentioned only infrequently by the poor themselves when they talk about institutions that are important in their lives, presumably because these organizations, despite their size, do not reach the majority of poor people.

The remainder of this chapter is organized into three sections, discussing in turn NGOs, CBOs and neighborhood and kinship networks. The chapter ends with a case study on financial services for the poor. The section on NGOs first presents a brief overview of the nature of NGOs, then discusses them in some detail under three subheadings. 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 subheading 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. And the third subheading of this section discusses the emergence of government and NGO partnerships in the context of decentralization, and the tension underlying these new relationships. There is some evidence that these partnerships may lead to improved local services and local level accountability on a large scale.
Non-Governmental Organizations

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

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 being 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 examples of NGOs reaching groups of the poor with highly valued services. The 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 which poor people do not generally extend to formal institutions.

But 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 Central Asia, they also fail to figure prominently 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 or corruption, or to actions that inadvertently skew local priorities and power relations. While NGOs were reported as attempting to build local capacity, there were few examples of marked success. Relations between NGOs and governments are often marked by tension: truly complementary relations between the two are rare. There were 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, NGOs do not move forward to address fundamental inequity issues that create the problems in the first place.

**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 additional 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 shortages, introducing the first 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 education and healthcare, 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 — watershed management, literacy, women’s groups, income generating activities, 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, and several programs to assist the sick, the abandoned, and the destitute have been set up by nuns and priests. In Cotonou, the Catholic Church is arguably the strongest presence helping the most vulnerable” (Benin 1994). In Panama (1998), over half the communities recognized churches and schools for their support. In Vietnam (1999b), poor catholic households in need of support turned to the church. In Pakistan (1993), the PPA reports “a deeply entrenched tradition of private charity and welfare reinforced by Islamic religious obligation.” Mosques and shrines were valued as sites of charity. Ashrams were 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 received 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 relationship with particular communities enjoy a level of trust denied to most other “outside” organizations (Swaziland 1997).

In Thailand as well, during the financial crisis poor people reported feeling disillusioned by government, but identified NGOs as a potential catalyst for improving their lives. Focus groups in urban slums expressed feelings of distrust and isolation. Yet, “when asked to identify what various institutions could do to overcome their problems, the Bangkok slum group suggested many ways which their own groups and NGOs could help, but very limited suggestions were identified for the government” (Thailand 1998). Focus group participants related that in the past they had received very little support from governmental agencies, and there was 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 better respond 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.’” 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). In Mali, the number of NGOs grew from 30 to 250 between 1983 and 1993. While growth in numbers alone could 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 are viewed as more compassionate than government officials. In the former Soviet bloc countries, many people described NGO workers as “more understanding and kind.” In Latvia (1998), people have positive attitudes towards both national and international NGOs, even though they do not expect regular or long term assistance from them. People mention Salvation Army for distribution of clothes to large families and people living alone; Save the Children Fund for cash, clothes, and food; and the churches, if they belong to the congregation. In Georgia as well, many people have benefited from the regular assistance of organizations such as the Red Cross, and Doctors Without Borders. Several local NGOs are also cited as providing important assistance to people in need (Georgia 1997).

Limitations of NGOs

Even the non-government 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.

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 most 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 was 7 percent (Indonesia 1999a). 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 was asked about the role of NGOs in their area, they responded that there were few, although they specifically mentioned two groups engaged in both development and welfare activities. They ranked the contribution of the NGOs to their development and welfare as secondary to the government efforts (India 1997c). Even in Bangladesh, which has the world’s largest NGOs, high awareness of NGOs was primarily associated only with micro-credit programs. The PPA states, “Many slum dwellers are upset with NGOs as they promise much and do little” (Bangladesh, 1996).

Likewise, the Togo report 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 were not aware of any sources of assistance. In some cases the assistance had ceased because a particular project had finished or because there was no longer any missionary presence in the area. In other cases, however, there was simply no NGO presence whatsoever (Togo 1996). Similarly, while acknowledged as valuable during times of drought and crop failure, NGOs in Swaziland are viewed as “infrequent and unreliable” (Swaziland 1997).

In the absence of secure financing and the resulting dependence upon governments and international agencies, NGOs in many places have become contractors rather than community catalysts. In India, even government officials identified “‘target-led reporting’ as an inhibiting factor for performance or quality led output” (India 1998d). In Senegal, 80 percent of financing is external and NGOs are dependant 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 could be put to better use for 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 were generally most positive about international organizations that used expatriates to distribute and monitor aid because of a widespread and deeply ingrained distrust of governmental agencies (Armenia 1995).

Like the state, NGOs, are not free of the tarmac bias: they tend to miss the very poor. In the Kenya PPA, it was noted that only two NGOs were located in the coastal region districts, while the rest were located in Mombasa, accessible for most of the population only by ferry. The NGO activity was concentrated along the highways, near the beach and resort hotels rather than in the large interior area characterized by “drought, lack of water year around, tsetse fly attacks on livestock and various forms of wildlife which devastate crops” (Kenya 1996). In Tanzania, a chief said, “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).

A report from Bangladesh noted:

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 religious-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 criticized. 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 provide student support in Burunga; there is a mission hospital in Katabari. One village indicated they had a BRAC 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 the fit between program design and the needs of the poor. In Armenia, NGOs’ lack of familiarity with local traditions and conditions resulted in programs that did 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 presented the “children with 4 to 5 or all 45 biscuits at a time, so that the children would not feel ‘humiliated’ by the offer of a single biscuit.” In some schools, teachers simply gave the children powdered milk to take home because a lack of running water prevented them from making the milk at school (Armenia 1995).

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. They 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, which had 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 were perceived to give too small amounts for productive purposes (Bangladesh 1996). As a result of poor people’s experience with credit-granting NGOs that “terrorize, insult, and lock up defaulters,” the poor preferred 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 felt that relief funds flow into the pockets of NGOs rather than finding their way to poor people. In Armenia, 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 “Mafia” to divert aid in other ways (Armenia 1995).

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 Asombleos 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).

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 Busia district in Kenya, in areas where NGOs had 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 the strengthening the capacity of existing groups to become autonomous” (Kenya 1996).

**NGO–State Links**

> If I invite thirty NGOs to help me in a decision, I’ll have thirty 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, has been developed to provide education in which management of new pre-primary and primary schools is delegated to parents and community organizations. One hundred 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 as well,
NGOs are participating actively with the government in the decentralization program. In India, NGOs are active in working with state governments on rural water systems.

While NGOs are independent of the state, in fact their very presence and survival depends 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, the government, and international agencies. While some NGOs find the government “authoritarian and inefficient,” the government finds NGOs “erratic and unaccountable.” Officials also expressed 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 practice, the PPA reports included more examples of government–NGO partnerships than examples of watchdog NGOs holding governments accountable at the local, state, or national level. In any new sharing of power there are those who resist change.

In Armenia, tensions and miscommunications sometimes mar the relationships between international NGOs and local authorities. NGOs complained that government lists of “vulnerable” families were very inaccurate, and no reliable statistics could be obtained. In some cases, they felt “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 reported that local officials neither helped nor hindered. In other cases, they harassed NGOs by cutting off electricity supplies or forcing them out of rented premises. The director of an NGO that ran a low-fee pharmacy reported considerable tension with town authorities, who felt they should control all the local aid “in order to better coordinate it.” Local pharmacies and hospitals particularly resented the low-priced pharmacy because it undersold them (Armenia 1995).

In South Asia, particularly in Bangladesh, NGOs have managed over a period of decade 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 for their credit programs, and BRAC is mentioned in addition for its work in education and scholarship programs for girls. Its educational programs for poor girls have had a major impact on government educational policy for poor girls. In Bangladesh and India, while several local NGOs were named as active in various fields, none were singled out as having made a difference in local power relations or inclusion of poor people in local councils or other decision making bodies.

If government involves itself in local organizations and does not share power, it can alienate poor people and destroy the organization. In 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.” The recent impoverishment of rural areas is cited as an additional factor contributing in this decline.
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, which bring joy and give meaning to people’s lives. They are often the only organizations that poor people feel they own, trust, and can rely upon.

These positive attributes notwithstanding, CBOs acting alone have generally not been a force for changes in local power structures or for significant development gains. For poor people’s organizations, the capacity constraints may be vast and multidimensional. As Uphoff (1986) noted, “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 (1986) developed scores for rural development performance and found that local organizations were the most successful when 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 114.

Bonds and Bridges

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

This section is organized under four major sections. The first section discusses 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 community-based organizations, 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 them out of poverty. The section ends with the case of federations of indigenous networks in Ecuador.
The second section discusses differences between the networks of the rich and poor and how cohesiveness among the elite often leads to their takeover of community-based organizations. 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, which tend to reflect the interests of the elite. The section also explores differences between the networks of poor men and poor women. Women continue to be remarkably absent from community decision-making organizations.

The third section focuses on building new partnerships to design interventions that build on the strengths of different types of institutions, poor people’s institutions, NGOs and institutions of the state. It ends with a case study on Indonesia, highlighting the importance of local capacity building and the difficulties in designing partnerships between community groups, government and NGOs. The final section consists of a brief discussion of kinship and neighborhood networks.

**Bonding Organizations**

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

Community-based organizations (CBOs) typically command confidence because people feel that they “belong” to them and 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 difficult 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 found 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” of Nigeria undertake quite varied community tasks and often develop quite 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 noted 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, was 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, 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 urban and rural counterparts (40 percent, 28 percent, and 30 percent, respectively). Indigenous people were found to participate in community associations, while other rural communities participate mostly in cooperatives. Cooperatives were the only significantly frequent form of participation among urban residents (Panama 1998). (See Box 12.)

**Box 12. Indigenous Organizations among the Kuna in Panama**

<table>
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<tr>
<th>The Kuna in particular have a long tradition of organization and a 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 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 often, with women getting together to discuss sweeping the streets. Another group meets weekly to discuss commerce and solve social or economic problems and activities to promote development. Another example is the housing committee (junta de construccion de la casa), which builds about four houses every three months with about eight people an 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.</th>
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Source: Panama 1998
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 was especially strong in the Panama report. “The [survey] indicates that indigenous communities have a more positive outlook about their situation than urban and non-indigenous rural communities, despite the fact that they have a higher incidence of poverty” (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 community organizations: 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. 13 illustrates the characteristics and limitations of successful tontines. They appear to be very effective as “voluntary forced savings” mechanisms and at creating safety nets for the poor.
Box 13. 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 ten farmers of the same sex 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 25 US cents a month to over US$10 a week. Other types of tontine 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 1995). 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.” 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).

Dignity in Death, Burial Societies

They will not put you free of charge even in a grave. —An old pensioner, 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. As informal institutions, burial societies function as highly valued safety nets. Funerals are also important in reinforcing one’s standing in society, and ensuring support at 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, there are reports that burial societies are becoming out of reach for poor people: “Idir-Idirs 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, which 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 afford to be Idir members by selling fuel wood and grass, the entry cost is now prohibitive” (Ethiopia 1998). In urban areas, given declining incomes, sustaining idirs was difficult. However, every community still had at least one idir, but with declining membership.
In some West African countries, for example Togo, Senegal and Benin, it was 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” was widespread among the poor in Central Asia and East Europe. 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 “investments” in 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 their 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 1997

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 word 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 groups to organize around issues to bring about change and social movements are unlikely. When social groups have no connections with other social groups that are different from themselves, including the state, 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 analysis suggests that associations of the poor are much more effective at meeting short-term security needs than at fostering changes 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 were disconnected from larger collective action and resources of the state or other agencies.

Almost every country has traditions for collective community work, 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, poorly functioning government services, the tradition of harambee is stretched thin. Fed up, people said “Now there is too much harambee, we do not want any more” (Kenya 1996). The 1996 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.18 (See box 14.) 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, supply of credit and bringing knowledge of markets to women entrepreneurs (India 1997a).

Box 14. Federations of Indigenous Networks, Ecuador

Building bridging networks is a long-term process that requires patience and nurturing. Rural people, particularly indigenous communities in Ecuador, have strong traditions of mutual support and labor exchange, strengthened by blood or ritual kinship ties. Over a period of two decades, organizational capacity has been strengthened at the community level and linked to organizations at higher regional and national levels based on representation and common interest. Thus, at the lowest level, the uniones links as many as 20 communities in one canton. These organizations in turn belong to a federation that operates on a provincial basis. The provincial networks combine into a national network. A community organization can approach the national level organization directly. As a result of a proven ability to organize, including the 1993 "March of Quito," indigenous organizations are now part of governance debates and decision making at the local and national levels. They played a key role in defining the new Agrarian Law in rural bilingual education and have gained significant degree of participation in municipal and national government. This organizational effort by indigenous people on their own behalf was supported by a range of outsiders on a sustained basis over a period of twenty years.

Source: Ecuador 1996a

18 See also A. Bebbington and T. Perreault (1999).
**Difference in Networks**

Most PPAs did not differentiate between the networks of the rich and poor. A few PPAs had rich descriptions about the differences between the organizations of the rich and the poor as well as organizations of men and women.

**Networks of the Rich and the 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 have 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 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, which may result in imposition of restrictions on civil society, direct repression, or engagement and change towards greater equity. This resistance that poor people face is clearly evident in Moldova (1997) as farm workers attempts to privatize land (Box 15).

**Box 15. Tarifero Peasant Farmers Association in Manta, Cahul District**

In Pirlita, farm workers wanting to privatize were frustrated by the many obstacles placed in their way. As a result, 79 households, composed of teachers, kolkhoz workers, and pensioners choose a schoolteacher to help them push for privatization. They named their group Tarifero, “strong as iron.” During the first meeting between their leader and the manager of the collective farm, the latter promised to implement land reform. But in fact, 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 had received their share of non-land assets. Although they remained unregistered, tax authorities demanded they pay taxes as if they had already received their value quota. The collective farm management continued to actively hinder them. It refused to allow them use of the equipment on the grounds that it couldn’t spare the equipment, forcing them to purchase used equipment for cash. Tarifero’s leader declared, “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

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 were found to be highly cohesive where as lower castes had weak linkages, weakened further by the need for seasonal migration to look for work. (India 1998c.)

While there were feelings of solidarity, the extent of organizing among vulnerable groups varied by activity. Expressed solidarity was highest in social interactions, as in celebration of festivals and rituals. However this did not transfer into occupational cooperation. There were some cases
of weak cooperation or cooperation among a few families. For example, in one village in Rajgarh, block four Chamar (scheduled caste) families “shared the proceeds of sale of the skin of any dead animal in the village” (India 1998c). Some cooperation was noticed among those who migrated from season to season, but the organization was unstable because membership constantly changes. Among the poor, there was only a limited amount of lending within the same community. Among the Chamar and Basod, loans ranged from Rs 50-Rs 100 for household purposes, and were 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 was little intra-community cooperation across castes except when the rich were affected by the same problem, for example, breached embankment walls. The collaboration and interaction stops as soon as the task is completed.

In contrast, intra-caste cohesion was found to be high among the wealthier castes. This cooperation “transcended village boundaries and has an all time presence; the intra- and inter-caste 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 external interventions do not lead to the intended changes.

**Take Over by the Elite**

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

Around the world, there are more examples 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 community-based organizations, several PPAs give quite guarded reviews, especially in terms of providing benefits to poorer community members.

Based on data from the central office of cooperative societies, the PPA in Rajasthan found a number of cooperative societies registered in a particular district. These included Agricultural Multipurpose Society, Primary Agricultural Cooperative Society, Lift Irrigation Society, Oil Seed Growers society, Consumer Cooperative Society and agricultural farming societies. Records revealed that although in principle membership is open to all, in reality the moderate and prosperous farmers in essence 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 was 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 said, “These community organizations do not listen at the local level, [they] only help the well-off, the
organized” (Guatemala 1994a). The Cameroon PPA notes that wealthier groups are better able to take advantage of the resources of community-based organizations:

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 Tanzania, Venezuela and India, some CBOs had been taken over by political parties. In Venezuela, the political parties appear particularly powerful in the life of community-based organizations. 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. 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. Fed up with government inaction and tired of waiting, some communities in Venezuela 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 plays a critical role in bringing resources to rural communities. “Sons abroad” were seen as key allies in poverty reduction. They were the ones who set up “self-help” organizations in rural areas. The poor felt that without the involvement of influential leaders, development could not be stimulated (Nigeria 1996).

**Gender Differences**

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

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 to go out or work, and have little contact with representatives of the state or with community leaders.¹⁹ 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” and “wives,” and “wives” remain outsiders till the cycle repeats in the next generation as wives become mothers-in-law. In societies where these traditions are strong, this fragments women’ networks into those who are from the outside, and those on the inside. To survive as outsiders, women turn to their 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 Patensie, 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 or some vegetables to the deserted woman. Many single mothers indicated that they often borrow from neighbors and relatives” (South Africa 1998). In India, creation of mahila mandals, (women’s groups) were mentioned in some reports as a way of empowering women and raising awareness about their rights (India 1997a).

Women’ groups and networks were mentioned in the majority of reports in rural and in urban areas. Women’s groups appear to be more prevalent in Africa rather than in other parts of the world probably reflecting the lower status of women and more restricted mobility of women in

many parts of South Asia. Some of the most detailed examples of women’s groups come from the East African PPAs. The examples show the tenacity of women to persist, despite limited resources, and technical know-how. Both in Kenya and in Tanzania most women’s groups as indeed rural groups were 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 two percent of the registered groups reported social welfare as their primary activity (Women’s Bureau, Ministry of Culture and Social Services, 1993). Box 16 highlights activities of some women’s groups from different regions of the country.

**Box 16. Women’s Groups Using Social Capital to Generate Income, Kenya**

| **Ombo Women’s Group, Kisumu** | The group formed in 1983 to begin income-raising activities. All the members belonged 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 pond, 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. |
| **Kitui Women’s Groups** | Most of Kitui/Mwungi district was rated poor or very poor by community members. Because of poverty of their groups, they have little working capital and can therefore provide only small amounts of money to members in dire need. The groups also help women buy small household utensils for cooking and occasionally help with school fees. One group does weave baskets, however they have difficulty selling them in the local market, which has contracted in recent years due to increasing poverty and recurrent drought. |
| **Nyamira Women’s Groups** | Both Muchenwa (80 members, of which 6 are men) and Omoteme Women’s Groups (47 members, of which 5 are men) started with Kshs 20 as entry fees. Because of high interest in becoming a member, fees have been increased to Ksh 500 and 200 respectively. The goal of the groups is to buy commercial plots, rental houses, posho mills and household items. The Omoteme Group has assisted in building 20 houses for its members. Menyenya Women’s Group and several like it have a membership fee of Ksh 20 and rent land to grow vegetables which 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 chicken. 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, isolated from markets and city centers — women’s groups persist in their efforts. In Arda Kalacha, a village in which everyone was 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

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 (Togo 1996).
Men’s network

In contrast to women’s networks, poor men’s networks tend to be shaped by their higher social authority in society and their employment relations. Beyond this, the reports had very limited descriptions of poor men’s social relations, except to mention poor men’s drinking habits discussed in Chapter 7. 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 restricts 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, in which 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 were around Rs 6000/ ($180 per year) but when contracts are entered into under distress, the amounts can fall to Rs4500. While vertical links provide access to material resources, they no longer seem to provide emotional support to men. In Pakistan older men regretted 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.

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 position 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 in community decision-making

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

Mayan society is a man’s society. —Guatemala 1997a

Despite the rhetoric of women’s role in development, women’s participation in community decision making remains highly constrained. In Yemen (1998), 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 learn to read and write rather than participate in meeting with uncertain returns (Yemen 1998). Similarly, in El Salvador, the new education management committees are dominated by men. In 1992, 78 percent of the presidents were men. Two explanations were 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

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20 A computer search, which is merely indicative, resulted in 66 references to women’s groups and six references to men’s groups.
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 India in Orrisa, it was 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 were key actors. “But along with the changes of society when new social systems came into place, the men took over the decision making roles in organizations like the Communist party and in local authorities like the People’s Committee of the communes” (Vietnam 1999a).

Building New Partnerships

_The mayor, accompanied by the alguacil, 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 which ended a 34-year conflict in Guatemala, the indigenous decision-making 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 community-based organization held up as “model of its kind” points to three ingredients for success (Guatemala 1997a). The organization, which started in 1975 and spread to 18 communities, responds to community priorities; it negotiates projects with line ministries and tripartite partnerships with the municipality, the Government of Guatemala or NGOs, and the community. Through this process it has created its own health post, school, agricultural support activities and loans.

The Government of Panama has started a local investment program (Proyecto de Inversion Local) that assigns $25,000 to each district for a community project. In theory, the district’s representative schedules a meeting with the local organizations 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, in people had 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, 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 projects, in which decision making and resource allocation authority is with community groups, are growing in popularity as ways of delivering resources to the community without pre-judging community priorities. Almost everywhere, the poor said that new ways had to be found which allowed poor people to participate and monitor government programs to ensure that these programs really benefited the poor. In Vietnam, where the poor spoke about the importance of loans and the corruption in credit supply agencies, they suggested a system of community monitoring. This would involve the poor establishing groups themselves to mange credit programs through appointment of “money keepers” in the community; people who would keep everyone informed about the money received, who had taken loans and for how long, and so on. The money keepers would be responsible for disseminating information about procedures. As well as making the procedures clearer, it was felt that this would also establish a system of community monitoring of the program so that “leaders cannot give money just for their families” (Vietnam 1999). In Benin (1994) community-based health monitoring systems have been initiated in one region, and communities are involved in collecting information on village health, which is discussed every three months in the village assembly. A village committee monitors the implementation of the assembly’s decisions. In the Zou region, 250 socio-sanitary committees manage pump repairs, sanitation, and health education.

The Indian experiment with decentralization, with devolution of decision making 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 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 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 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 at the end of this chapter explores in detail local capacity in communities to take collective action and the difficulties in connecting government programs with community capacity. It ends with a brief description of the Kecematan Development Program designed to build on community capacity and overcome the problems identified in existing government programs.

**Neighborhood and Kinship Networks**

*So, where do the Togolese turn for help? To their family, or course, and to their clan —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, wedding, funeral, 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 upon the shared human and material resources of their neighbors, clan and extended family. Poor people repeatedly stated that they borrowed money from friends and neighbors to make ends meet, exchanged a variety of services and used 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. Its weakness, 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 which 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 pre-harvest season, because I would have to give them for free to my relatives.
> —A farmer in 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 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 limited, kin ties may be of little assistance. “It is not uncommon that in a remote village nobody has enough to eat during the post-harvest season, so nobody can offer a free meal to the neighbor’s children” (Togo 1996).

In Pakistan, the PPA concluded that while reciprocal relations existed in communities to assist during personal emergencies, they were 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 or quom is sought. Familial and community obligations towards children, pregnant women, and elderly and invalid dependants 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 1997).

**Conclusion**

There is no institutional panacea. Informal networks of poor people and bonds of solidarity provide meaning and identity and support during crisis. However, their resources are limited. Community-based organizations are responsive to local needs, but as they grow they may become dominated by the better-off and exclude the poor. Most community-based organizations also exclude women from decision making. NGOs are not as widely prevalent as 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 it exists, 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, private sector or 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 agency, to bring about
lasting change, long-term commitment to build the capacity of the poor to facilitate collaboration across communities is required.

Poor communities are more or less gender segregated. Unless community organizing strategies are based on understanding 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 without losing the responsiveness and accountability to the poor. Responsiveness requires the flexibility to respond to local time rhythms and local needs, and it requires processes that build local capacity for self-governance. The pressures in large programs are towards 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. All groups—NGOs, religious organizations, CBOs, local elite, local leaders, local officials, national and international financiers—all of us who work with poor men and women should be held accountable for our behavior in our encounters with poor women and men around the world.
Case Study 4: 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 interviewed in the PPAs. The microcredit summit estimated that in 1997, 925 institutions reach 12.6 million poor households worldwide. Yet, it is estimated that despite the microcredit movement, only two to five percent of the 500 million poorest households in the world have access to institutional credit. (UNDP, Human Development Report, 1997). Most discussions of credit access in the PPAs focus on informal arrangements. While 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), the flexibility and presence of informal credit schemes make them the only choice for the very poor. This section 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, the India study 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 money lending 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 Madagascar, in the regions studied, less than 10 percent of the poor interviewed having access to formal credit and 98 percent of all agricultural activity was self-financed. Relatives and friends were 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 money lenders 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 inter-household 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 East Europe appears very similar. In Moldova poor people expressed 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 17 presents an example from India, which illuminates the complexity of debt–and–finance cycles for the poor.

**Box 17. A cycle of debt and credit in India**

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"My household of six members requires at least one mana 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 fifteen 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 for selling the one liter of milk that I get from my cow, which 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. 4000 from Veda of Nuapara by mortgaging one acre of land. I don't see any chance of being able to retrieve my land in near future. My mother in law carries on her head a Kharif loan of Rs. 2000 borrowed from the grain bank. I had also borrowed Rs. 1200 from the State Bank, which I have yet to repay. I don't know why I got only Rs 1200/- while Rs. 2400 was sanctioned against my name. In addition, I had borrowed five pounds of rice from the mabajan 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.
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Source: India 1998a
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, migrating to the urban locations outside the state in pursuit of livelihood is guided by the need of money for repaying debts, covering deficits created by losses in agriculture, or meeting expenditures of large magnitude on account of marriages, festivals, ceremonies etc. 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).
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 who 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 (1999a and b).21

The case study examines three questions: Is there a difference between community-initiated and government-initiated projects? What is the impact of organizational capacity?; and finally, 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 in Indonesia had initiated a wide a range of activities with primary focus on credit and the construction of basic infrastructure. Of all community development activities, 53 percent had been initiated by government, 38 percent by communities, 7 percent by NGOs and 2 percent by the private sector. As seen in Table 2, Community-initiated projects performed better than government initiated projects on every criteria.

<table>
<thead>
<tr>
<th>Item</th>
<th>Community-initiated</th>
<th>Government-initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>319</td>
<td>411</td>
</tr>
<tr>
<td>Source of projects</td>
<td>38%</td>
<td>53%</td>
</tr>
<tr>
<td>Reaching beneficiaries</td>
<td>83%</td>
<td>67%</td>
</tr>
<tr>
<td>In Full use</td>
<td>85%</td>
<td>51%</td>
</tr>
<tr>
<td>Good maintenance</td>
<td>74%</td>
<td>37%</td>
</tr>
<tr>
<td>No women’s participation</td>
<td>29%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Most community-initiated projects were carried out at the sub-community level, at the hamlet or neighborhood level; organizing was based on proximity rather than on occupation or other identity. Women were more involved in community projects, primarily in credit schemes, than in

21 The case study is based on two reports by Kamala Chandrakirana, 1999 and Pieter Evers, 1998, as part of a Local Level Institutions Study managed by Scott Guggenheim in Jakarta, World Bank.
government projects, and poorer households were less active in decision making although not excluded. The most prominent groups in the village were community-initiated. They had multi-purpose activities, elected their own leaders, collaborated with other groups, raised and managed funds, and most importantly, mediated and resolved 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 carry out greater and more diverse number of community projects, collaborate more across groups both within and across the community, have an effective local government, and a greater percentage of households that participate in collective activities (see Table 3). The data do not establish causality, but the strong association is noteworthy.

Table 3. Average performance scores of village government by village

<table>
<thead>
<tr>
<th>Performance</th>
<th>High capacity</th>
<th>Low capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of village head</td>
<td>3.49</td>
<td>2.44</td>
</tr>
<tr>
<td>Village planning</td>
<td>3.24</td>
<td>2.73</td>
</tr>
<tr>
<td>Responsiveness of village government</td>
<td>3.51</td>
<td>2.52</td>
</tr>
</tbody>
</table>

There are several factors that do not seem to vary with organizational capacity. Organizational capacity does not appear to effect community 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, multi-level mediation processes, cohesive traditional governance, and supra-village linkages.

Finally, there is a disconnect between community initiatives and institutions and government programs and institutions. Only 12 percent of community projects received any government support and 12 percent received some government financing. No community groups received any government financing, and only 2 percent received 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 had 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 were more government projects than community projects designed by outsiders based on the assumption that communities lack knowledge and need skills. Thus government-provided services are imposed and are not responsive to community needs, nor to village government. The high failure rates of government projects, obvious mismanagement of government funds, and unfair practices in election of village heads to eight-year terms means that incentives for responsiveness are low. Overall, the study found that only 40 percent of villages engaged communities in planning, and 35 percent gave an end-of-year account of the village budget to the community. It was also found that villages had little control over financial resources coming from the outside—even 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 and responsive, innovative, and manage to bring development resources to their villages.