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INDUCED SOCIAL CAPITAL AND FEDERATIONS OF THE RURAL POOR

By Anthony J. Bebbington and Thomas F. Carroll

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Attention Ms. Gracie M. Ochieng
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Washington, DC 20433, USA

Tel: (202) 473-1123
Fax: (202) 522-3247
Email: gochieng@worldbank.org

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Social Development Department
The World Bank
1818 H Street, NW, Room MC 5-232
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Fax: (202) 522-3247
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FOREWORD

There is growing empirical evidence that social capital contributes significantly to sustainable development. Sustainability is to leave future generations as many, or more, opportunities as we ourselves have had. Growing opportunity requires an expanding stock of capital. The traditional composition of natural capital, physical or produced capital, and human capital needs to be broadened to include social capital. Social capital refers to the internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded. Social capital is the glue that holds societies together and without which there can be no economic growth or human well-being. Without social capital, society at large will collapse, and today's world presents some very sad examples of this.

The challenge of development agencies such as the World Bank is to operationalize the concept of social capital and to demonstrate how and how much it affects development outcomes. Ways need to be found to create an environment supportive of the emergence of social capital as well as to invest in it directly. These are the objectives of the Social Capital Initiative (SCI). With the help of a generous grant of the Government of Denmark, the Initiative has funded a set of twelve projects which will help define and measure social capital in better ways, and lead to improved monitoring of the stock, evolution and impact of social capital. The SCI seeks to provide empirical evidence from more than a dozen countries, as a basis to design better development interventions which can both safeguard existing social capital and promote the creation of new social capital.

This working paper series reports on the progress of the SCI. It hopes to contribute to the international debate on the role of social capital as an element of sustainable development.

Ismail Serageldin
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Special Programs

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INDUCED SOCIAL CAPITAL AND FEDERATIONS OF THE RURAL POOR

ABOUT THE AUTHORS

Anthony Bebbington is Assistant Professor in the Department of Geography at the University of Colorado at Boulder, and currently on leave of absence at the Social Development Department of the World Bank. Previously he worked at the Overseas Development Institute, IIED and Cambridge University, all in the UK. His work, which has been conducted in Latin America, has focused on small scale agriculture, and the roles of non-governmental organizations and indigenous people's organizations in rural development. Publications include *NGOs and the State in Latin America* (1993, with Graham Thiele) and *El Capital Social é Islas de Modernidad en los Andes* (2000 with V.H. Torres). He can be contacted at abebbington@worldbank.org and tonyb@spot.colorado.edu.

Thomas F. Carroll taught economics at George Washington University, and, during 1986-87, at Harvard University. He was a staff member of the Food and Agricultural Organization, a senior official of the Inter-American Development Bank and has collaborated with a large scale World Bank initiative to promote participatory practices. He has written widely on land reform, cooperatives, rural development and regional planning. His 1992 book *Intermediary NGOs – The Supporting Link in Grassroots Development* was one of the first attempts to evaluate NGO performance. He is also the author of *Professionalism and Poverty Alleviation* (1994), *Participation through NGOs* (1996) and *Indigenous Organizations and Human Rights* (1998).

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EXECUTIVE SUMMARY

Poor people's organizations embody a particular and important form of structural social capital. As such they constitute a potentially important asset in people's livelihood strategies and may therefore have significant roles to play in poverty reduction strategies. However, the nature of these organizations varies greatly: by scale, by role, by effectiveness and by degree of inclusiveness and exclusiveness. This diversity cautions against any tendency to invoke unitary conceptions of "social capital in the Andes" or to talk generically and romantically about organizations of the rural poor.

Given the diversity of interests within and among the rural poor, federated forms of organization that are able to bridge some of these differences are of particular interest. These federations (or second order organizations: OSGs) have a potentially critical role to play in shifting the relationships between poor people, states, markets and more powerful interests in society. Existing at a meso-scale, between community organizations and distant national social movements, the importance of such federations lies in their potential ability to transcend the limits of very localized forms of base organization and foster more regional strategic forms of collective economic, political and socio-cultural action. This paper reports on a study comparing such organizations across sites in the Andes of Bolivia, Ecuador and Perú. The study presents findings on the different dimensions of social capital embodied in these organizations; the impacts that this social capital may have on local development; and importantly, the forms of external intervention through which it might be built.

Section 2 notes the considerable diversity of organizational forms in the Andes. This diversity makes it clear that the problems of bridging across different types of formal and informal organizations *among* the rural poor in the Andes are considerable; yet if these differences can be bridged, and areas of common concern identified, then the potential impacts on local development can be great. Section 3 presents an example of such possible impacts from a municipality in highland Ecuador. In this case, many years of organizational capacity building, first at community and subsequently at federated levels has ultimately led to the transformation of the municipality from one dominated by elites, to one where all land is now owned by indigenous people, municipal government has become far more accountable, and relationships of synergy have been created between government, federations and communities.

Any effort to build such forms of social capital– and to understand which dimensions need most attention in particular organizations – requires a more systematic approach to assessing organizational capacity. Section 4 outlines elements of a methodology developed for this study which assesses the capacity of federations against seven score-able criteria: leadership; internal participation; organizational culture; resource mobilization and use; sustainability; intermediation and negotiation; and linkages and alliances. This methodology was used (and adapted) in two surveys of federations, and twelve case studies. Section 5 presents results from the surveys and particularly from six of the case studies. Capacity varies considerably among organizations, both in their ability to create bonds with and among their member organizations, and their ability to build external linkages. Each dimension of social capital seems critical,

however, for these organizations to have a significant and sustained impact on rural livelihoods and governance.

Section 6 then draws lessons from the cases as to how this capacity has been built. In all cases, external intervention has played an important role in building capacity. This social capital building role has been played by NGOs, churches, government and national peasant movements alike, but the most effective of these actors have been NGOs and churches. These external actors play several critical capacity building roles: they help access resources and invest in the human and administrative resources of the OSG; they help build external bridges with other actors, markets etc.; and (though this takes much more skill) they can help build internal social capital within the federation. External actors have greater impact on capacity when they sustain long-standing relationships of partnership with federations, and where – on the basis of nuanced knowledge of local conditions – they are able to adapt capacity building measures accordingly and go beyond any simple preconceptions about the form that local organizations ought to take. The presence of sensitive external actors can play an important role in helping foster accountability within the federation. Credit (as opposed to grant) based instruments appear to be particularly important mechanisms for building several dimensions of capacity – in particular organizational culture, participation, sustainability, and resource mobilization.

Section 7 concludes that, though there are many challenges in building effective second order organizations, they are indeed a special manifestation of social capital that can have important impacts on local development and rural poverty, in its broadest sense. They have helped people access markets and natural resources; they have fostered cultural re-vitalization; and they have transformed municipal government. The social capital within the federations has different dimensions, and in particular, the internal and external dimensions of organizational capacity are complementary. Furthermore, this social capital is constructable: this, however, requires particular forms of sustained and sensitive external support. Effective strategies for constructing this social capital involve building on existing (or latent) social resources, finding incentives of strong common interest and gradually transferring responsibilities for management and problem solving. In most cases the period of building and consolidating second-level federations took a decade or more. It also depended on the existence of an at least moderately supportive policy environment.

The findings have several implications for external co-operation. First, social and institutional analysis, to identify organizations, their capacities, relationships and tensions is critically important if intervention is to build rather than destroy social capital. Second, mechanisms must be found for building partnerships and supporting them over the medium to long term. Third, through these partnerships, attention must be given to building both internal and external forms of social capital.

1. INTRODUCTION: WHY FEDERATIONS?

The Issues

Though long held as an article of faith in much of the non-governmental sector, it is only more recently that official aid, particular in its multilateral forms, has begun to acknowledge that organizations of the poor might have an important role to play in development, and that empowerment is an important poverty outcome in its own right.¹ The social capital debate has been one of the more important vehicles through which this case has been made because it has suggested the importance of social relationships and organizations in influencing patterns of economic and social change, and in determining the “quality” of development as experienced by poor people. Yet this emerging interest in the organizations of poor people itself generates a series of important questions: which types of organization might be best able to contribute to the quality of life and well-being of poor people; do different organizations of the poor make different types of contribution for different people; are there some organizations of the poor that while benefiting their members may work to the disadvantage of non-members; which organizations might be most socially inclusive and effective in addressing poverty and marginalization? Assuming that particularly important organizations can be identified, how can their capacity be assessed, and how can this capacity be strengthened (or even induced in locations where it does not yet exist)?

This paper, based on a study of indigenous federations in the Andes of Bolivia, Ecuador and Peru, attempts to respond to some of these questions. The paper argues that one particularly important type of organization is the supra-communal (or what we call ‘second-order’)² federation that links community based groups around shared economic, political and cultural interests. These federations have a potentially critical role to play in shifting the relationships between poor people, states, markets and more powerful interests in society. Existing at a meso-scale, between community organizations and distant national social movements, the importance of such federations lies in their potential ability to transcend the limits of very localized forms of base organization and foster more regional and strategic forms of collective economic, political and socio-cultural action. However, to be effective in this regard they need to be grounded in – and further build – particular types of social relationships.

The paper also argues that external intervention can play an important role in the emergence and effectiveness of such federations – put in other words, this form of social

¹ The recent paper *Building Poverty Reduction Strategies in Developing Countries* produced by the poverty group of the Poverty Reduction and Economic Management Network at the World Bank (PREM, 1999) identifies empowerment as one of four key poverty reduction outcomes (the others are economic opportunity, capabilities and security). The importance of empowerment also permeates arguments informing the forthcoming World Development Report 2000-2001.

² There are higher level federations culminating in national confederations. The “second level” is important because it is closer to the grassroots and has greater capability of being both participatory and accountable.

capital can be constructed. Indeed the paper argues that all the cases reviewed in this study owe their origins and current form to some degree of external support. However, their relative effectiveness in building bridges among their member groups and with external actors varies considerably, as does their contribution to local development. So, while intervention can construct social capital, its effectiveness in doing so varies greatly according to the style of intervention, prior conditions and the wider policy environment.

It should be noted that in this paper social capital is understood in structural terms³ and that federations, or what are also called second order organizations (OSGs),⁴ are understood as embodying a particular type of structural social capital - as a set of social relationships that enable access and collective action of different forms. This is deliberate, for we argue that a structural conception of social capital facilitates attempts to link the concept with development practice (c.f. Evans, 1996).

Following a brief definition of OSGs, the paper first notes the diversity of forms of structural social capital that exist among the rural poor of the Andes. These different forms both include and exclude among the poor themselves, and while playing important roles for their members also pose the problem of how to mediate across differences and foster more regional forms of collective action that might address more generally shared interests and allow more coordinated relationships with external actors.⁵ The following chapter then presents a brief case study from an Ecuadorian municipality demonstrating the types of change that *can* occur when such regional forms of collective action do emerge, and the types of intervention that facilitated this process. This case study, however, is descriptive, raising the question of how the capacity of such regional organizations might be assessed so as to anticipate such changes, and develop appropriate forms of support. Given this, the following section suggests a methodological framework that might be used to discuss and differentiate among such forms of social capital in a more analytical and quantitative fashion. On the basis of this method the fifth section presents some results regarding the differential capacity of the organizations studied, and the sixth section assesses the extent to, and ways in, which these organizations were induced by external action. The final section draws out some implications for theory and practice.

³ Uphoff talks of “structural” and “cognitive” social capital, the former referring to roles and social networks facilitating collective action, and the latter to norms, values, attitudes and beliefs that similarly foster collective action: see N. Uphoff (1999) ‘Understanding Social Capital: Learning from the Analysis and Experience of Participation’, in P. Dasgupta and I. Serageldin (eds.) *Social Capital: A Multifaceted Perspective* (Washington DC: The World Bank, 1999).

⁴ This is the acronym from the Spanish “Organizaciones de Segundo Grado.”

⁵ Coordinated responses are themselves important because all too often (and sometimes unwittingly in the name of efficiency and ease) external actors have controlled local populations through a strategy of divide and rule.

Defining OSGs

Sociologically, OSGs constitute social systems that have the capability to combine strong intra-group ties with weak extra group networks, thus generating a positive dynamic cycle (Woolcock 1998). While smaller scale interest groups may help resolve local and particular collective action problems, they do not address regional issues that might be of benefit to many localities such as: the emergence of new product markets; installation of large scale, lumpy infrastructure such as irrigation canals; the creation of new organizations, such as financial or marketing services; or change of policies affecting the wider region's development. Similarly, while smaller scale, more homogeneous interest groups may establish links with state, market and other civil society institutions, they do not constitute a mechanism through which a regionally articulated, and more heterogeneous set of interests and concerns might gain access to these broader institutional spheres.

For more regionally articulated interests to be represented, and for patterns of regional governance to be changed in any significant way, more inclusive and regional forms of collective action are necessary (Fox, 1996; Foley and Edwards, 1998). Similarly, for a more regional vision of development to be articulated, it is necessary to build structures that go beyond narrow interest group specificities and are able to nurture the identification of more broadly shared concerns, and then to act upon these. As federations that link a range of community based groups, second order organizations potentially constitute one such mechanism. The label OSG thus refers to organizations with a particular structural characteristic - namely that they unite a number of base groups at a supra-community level. This however leaves great room for variation in form, function and orientation and OSGs could therefore be classified in a variety of ways and with increasing degrees of complexity.⁶ Here though we offer a relatively simple classification.

⁶ For instance, based on a survey of OSGs in Ecuador conducted within the context of a World Bank supported program of indigenous development (van Nieuwkoop and Uquillas, 1999), Ramón (1999) has offered a complex range of criteria for classifying OSGs. *Structurally* he distinguishes the following:

- territorial OSGs that cover a contiguous territory and represent all people living within that territory. These tend to be federations of communities.
- dispersed territorial OSGs that represent all people living within a number of territorially bounded base groups (generally communities again), but which are not contiguous to each other
- sectoral OSGs, whose members are drawn only from sectors within these base organizations. These tend to be federations of specialist groups: for instance, federations of cooperatives, federations of irrigation water users committees, federations of crop specific producer groups etc. This category could then be classified as to whether it is territorial or dispersed
- mixed/superimposed OSGs whose members belong to several OSGs at the same time
- "individual OSGs" made up of individuals in different communities - though these do not really fall within our own notion of an OSG as a federation of base *groups*.

Additionally, Ramón identifies four types of functional objectives in these organizations:

- claim making organizations: those primarily organized for reasons of "revindication," claim making and internal and external conflict resolution. An example would be organizations pressuring for bi-lingual education, land rights or greater recognition of ethnic minorities;
- resource accessing organizations: those primarily organized to access resources that they then pass directly to their members;
- service accessing organizations - for instance, accessing development funds, infrastructural investments (water, electricity etc.) or social services;

Andean OSGs can be understood as existing along a broad continuum. At one extreme are more political organizations primarily concerned to lobby and mobilize to protect and promote particular concerns of their members: these may be related to ethnic identity, access to land, human rights etc. At the other extreme are more economic and developmentalist organizations concerned to foster and implement local livelihood initiatives. They may do this through engaging in social enterprise type activities (marketing, credit provision etc.), through some type of joint implementation of development projects, or through facilitating service delivery by other actors. Whatever the strategy (and often organizations may use several at a point in time) these organizations are characterized by their more pragmatic, less confrontational stance.

Organizations may start at any point along this continuum, and indeed may mix roles (e.g. social enterprise organizations may still lobby for better commodity prices). Over time though, the tendency appears to be to move towards the more developmentalist and productive roles under pressure from members to make more tangible contributions to local development.⁷ In our sample of cases, most of the OSGs have, or are in the process of moving toward, a more developmentalist orientation, though some - reflecting their origins as more claim making organizations - still maintain some radical discourse and exercise pressure for basic services. The characteristics of these organizations are presented in Table 1.⁸

-
- enterprise and natural resource managing organizations.

⁷ This shift also reflects an important process that is apparent, at least among the case study organizations: namely that over time they assume more and more functions - not necessarily performing them well. As a result all move into some sort of service provision role, and - though to a lesser extent - enterprise and natural resource management roles.

⁸ Papers about organizations inevitably suffer from the tyranny of acronyms – please consult this table as acronyms appear in the text that follows.

TABLE 1
The Cases Studied

Name of organization	Number of base groups	Date founded	Initial stimulus	Sources of support	Structure	Function	Orientation
ECUADORIAN CASES							
Tucayta	13	1984	Water project	Peasant federation (UPCC)	Sectoral territorial	natural resource managing (water)	developmentalist
UNOPAC	17	1989	Earthquake response	Church		enterprise and services	developmentalist
UNORCAC	43	1977	Cultural defense	Peasant federation and cultural group	Sectoral territorial	claim making and services	radical >>
UCCOPEM	c.30	1980 (84)	Cultural/mediate intercommunal conflicts	NGOs (CAAP, FBU)		claim making and services	developmentalist radical >>
JAC	28	c 1973	Church social program/land	Church	Dispersed	claim making and services	radical >>
UOCIG	13	1989	State IRDP	State	Dispersed	service accessing and resource accessing	developmentalist
BOLIVIAN CASES							
CORACA Irupana	85**	1984	Economic programs	Peasant federation/NGO	Territorial	enterprise and claim making	radical >>
Asociación de Productores Lecheros de la Provincia Aroma	36	1992	Government dairy development program	State	Sectoral dispersed	enterprise and services	developmentalist
PERUVIAN CASES							
Multi-comunal Ilave				State, then NGO	Territorial	resource and service accessing	developmentalist
Multi-comunal Juli				State, then NGO	Territorial	resource and service accessing	developmentalist
COCLA	7	1967	Market coffee	Campeño federation	Sectoral dispersed	enterprise	developmentalist
Marangani	11	1973	Receive and manage land and land reform enterprise		Territorial	enterprise	developmentalist

** 85 is far higher than the number of base communities which are active. There are 85 communities in the area the CORACA ostensibly represents.

2. THE PROBLEM OF SOCIAL RELATIONS: INCLUSION, EXCLUSION AND ANDEAN “ORGANIZATIONS OF THE POOR”

Various discussions of social capital have suggested that it is important to distinguish between two types of relationship, each of which constitutes social capital, but which apparently have different characteristics. One set refers to intra-group relationships: relationships of “bonding” or “integration” that strengthen links between people facilitating forms of intra-group interaction and collective action. The other set of relationships have been called “linkage” or “bridging” mechanisms, relationships that strengthen linkages between groups and other actors and organizations.⁹ In some sense the distinction is more apparent than real, in that both types of relationship are about bridging differences - indeed a successful “bridging” relationship can ultimately break down previously more pronounced distinctions and so become a bonding relationship.¹⁰

These definitional quibbles notwithstanding, the distinction between bonding and bridging is helpful for thinking about the potential importance of peasant federations as well as the challenges confronting them. On the one hand these federations exist within a wider universe of more interest specific organizations of the rural poor that include some poor people and exclude others, or that may include some of the poor and not so poor at the same time - and which simply by their existence caution against any simple notion of “organizations of the poor.” On the other hand, they also exist within a political economic context where peasant (especially indigenous) populations have been disadvantaged or largely ignored by government and market actors. They therefore need to be effective in both building bonds among different local groups, and bridges with external actors. In this section we focus primarily on the challenge of building bonds across differences *within* the wider population of the rural Andes, largely in order to highlight the extent to which one must be careful in how the terminology “organizations of the poor” is used.

Organizational and Institutional Diversity among the Andean Poor: The Challenge of Internal Bonding

Within the generic categories of “indigenous,” “peasant,” “Andean” and “poor” there are many lines of difference around which institutions and organizations exist and to which any effort to build regional federated forms of organization (and to assess such federations) needs to be sensitive. Institutions of *kinship* continue to be important. Andean ethnography has long emphasized the importance of kin based networks in resolving problems of resource access and collective action. This may involve labor mobilization; but also more general forms of governance as in the case of the *ayllu*, a kin based group with its own authorities regulating access to and use of natural resources as well as mediating intra and inter-community conflicts. In some instances these kin based networks may be far less visible and less formal, but still play important roles in families’ and individuals’ attempts to access land,

⁹ For instance, see Woolcock (1998), Narayan (1999), Bebbington (1997).

¹⁰ This is after all part of the exercise of nation building.

water, seed or institutional resources. Thus, while the formal structure of Andean organization is one of legally recognized communities, co-operatives, associations and other such forms, co-existing with (and cutting across) these organizations are networks of non-formalized social capital based on kin based solidarities. These solidarities may at the same time be forms of power - mechanisms through which individuals and groups gain access to positions of authority and privilege (including in second order organizations).

Just as kinship can bind tightly, it can also exclude. In certain parts of the Bolivian Andes, for instance, *ayllus* have struggled to try and gain exclusive use of particular land and water resources and as a result can come into conflict with each other. Kinship can also complicate efforts to operationalize formal rules and sanctions within poor peoples' organizations.¹¹ For instance, in several cases studied the formal leadership had difficulties applying sanctions because to do so would contravene the kin-based solidarities linking the individuals involved. This in turn can easily be seen as favoritism and corruption.

A second difference that can introduce tension into the relationships among organizations is whether their primary identity is as an *ethnic* or a *class-based* organization. Throughout the region, the rise of a communist and socialist left, linked to particular parties and also particular groups of workers (for instance, the miners in Bolivia) led to some of the earliest efforts to reach out into the countryside and foster organizations. In some cases this also occurred through the efforts of "revolutionary" governments - as in Bolivia in the 1950s, and Peru in the early 1970s. Often, this led to new forms of rural organization being laid on top of existing ones: *sindicatos* laid onto *ayllus* in Bolivia; cooperatives on top of *comunidades* in Peru. Because of the link to broader institutions (the state, parties etc.) new confederated forms of organization also emerged at a national level: e.g. the Federaciones Departamentales de *Sindicatos* in Bolivia; or the Federación Nacional de Organizaciones Campesinas (FENOC)¹² in Ecuador, etc. These were based on more syndicalist notions of organization, and cast the peasantry as a class.

Many have argued that class based concerns differed in important ways from ethnic claims, and indeed in the last 20-30 years, there have been efforts to foster organization around notions of both class and ethnic identity. As a result, different organizations exist side by side, with differing claims, languages, procedures and emphases. This is so at all levels, locally, sub-nationally and nationally, and has at times been a source of tension. These tensions can affect interventions. For instance, national confederations with differing orientations have jockeyed to try and gain greater control of the resources and management of the Indigenous Development Project in Ecuador (Prodepine). These disputes are further accentuated because these different organizations are in turn grounded in different networks and different cadres of leadership: so debates and differences are as often a result of struggles for prominence as they are a result of differences of opinion over the forms that development should take. While often these differences may be more pronounced at supra-community levels (where struggles for power are more pronounced) they are also apparent at a community

¹¹ The same doubtless applies to many other types of organization!

¹² FENOC is now called FENOCIN: the Federación Nacional de Organizaciones Campesinas Indígenas y Negras.

level in some areas, as for instance in the tensions between *sindicatos* and *ayllus* over who is the most legitimate grassroots indigenous organization in Northern Potosí, Bolivia (c.f. Rivera-Cusicanqui, 1992).

While notions of *gender* can be criticized for being westernized concerns imposed on Andean logics, gender nonetheless constitutes an important axis of difference in the Andes also influencing access to resources and decision making processes (Deere and Leon, 1982). Indeed, most anecdotal (and experiential) evidence suggests that many Andean organizations have traditionally been male dominated, and tend to privilege men's concerns and access to resources.¹³ It cannot be assumed that they are organizations of the rural female poor.

Generation is a further dimension of difference in the countryside, primarily because in overall conditions of land scarcity, younger people encounter far greater difficulty in gaining access to the resource base necessary to build a rural livelihood. Consequently, rates of out-migration are far higher among younger generations. This has several implications. To the extent that organizations prioritize productive and claim making, advocacy activities linked to agriculture and rurally based livelihoods, then they often exclude the concerns of these younger generations. This can have several effects. In some cases it can mean that younger people gravitate to certain types of organization in which they might have more authority: this for instance is an issue in N. Potosí where the tension between *ayllus* and *sindicatos* is also in some measure a tension between generations. In other cases it can simply mean limited interest and participation of younger generations in these larger organizations.

In a number of the areas studies (e.g. Cotacachi and Guamote in Ecuador) one of the most important activities for younger adults thus becomes sport (rather than agriculture, or natural resource management). Young migrants return home periodically for sports tournaments, and form organizations around soccer, for instance.¹⁴ Some of the federations - e.g. UNORCAC in Cotacachi - have expressly decided to incorporate these groups and activities within their actions and suggest that as a result young people are still more engaged in local development and organizations than they would otherwise be.

Differential patterns of *access to and use of natural resources* lead to divergent interests in other ways. The most general sense in which this is so in the cases reviewed in this research is that people have access to different amounts of land and more importantly different qualities of land, generally differentiated by altitude and access to water. The resulting differences in cropping systems and options leads to differences in the types of livelihood support they prioritize. As patterns of resource access generally vary across space, these differences can translate into geographic tensions within federations: different sectors have different priorities, and the links among communities within a sector may often be far

¹³ Note though that in recent years, the combined effect of long term male migration and women's access to education appears to have led to a steady growth in women leaders and a shift in the balance of power in some organizations.

¹⁴ A former leader of UNORCAC in Cotacachi, and now national leader within FENOC of Ecuador, Pedro de la Cruz remarked: "Young people now constitute a large mass of migrants to the city but return to the community for soccer - its like a thread that holds them" (cited in Garcia, p. 41).

stronger than those in other sectors – even if they exist within the same federation. In other cases, different groups (at times existing within the same federation) struggle for access to and use of the same resource. Where communities span a number of cropping systems within a single organization, or where there are conflicts among and inside communities within the same federation, the challenge of elaborating inclusive proposals is therefore all the greater.

There are then many axes of difference in the countryside, each with actual or potential implications for the degree to which organizations are representative and effective. Federations reflect an effort to bridge across some of these differences in order to facilitate forms of collective action that would otherwise be impossible. They never, however, succeed in bridging all these differences, or in turning every difficult relationship among organized sub-groups into more harmonious ones. They – and indeed all organizations - must then be seen as organizations of **some of** the rural poor. This is not to wrest legitimacy from them – but it is to suggest that care be used before talking generically of organizations of the rural poor.

Access and Synergy: The Challenge of External Bridging

Even for those OSGs whose almost exclusive purpose is to foster collective action for internal purposes - such as the management of an irrigation canal - it is necessary at certain moments to build external relationships. The most common of these is a relationship to a “donor” agency, that supports the OSG with finance, technical co-operation or materials - these may be national or international agencies, and often both. In part cause, in part consequence, the difficulty that OSGs have of mobilizing financial returns internally means that these types of external link are essential. Though these relationships provide support to the OSG, they are also some of the most difficult because they involve dependency, and external actors can use this to influence and manipulate the OSG. Being able to manage and cope with this manipulation requires particular leadership capacities, and is also helped if the OSG has other support options should it chose to terminate the relationship.

A second type of link, most commonly developed by more representative, lobbying-type OSGs, is with institutions and inter-institutional fora through which the OSG can pursue its concerns. In these instances, one of the principal challenges faced by the OSG is to gain the legitimacy to have access to these institutions. However, in Ecuador and Bolivia (though far less so in Peru) a series of policy reforms have increased the ease with which organizations can gain such access to decision making and planning processes. In Ecuador, these reforms themselves derive from the very strength of the indigenous movement, and so reflect the cumulative effect of support to organizations in that country. In Bolivia, the reforms were more an outcome of government initiative.

A third type of external bridge is that where the OSG works with another actor to “co-produce” an activity. In our cases (see Map 1) there are many examples of this, and indeed far many more OSG activities are co-produced than performed solely by the OSG. The following are just several examples of such co-production. Notably, the cases cover instances of co-

production with a range of governmental and non-governmental institutions (and also with some organizations from the fair trade sector):

- UNORCAC's joint provision of pre-schooling centers with the central government in Ecuador
- UNOPAC's joint provision of market outlets and housing materials with the local church and NGOs in Ecuador
- CORACA's joint provision of coffee processing services with an NGO in the Bolivian Yungas
- COCLA's joint provision of coffee processing services with a UN supported project in the Peruvian Yungas

The nature of these co-production relationships is not static. In some cases (COCLA and UNOPAC for instance) the OSG has assumed progressively more responsibility for the activity over time. In others this has not happened, suggesting that appropriate internal capacities had not been built (or that the external actor has been unwilling to transfer control).

Varying types of external relationship therefore constitute an important element of the OSG's own social capital, and are critical to the capacity and effectiveness of the organization in pursuing its objectives. Alongside measures of internal capacity, measures of external linkage must therefore be considered within any attempt to measure the structural social capital of the OSG. Before turning to this problem of measurement, the following section presents a case study from the canton of Guamote in Ecuador (see Map 1) that suggests the types of change that *can* occur in patterns of local development when federations emerge and are able to foster regional collective action and engage in strategic external relationships.

Map 1
Case Study Locations



12/14/99 Projects_PwrWest/geography/Bebbington/Worldbank/Pes_worldbank.fh8

3. PEASANT FEDERATIONS AND LOCAL DEVELOPMENT IN GUAMOTE¹⁵

From Communities to Federations

Guamote is one of the poorest *cantones* (counties) of highland Ecuador, with a population of some 28,000 of whom 90% are rural and indigenous Quichua people. The canton was one of the last bastions of the traditional *hacienda* in Ecuador - large rural estates characterized by a system of tied Quichua labor, technical backwardness and abusive labor relationships between owners/managers and the local Quichua population. In 1954, just nine haciendas owned over 61 per cent of the land in Guamote, and even by 1974 properties under 20 hectares owned only 13 per cent of the land. Organizationally and politically, Guamote was dominated by the hacienda through its domination of labor and the local state (Casagrande and Piper, 1969; Sylva, 1986). Indeed, there were very few independent indigenous communities up until the 1960s and 70s, and the most important relationship for many household survival strategies was the “vertical” link to the hacienda, rather than “horizontal” ties among families.

In a period of four decades, this situation has changed remarkably. Today no large haciendas remain, the local state is in Quichua hands, land use has intensified significantly, and much of the previous pasture land has been turned to agricultural use. A far wider population now has rights of access to natural capital and education (human capital formation). One of the critical factors in this transformation has been the steady formation of social capital in the form of new civil society organizations.¹⁶

The last forty years in this region have witnessed what is in a sense a three layered process of social capital formation. The earliest and “lowest” layer of this process has been the creation and consolidation of community level organizations. The subsequent, and middle layer has involved the emergence and relative consolidation of federations of these community organizations. These two processes have both contributed to, and been reinforced by, the emergence and consolidation of larger scale movements of indigenous people in Ecuador that together have had national reach and significance. These processes have meant a steady knitting together of networks linking families, communities and localities among themselves, and to other actors in the state, market and civil society. In the process, the dominant “vertical” patronage relations of the hacienda, and the land use system associated with them, have been replaced by more “horizontal” sets of relationships and new land use systems. This has allowed Quichuas of Guamote to re-negotiate relationships of resource control, market participation and political power in different and largely complementary ways, reshaping the ways in which people manage resources and make a living, and changing the nature of socio-political relationships in the region.

¹⁵ The case study in this section is presented in much greater length in Bebbington and Perreault, 1999.

¹⁶ Conducting research over the last ten years in Guamote has fortuitously allowed us to reconstruct, and in part witness, the processes through which this social capital has been built and transformed in the form of rural peoples’ organizations. It has also allowed a monitoring of the extent to which this process has had direct and indirect impacts on livelihoods, resource use and the political landscape.

By the 1960s the dominance of the hacienda as the principal institution of highland rural Ecuador was increasingly challenged, both nationally and locally. As a result of labor withdrawal, land occupations and other forms of peasant resistance, some haciendas in Guamote began to sell their land to Quichuas. Land reform legislation in 1964 and 1973 identified Guamote as a priority area for the implementation of land reform because of the levels of coordinated indigenous mobilization there. Communities had to be formally constituted entities to benefit from land reform law, as well as for subsequent livelihood improving projects. Language and negotiating skills were also required to gain access to institutions.

Community formation and legalization was facilitated by the Church in Guamote and especially by state programs which have worked in the area since the 1970s. Meanwhile, both the Church and a team of committed reformists in the provincial government were launching highly successful programs of bi-lingual education in the province. Many of the contemporary leaders of indigenous organizations in the province were trained in these programs (Bebbington, Ramón et al. 1992). Together these processes helped build organizational and human capacity to link communities to the state, which in turn allowed expanded community access to resources and development services. In the mid 1970s, organizational processes took a new turn, as community formation was complemented by the emergence of OSGs.

The late 1970s saw the beginning of a new process of social capital formation which built on these community level processes: a knitting together of organizations and networks that began to link communities among themselves as well as with other actors. These federations have assumed various roles: negotiating for resources and development investments in the region; co-managing the implementation of development programs; mobilizing to protest on both political and administrative issues; and in general, albeit imperfectly, increasing the capacity of rural communities to act at wider geographical and political scales. These federations owe their emergence and consolidation to a process in which both external interventions and community based processes have played a role. Here we discuss the emergence and significance of two of the principal federations in the canton: *Jatun Ayllu* and the Unión de Organizaciones Campesinas Indígenas de Guamote.

Jatun Ayllu's origins trace directly to the work of the liberation theologically inspired Catholic Church in Guamote. In many ways created by the Church, over the course of two decades the OSG has slowly become more independent. The organization grew out of the church's social justice and leadership training programs for community level catechists. It then assumed related activities. The first was to manage a rural development program funded by the state (and negotiated by the church). Subsequently it began to manage a credit program funded by an NGO, the Fondo Ecuatoriano Populorum Progressio (FEPP) and developed links with provincial level indigenous organizations. In each case, the church played an important role in enabling these relationships; yet although there was a certain dependence on the church, *Jatun Ayllu* was beginning to serve the role of linking communities with brokers who in turn had links with external resources.

Until the early 1990s, the federation's principal impact on livelihoods was through a church led program fostering community access to land. While the impacts of its other credit and service projects were more modest, they enabled the organization to broaden its membership base and laid the ground for a later, credit based land purchasing program. National indigenous mobilizations in 1990 brought parts of the Ecuadorian highlands to a standstill – the church responded with a debt buyback program that funded a credit line for indigenous communities to purchase land from larger farms and haciendas. This program was managed at a national level by FEPP and, as links were already established with *Jatun Ayllu*, the two organizations agreed to work together in the land purchase program. *Jatun Ayllu* identified communities with needs and possibilities for land purchases, and FEPP dealt with the technical and financial aspects of the purchases. This further expanded the federation's member base and its political significance within the canton (see below). It also widened community access to land, and dealt the final blow to all remaining large farms in the canton. *Jatun Ayllu*, through its links with the local Church and with FEPP, has thus played a significant role in changing relationships of resource access for many communities and households in Guamote.

The *Unión de Organizaciones Campesinas Indígenas de Guamote*, or UOCIG, was created in 1989 under the influence of a national government rural development program (the Programa de Desarrollo Rural Integrado, or DRI). The DRI had been unable to establish links with *Jatun Ayllu* because of differences of opinion with the priest who worked closely with the federation. In 1989, the DRI proposed the creation of UOCIG, to serve as an interface between the project and the sectors of Guamote in which it concentrated its work (sectors where *Jatun Ayllu* was largely absent).

Despite its initial links to the DRI, UOCIG almost immediately assumed some autonomy, in part because the DRI's resources were already declining. Its more developmentalist outlook (deriving from its origins in the DRI) facilitated its access to resources dedicated for the technical dimensions of development, and so by 1990 UOCIG had become the implementer of an agricultural program funded by a large Ecuadorian NGO, whose access to UOCIG was in fact facilitated by the DRI. The NGO's own links and wider dissemination of its positive experience with UOCIG subsequently facilitated the federation's access to financial resources from other sources. Like *Jatun Ayllu*, UOCIG therefore developed a network of relationships strongly influenced by those of the external actors who were present at the federation's origins.

From Federations to the Local State

The emergence of these more “horizontal” networks linking communities together and formalized in the federations has shifted the way external actors view Guamote, leading them to coordinate development activities with one or other of the federations, if not always between them. Meanwhile the political mobilization that the existence of the federations implied, coupled with more punctual but highly visible mobilizations that they helped

catalyze,¹⁷ and the land purchase programs they implemented, continued to reduce the relative power (and physical presence) of the non-indigenous and urban population in Guamote.

In the context of these organizational changes, Guamote elected an indigenous mayor and town council for the first time in 1992 and again in 1996, and six of its seven town councilors are indigenous. The federations have played an important role in these changes. Each of *Jatun Ayllu* and UOCIG has a member of the leadership as an elected councilor in the municipality, and an officer of UOCIG and *Jatun Ayllu* has also become the first indigenous councilor in the provincial government of Chimborazo. More significantly, UOCIG launched the candidacy of one of its officials for mayorship in 1992. This was successful, and the mayor continued to serve as the Secretary of UOCIG, and then in 1996 his re-election was supported by *Jatun Ayllu*. Similarly, the current Vice-Mayor was formerly an official of *Jatun Ayllu*.

This has radically altered the political landscape and the nature of development in the canton. In some measure it has blurred the distinction between local state and organized civil society, as federation leaders breeze in and out of municipal offices as if they were the federations' offices. It has also meant that the municipal government has assumed a more active role in development projects in the canton, particularly in rural areas where previously the municipality had no real presence. External development actors increasingly engage with the municipality which simultaneously coordinates with the two federations. In time, and as long as the municipal government retains its rural community bias and political base, the federations may become the implementing arm of the municipal government, widening the reach of its programs. Indeed, the municipality is currently promoting a formal coordinating committee with all the federations in the county. Under the auspices of this co-ordination, federations will play the role of implementing municipality wide afforestation and community investment programs that the municipal government is currently negotiating.

Caveats

While the two federations reviewed here have had many impacts on local development and governance, their longer term organizational sustainability of these processes is nonetheless in doubt. The strength of the organizations themselves waxes and wanes in relation to the resources that they are handling. Thus the wider the networks of the organizations, the greater their strength as the likelihood of them accessing resources grows. On the other hand, as long as these resources come as grants, the organizations do not escape the problem of low member contributions; indeed their community level support rises and falls in parallel with the external resources available to the federation (financial or otherwise). Furthermore, justification of funding federations is weakened if the local state is now far more responsive to (and to a degree controlled by) the local indigenous population.

Summary of the Guamote Cases

¹⁷ For instance, UOCIG helped catalyze the national uprising in 1990 in Guamote, and soon after also used its weight to take over the old Ministry of Agriculture office as its own headquarters.

Jatun Ayllu and UOCIG, by learning to solve collective action problems, and by creating linkages among communities and with external actors, have enhanced the capacity of indigenous people in Guamote to deal with state, market and other actors in civil society as a means of accessing resources, and ultimately local political power. This combined process of forming organizations and networks has clearly changed social relations and development processes, and influenced how, and by whom, different resources are used.

In turn, these changes have without doubt been a result of the cumulative impact of external interventions by NGOs, church and the state. However, the most significant aspect of these interventions has not been the injection of technology and money. Rather it has been the networks, relationships and organizations that have been built up in the process, at times deliberately, at times inadvertently. Also critical has been the human capital formation that has occurred as a result of both bi-lingual popular education programs and the direct involvement of young adult leaders in emerging indigenous organizations and development projects. Importantly, the parallel strengthening of organizations and networks has meant that this human capital has been held to some extent socially accountable. This expansion of human and social capital has widened household and community access to resources. The mechanisms for this have been the federations, their networks and most recently the local state.

The impacts of these activities in Guamote has in turn been enhanced, and in some cases made possible, because of parallel processes of social capital formation occurring elsewhere and at wider geographical scales in Ecuador without much interference or repression by the state. These coalesced into the creation of indigenous people's organizations and networks with national reach, changing the national political landscape in myriad ways that enhanced the opportunities for indigenous organizations and families in Guamote. At the same time, these national political changes were made possible by a whole range of local organizing experiences, similar to that in Guamote, occurring in many other parts of the country.¹⁸ Thus, to explain the steady thickening of civil society in Guamote we need also to understand how socio-political and development processes inter-relate among regions, changing the wider national policy and institutional context.

¹⁸ Carroll (1998) analyses the well-co-ordinated national indigenous protests between 1990 and 1995, which for the first time called wide attention to the capacity and power of the "nested" federation system.

4. MEASURING STRUCTURAL SOCIAL CAPITAL IN PEASANT FEDERATIONS

We present the example of OSGs in Guamote as illustrative of the types of impact that such forms of social capital can have on local development and governance. The case is, however, largely descriptive. Yet if notions of organizational capacity are to be acted upon more strategically – both by the organizations themselves and those concerned to understand and support their role in local social transformation – then more specific measures of the different dimensions of social capital and organizational capacity in federations are needed.

Dimensions of Social Capital within Federations

We can, perhaps, identify five types of relationship, or “relational circuits,” which represent variants of structural social capital within OSGs and all of which need to exist in order that the organization be effective in fostering local development and greater degrees of inclusion both within a rural population and of that population within wider social structures and institutional forms (Box 1 and Figure 1). Some of these dimensions of structural social capital refer to internal relations within the OSG, in particular the quality of the relationships between the OSG and its member organizations (indeed one of the greatest challenges in an OSG is to develop relationships of responsiveness to and transparency with these constituent groups). Others are external relationships that bridge with different actors allowing, variously, access to institutional resources, decision making fora or the umbrella services and support of higher level representative indigenous organizations. These external linkages tend to be with elite-led NGOs and reform-minded bureaucrats, but increasingly now with municipal and provincial decentralized government units.

Box 1

Dimensions of social capital within an OSG

Internal relations

- A. Neighbor or kin-based networks or collective action within which there is a great deal of homogeneity and both horizontal and vertical reciprocity. In the Andes, traditional communities, while always embodying both vertical and horizontal networks, tend to have strong bonds of mutual help, based on kinship and symbolic patronage (*compadrazgo*). Interestingly, promoting these groups may not lead to higher level cooperation, but once an OSG is established, it can draw strength from this collective experience and representation of constituent grassroots groups.
- B. Inter-community networks. These are usually project groups within the OSG in which members from various and more heterogeneous communities participate. Typical and important examples are the juntas de agua or irrigation associations, along a canal that crosses a number of community boundaries. The rules underlying the degree of trust and cooperation necessary for the functioning of such a group are much more rigorous and difficult to establish than at the first level.

The OSG itself is a system of regional or multi-communal cooperation. To make such a system work, many factional interests as well as clientelistic vertical networks have to be overcome or harmonized. In the more traditional OSGs, this is accomplished through stressing ethnic identity and culturally cohesive activities/rituals, while in the more modern systems, it is by strong common economic and service interests (e.g. access to capital, markets and technology).

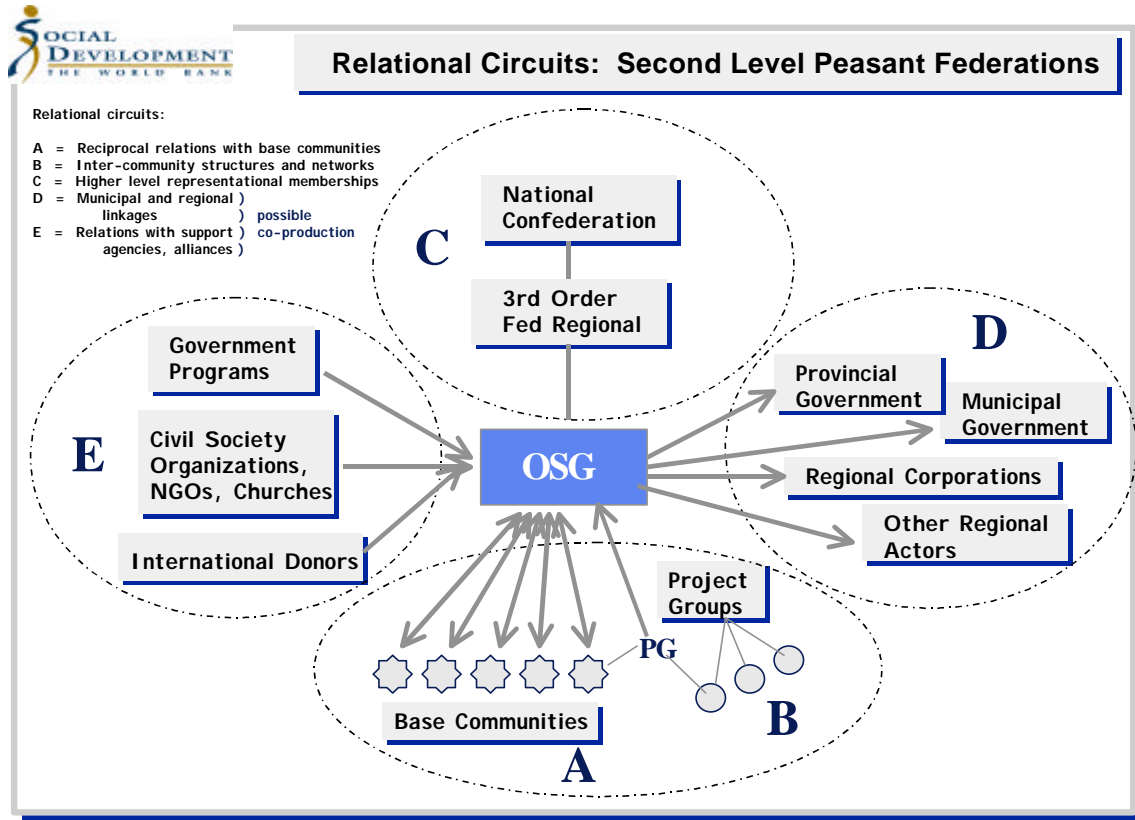
External linkages.

- C. Links to higher-tier membership associations. These are more hierarchical relationships with higher level indigenous organizations – relationships where the main challenge is similar to that of the relationships between OSGs and their bases: i.e. how to build relationships through which these higher organizations can in fact effectively represent, respond to and be accountable to the OSGs.
- D. Municipal and regional linkages. While organizations have for some time developed links to other local organizations, more territorially systematic sets of relations with other state, civil society and market actors are a relatively recent phenomenon. They reflect the gradual shift of power towards the municipal level. Here the primary challenge is of building synergies for the local co-production of development.
- E. Inter-institutional links with support agencies. These tend to be more dependent relationships with donors and other external agencies who channel resources to the OSGs-relationships where the primary issue is one of gaining access.

These different relational circuits are shown in Figure 1.

If OSGs embody a form of social capital in each of these different dimensions, then any effort to assess their capacity must develop indicators for each of these. However, the capacity of OSGs to perform their functions depends not only on these relationships but also on other assets. These may include their financial capital, produced capital (infrastructure etc.), human capital (in the form, for instance, of the skills of their leaders), management systems and even the extent to which their practices resonate with the cultural practices of their members (i.e. their cultural capital). Put another way, any meaningful assessment of the significance of the social capital constituted by these organizations must also include an assessment of the other resources that those relationships harness and mobilize. Thus, in elaborating an assessment tool with operational significance it was necessary to develop indicators of relationships ***and*** other assets.

Figure 1
Relational Circuits: Second Level Peasant Federations



Measuring Capacity

The research method aimed, then to assess two things: the capacities of OSGs in terms of these different dimensions of social capital and other assets available to the organization; and the relationship between capacity and forms of external support to the OSG. The approach was primarily one of intensive case study analysis, with case studies selected from larger lists of organizations known to the authors, in-country research collaborators and other key informants. Care was taken, however, not to select some of the better known highly successful federations, but rather to work deliberately with less well known groups.¹⁹ In total this gave six cases in Ecuador, four in Peru and two in Bolivia (Table 1) – plus two larger surveys that had not initially been planned (see below). The original intent of finding paired “natural comparisons” of one strong and one weak OSG operating in the same micro-region

¹⁹ Among the “stars” of the Andean region are El Ceibo Central de Co-operativas in Bolivia and the Fundacion de Organizaciones de Salinas in Ecuador, each of which we have worked with in the past (Carroll, 1992; Bebbington, 1996).

(thus allowing us to control for regional agro-ecological and political economic effects) was not viable because it was difficult to find comparators within the same micro-region, and because simple notions of strength and weakness were *ex ante* not easily to operationalize. While it is now possible *ex post* to pair cases for purposes of analytical comparison, these comparisons do not hold all other conditions constant.

The study aimed to derive score-able indicators of the different forms of social relations (and other assets) constituting OSG capacity. The intellectual origins of such an approach go back to the longstanding concerns of Uphoff and the Cornell group to develop measurements aimed to reflect the *capabilities of membership organization* (Uphoff 1991, 1997). Uphoff has developed a set of 87 indicators grouped into 9 categories:

- Decision making
- Resource mobilization and management
- Communication and coordination
- Conflict Management
- Effectiveness
- Accountability
- Sustainability
- Linkages
- Problem solving

Numerous other researchers have created similar measurement tools for membership organizations (such as irrigation associations) but there are few reports on how these methods have actually worked out in practice. One interesting precursor is the attempt by the Inter-American Foundation to measure the organizational development of its grantees, as part of a general impact assessment. The eight organizational variables constructed by the IAF are similar to the Cornell categories (Ritchey-Vance, 1998). In all cases, the indicators are largely “proxies” for patterns of collective actions and interactions as part of organizational processes (Ostrom, 1990). What is being measured can be the process itself, (i.e. the degree of rule compliance or sanctions) or the outcome of the process (i.e. degree of sustainability as a result of member contributions). This is consistent with the duality that social capital represents in a membership organization: organizational capacity is the institutional source of social capital accumulation, but is also the institutional embodiment (at any given time) of the social capital that has already been accumulated by the membership.

As part of the purpose of this study was to experiment with different instruments to develop measures of organizational capacity, its methodology was somewhat iterative.²⁰ Originally, using both inductive and deductive reasoning, we compiled a list of 55 indicators divided into 8 variables. This was piloted in the first two case studies in Peru. Scoring was based on a four point scale and scores were established by the field team. The second application occurred within the World Bank-supported National Rural Development Program (PRONADER) in Ecuador, using fewer indicators and self scoring by federation members (on a ten point scale this time). A third application occurred within the context of a second

²⁰ This of course means that the cases are not exactly comparable.

national program in Ecuador, the Indigenous Peoples' Development Project (PRODEPINE), whose technical secretariat incorporated 20 indicators (some in adapted form) from the initial instruments. These were grouped into 5 clusters of variables for a nation-wide rapid survey of the 155 second-level peasant (or *campesino*) federations plus 11 Amazonian third-level federations.²¹ These indicators were of an objective numerical nature that could be obtained from federation records supplemented by a rapid interview with a few leaders. Each indicator was given a maximum value as a share of 100 points (Ramón, 1999).

These various experiments, and further field testing ultimately led to a decision to use three separate instruments: one that was applied to staff and leaders of the OSG that primarily assessed the quality of social relationships at the OSG level and certain types of asset (e.g. financial and human resources) in the OSG; a second, applied at a community level to assess the quality of community-OSG relationships, and community perceptions of OSG effectiveness; and a third basic data sheet for quantitative information obtainable from OSG records and other documents. In each OSG, five people were interviewed centrally and twenty five at a community level (five per community in five communities). In total these instruments gave 124 separate indicators grouped into 44 variables. Half of the indicators were "objective" and half "subjective;" some 12 percent of them were scored by the researcher, while the large bulk of them were constructed from answers in the interviews. The variables were clustered into the following seven dimensions of capacity:

- Leadership
- Participation
- Organizational Culture
- Resource mobilization and use
- Sustainability
- Intermediation and negotiation
- Linkages/Alliances

²¹ In essence these variables were proxies for human capital, financial capital, social capital, and administrative capacity (Ramón, 1999).

5. THE CAPACITIES AND LIMITS OF FEDERATIONS

The results from the research suggest, not surprisingly, wide variation in the capacities of OSGs in the Andes. Much of this variation is indeed related to the quality of the social relationships both within the organization and linking it to external actors – and these in turn appear to be related to the context within which the OSGs operate. However, within this variation patterns are apparent, and indeed emerge from both the surveys and the “process-oriented” case study material.²² We review each in turn.

Survey Patterns

As noted earlier, subsets of the variables were used in two separate surveys in Ecuador. One of these surveys conducted within the Indigenous People’s Development Project (PRODEPINE) was a rapid baseline assessment of the entire universe of highland and coastal indigenous OSGs in Ecuador, plus the regional third order organizations in the Amazon (Ramón, 1999). Overall, 26% of the federations had total capacity scores above 80 (out of a possible 100), 55% had scores between 50 and 80 and 19% fell below 50. The general image is one of a reasonable number of relatively solid organizations, but many more that are not especially strong. Perhaps most importantly, the greatest strength of the OSGs was the quality of their internal and external relationships (their social capital), while administrative, financial, and human capacities were much more variable. This might suggest that these OSGs are indeed carriers of important forms of social capital on which to build: in some instances, the organizations emerge as having capacity in all the dimensions and so could implement programs immediately; in other cases the survey demonstrated capacity limits that would require initial support to build one or other form of capacity prior to any program implementation.

The second survey was a smaller sample of fifteen OSGs that had worked with the National Rural Development Program, PRONADER. In this case more indicators were used, and were clustered in slightly different ways but a similar message emerges of very variable organizational capacity, and significant variation in the extent to which members are satisfied with their organizations (Table 2). Satisfaction of members is closely related to the overall capacity indices (suggesting a close relationship between capacity and quality of contribution to local development). The most important indicators of the highest scoring cases were self initiative and participation, while the scores associated with the least successful cases were poor benefit distribution and little self-initiative, with the latter variable showing the greatest spread between the best and the worst case. Again the results suggest the utility of the instrument in identifying both generic and particular areas of organizational strength and weakness as a precursor to any capacity building initiative

²² Prior to the survey, in each case information was collected on the history, geographic setting and evolution of the federation.

Table 2
PRONADER: Organizational Capacity Scores
(scores out of a possible maximum of 100)

Variable	Highest	Mean	Lowest	Range of difference as % of mean
Participation	63	47	40	23
Management	56	52	27	29
Satisfaction of Members	73	60	40	33
Sustainability	55	45	30	25
Benefit distribution	44	17	7	37
Self-initiative	69	33	10	59
Overall	60	39	26	34

Case Study Patterns

As noted, the study included twelve federations in all (see Map 1). In this section we present material from six of the cases. None of the six organizations is exactly the same. They have different origins, some being induced by the national *campesino* movement, some by NGOs, some by government land reform programs and some, in a sense, by market possibilities. Some are more enterprise oriented and some more political in stance. They all share, though, the structural characteristic of aiming to link base groups and build bridges with external actors and spheres. As will be clear, the extent to which they succeed in this varies greatly. The cases are discussed on a country by country basis allowing some control for very broad macro-political economic influences. In essence though, each case illuminates particular points worthy of more in depth discussion.

Initially we present brief material on the background, origins and emergence of the organization, and then discuss in more detail the different indicators of organizational capacity. This then provides a transition to the discussion in the following section that draws lessons regarding the type of external support that has been most effective in building up OSG capacity.

Case studies from Peru²³

Case studies in Peru were of one prospering OSG and one weak OSG. The strong case is that of the Central de Co-operativas Agrarias de La Convención y Lares (COCLA) located on the eastern slopes of the central-southern Andes of Peru in the department of Cuzco. This is a federation of small (and medium) scale coffee growers integrated by 25 cooperatives and 2 production committees with 5,450 families.²⁴ The co-operative collects and markets members' coffee to internal and export markets, and provides related services: an input store,

²³ These cases draw on fieldwork coordinated by Leonith Hinojosa.

²⁴ They represent about 15 percent of the producers in the valley.

technical assistance, coffee processing and production of small scale coffee hulling machines. Its origins date back to a quite radical social movement in the late 1950s and 1960s that organized to gain access to land in the La Convención valley. This movement – which indeed led to the redistribution of land in La Convención - was consolidated in 1958 in the Federación Provincial Campesina de la Convención y Lares, a rather radical political organization.²⁵ By the 1960s, in the face of coffee marketing problems, and of the creation of grassroots co-operatives aiming to address some of these problems, the Federation proposed the creation of an economically focused second level “Central” of Co-operatives in 1967. During the 1970s this organization subsequently received support from reformist national programs to support rural mobilization, co-operatives and agricultural reform enterprises. These programs began to unravel as national policy changed under more conservative regimes in the late 1970s and 1980s, and COCLA failed to consolidate itself. In the mid-1980s, however, a special UN-government development project was initiated in the valley, with the primary goal of coca-substitution.²⁶ This program (called CODEVA) paid especial attention to the promotion of coffee as an alternative to coca, and gave significant technical assistance to COCLA at the same time – creating, in the process, tensions with the provincial Federation which was more concerned to defend the concerns of coca producers. This period (up to 1995 when CODEVA withdrew) saw COCLA’s consolidation, its success in gaining access to new international markets and its entry into alternative organic markets.

The second case was that of the Sociedad Agrícola de Interés Social SAIS-Marangani, located in the highlands of Cuzco, near the town of Sicuani. This was the “weak” case, and indeed during the course of field work the SAIS was in the process of being liquidated as an organization, as its members decided to break up the OSG. Marangani is (or was) a federation of 12 communities of alpaca herders (approximately 2,000 families). It organized shearing, carding and other processing activities, along with sales to export houses and factories.²⁷ Unlike COCLA which existed prior to and then received support from the government program of support to reform enterprises, Marangani was created by the government land reform program out of an hacienda, wool processing plant and a variety of neighboring communities. Covering a range of ecological conditions, these communities had not necessarily held common concerns prior to this, and indeed the lower slope communities, with better lands and more water, were more oriented to agriculture than alpaca production. On having been created in 1973 the SAIS received support from the same government programs as did COCLA, but as these programs dwindled because of national policy changes, no other entity filled the gap, and so the SAIS began to receive less and less external assistance, except for very sporadic visits from the Ministry of Agriculture.

The survey results suggest that COCLA has overwhelmingly greater organizational capacity than Marangani (Table 3). The overall difference in total score is 33.2%, with the

²⁵ More exactly the area of Lares was added in 1961; the federation initially covered only La Convención.

²⁶ Coca, in addition to having a wide range of traditional uses is also the raw material for cocaine, and is produced on the eastern slopes of the Andes. It has been the subject of varying programs attempting to reduce its production and the Federation has laid considerable emphasis on representing the concerns of coca cultivators.

²⁷ In practice, it only sold to one export company, this lack of diversification being one measure of the OSGs inability to engage more favorably with its external environment. The export houses were based in the southern city of Arequipa, the center of the Peruvian alpaca weaving industry.

greatest differences being in financial management (53%), representation/negotiation (40%) and linkages (37%). Differences in leadership, internal processes and participation, while somewhat less extreme, are still very substantial.

As noted, at the time of the survey Marangani was on the way of bankruptcy and dissolution. While this failure as a social enterprise can be attributed to causes exogenous to the organization (the below-cost drop of wool prices, largely due to national trade policies), the consistently poor organizational performance in recent years documented by the indicators has clearly contributed to the federation’s decline.²⁸ In turn, the failure of Marangani to respond strategically to these changing market circumstances by identifying alternative markets and products, by contacting sources of external support, or by improving internal efficiency reflects more deep seated internal problems of social cohesion and collective consciousness in the organization.

Table 3
Capacity Indicators for COCLA and SAIS Marangani

Clusters	COCLA		SAIS Marangani	
	Actual Scores	Percent Possible	Actual Scores	Percent Possible
I. Leadership	18	59.3	11	34.3
II. Participation	32	80.0	25	62.5
III. Internal Processes	31	77.5	19	47.5
IV. Financial Management	31	86	12	32
V. Autonomy & Self Sufficiency	16	66.7	15	62.5
VI. Demand Analysis and Vision	16	80	9	45
VII. Representation/ Negotiation	19	95	11	55
VIII. Linkages	5	62	2	25
Totals/Averages	168	Ave 76.4	95	Ave 43.2

The immediate indicator of Marangani’s organizational weakness is that its leaders have increasingly used the organization for their own personal benefit. This shows up in the indicators not only in the financial management cluster, but also in very low scores for accountability, honesty and vision, as well as in variables capturing conflict of interest, conflict management and poor discipline in rule compliance. As a result two communities have withdrawn from the SAIS (the exit option), but it is less clear why member communities should have failed to use internal procedures (the voice option) to do anything to offset this progressive decapitalization (until the recent drastic decision to dismantle the organization). Indeed the implicit “loyalty” option that has been followed suggests that the attitude to the base-OSG relationship has been that each base organization should take turns in decapitalizing the federation.

²⁸ This is confirmed by observations of other alpaca-based federations in Peru that have shown greater resiliency to these macro-problems.

Marangani has developed neither the internal nor the external dimensions of social capital to become effective and to develop a self-reproducing collective commitment to the organization. This apparently reflects the structural problems inherent in the OSG from its origins (the diversity of community interests, and the state origination of the federation), and the lack of any sustained external support that might with time have offset these problems and turned the OSG into a sufficiently vibrant entity to elicit collaboration (rather than cannibalism) from its members.

COCLA stands in stark contrast to this. It has been able to strengthen both its services to members and its internal operational processes, largely due to sensitive external assistance by CODEVA from 1985 to 1995. While much of CODEVA's work was focused on technical issues of production and marketing of quality coffee, this type of assistance was combined with attention to socio-organizational issues. Thus, emphasis was placed on developing human resources (for purposes of business administration), an organizational structure that facilitated a more entrepreneurial orientation, and on introducing technical improvements in both production and processing.

COCLA has, as a result, become a strong regional economic actor, and has helped open up new market relationships for its members. In turn its members contribute economically to the OSG. These contributions cover 90% of normal administrative and operating costs – the remaining amount, and the recurrent need for extraordinary finance (to cover special technical assistance needs, or new project development costs) comes from external finance, largely in the form of subsidized loans.

While at one level COCLA stands as a relative success as an OSG, there are still weaknesses. Furthermore, the fact that it is a commodity-specific organization limits the extent to which it builds bridges among different local organizations and different types of producer. Its focus on coffee producers and producing organizations, and the fact there are other specialist organizations for other commodities in the valley, leaves the building of wider bridges to different types of institution. Indeed this role falls to community level governance structures (*sindicatos*) at a local level and to the Federation at a regional level. The challenge then is to build more complementary relationships between local co-operatives and the *sindicatos*, and between COCLA and the Federation. While this has not always been easy – largely because of political differences over how to respond to state efforts to restrict coca production – over time these actors have come closer together. Two factors appear to be at work here: first, the contribution of COCLA to the *campesino* economy has become more accepted by the Federation; and second, COCLA's experience of external threat (primarily from government) has made it more aware of its need for the political voice of the Federation. The result is that, though the political and economic OSGs remain separate in organizational terms, their mutual respect and recognition of each other's role has grown. We return to this point below.

Finally, it should be noted that COCLA's relative success as an organization, and Marangani's failure, has much to do with wider policy and market issues. Marangani's demise reflected a change in government policy towards land reform enterprises – from one

that was more supportive to one of neglect. It also reflected problems in the alpaca export market. Conversely, COCLA was never as dependent on government sponsorship and anyway received organizational support from another source (CODEVA). Furthermore, its product – coffee – enjoyed a more stable (if far from ideal) export market. As a result household incomes were more stable and COCLA was able to generate its own revenue.

*Case studies from Ecuador*²⁹

A second comparison comes from two OSGs located in the northern highlands of Ecuador. This case compares organizations with different orientations: one, UNORCAC, more concerned with issues of ethnic politics, the other, UNOPAC, more concerned with social services and productive enterprise. UNORCAC (the Unión de Organizaciones Campesinas de Cotacachi) is an ethnic federation of 45 communities (approximately 2,500 families), founded in 1977 and tracing its roots to programs of bi-lingual education and indigenous cultural revitalization. Reflecting these roots, it has focused primarily on socio-cultural activities, and has only recently begun to move into livelihood issues. Throughout this period it has maintained a certain distance from NGOs, and though it has at times worked with them, has been quick to separate itself when it felt that the NGOs were interfering in the internal processes of the organization. This slightly confrontational style has also translated into its recent relationships with the municipal government of Cotacachi (even though this is in the hands of an indigenous mayor affiliated with one of the national indigenous organizations).

UNOPAC (Unión de Organizaciones de la Parroquia de Ayora y Cayambe) is a smaller federation of 17 communities (approximately 750 families) and is considered a relatively successful social enterprise. UNOPAC was founded in 1989 and has had resident technical assistance from NGOs for 10 years. It is a case where organizational capacity has gradually been transferred from the NGO to the OSG over a period of a decade and where technical staff – having once been paid by the NGO – are fully paid by the OSG. Indeed it is one of the very few federations that self-finances most of its activities.

The indicators confirmed the initial impression that there was a notable difference in capacity between the two OSGs (a pattern that also emerged in the qualitative appraisal of the federations³⁰). Indeed, while UNORCAC was the more visible of the two OSGs in regional and national politics it was UNOPAC that consistently showed higher organizational capacity in the measures used in the study (Table 4). The average difference in unweighted scores is about 10%, and the substantial differences are in resource management (23.1%), participation (15.9%) and linkages (13.3%). The only cluster scores showing approximate equivalence are in intermediation, reflecting UNORCAC's relatively well developed ability to represent its members vis-à-vis the outside political environment.

Table 4

²⁹ These case studies draw on field work conducted by Mary Garcia Bravo, Luciano Martínez, Alvaro Cobo and Leonard Field.

³⁰ See Garcia 1998.

Capacity Indicators for UNOPAC and UNORCAC

Clusters	UNOPAC		UNORCAC	
	Points	Percentage of possible total	Points	Percentage of possible total
Leadership	37.2	67.6	36.4	66.1
Participation	42.2	79.7	33.8	63.8
Organizational culture	38.4	72.5	34.6	63.9
Resource management	20.0	76.9	14.0	53.8
Sustainability	24.8	62.0	16.2	44.5
Intermediation	37.1	75.7	37.3	76.1
Linkages	40.5	76.3	33.4	63.0
Total/average	240.2	73.0	203.3	63.3

The community level interviews showed further weaknesses in UNORCAC and its relationships with its member organizations (even though UNORCAC is ostensibly the more “representative” of the two organizations). For instance, when community level members of the two OSGs were asked about the strength of base participation in two different OSG decisions, it was evident that this was far greater in UNOPAC (Table 5). The responses suggest that two way communication between the federation and its bases is specially strong, as is the intensity and transparency of the decision making process. This in turn translates into a far greater sense of accountability and community ownership of UNOPAC than of UNORCAC (Table 6).

Table 5
Community Perceptions of Participation in OSG Decisions

Indicators of community participation in OSG decisions	UNOPAC		UNORCAC	
	Decision 1	Decision 2	Decision 1	Decision 2
A. Dissemination of information <u>prior</u> to decision	4	4	2	1
B. Consultation with bases	5	3	2	1
C. Intensity & scope of debates (including opposition & frankness of expression)	5	3	2	2
D. Dissemination of decisions	5	2	4	2
Totals	19	12	11	6

Note: answers from 25 community level interviews in five communities. Numbers are scorings on a five point range from very good (5) to very poor (1).

Table 6
Community Perception of Ownership of their OSG

Answer to the question: Do you feel ownership as a member of the federation (that the federation is “yours”)?	UNOPAC	UNORCAC
Yes	23	16
No	1	9
No opinion	1	0

Note: answers from 25 community level interviews in five communities.

While one cannot infer a direct causal relationship between community perceptions of ownership of the OSG and resource mobilization, it is notable that UNOPAC is also far more sustainable in financial terms, covering 61 percent of core costs from its revenues and member contributions, whereas UNORCAC is almost entirely dependent on external grant resources. This relative sustainability may also have much to do with the nature of the two organizations: while UNORCAC fosters almost entirely social, cultural and political actions which inevitably do not generate economic returns, UNOPAC is engaged in a range of enterprise activities with its member organizations which generate economic returns both for its members and for the OSG itself. It has endeavored to ensure the sustainability of its core physical facilities and human resources by having some central income producing projects of its own and by allocating some share of the income from other decentralized activities to the running and maintenance of the federation’s headquarters. A good example is the income from 17 hectares of communal cropland acquired by the federation. Communities share revenues in proportion to their contribution, but 15% goes to the central organization. Meanwhile, the OSG tries to counterbalance the tendency of its economic programs towards excluding certain people by cross-subsidizing certain services, such as legal advice, and by fostering greater women’s involvement in a range of decision making processes.³¹

These patterns might be read in one way to suggest that once critical claim making concerns have been addressed (e.g. access to land) base organizations tend – on a day to day basis – to value productive, income generating activities more than ones of cultural strengthening and political representation. On the other hand, certain activities that UNORCAC sponsors are valued among communities: education, health, drinking water, radio and sporting events (which are of particular importance to young men). These are, however, activities that people either expect as a right, or see as part of everyday (or every weekend, in the case of soccer) cultural practice in communities. Either way, they are activities that people are less inclined to pay for, and perhaps more inclined to expect of the state (in the case of those services which are deemed as rights) or of informal networks (in the case of those which are deemed culturally quotidian), and not of specially created OSGs. However, due to both internal demand and outside donor opportunities, UNORCAC has recently begun to move into livelihood activities.

³¹ Indeed, UNOPAC has twice as many women in leadership positions as does UNORCAC.

*Case studies from Bolivia*³²

Somewhat as in Peru, the Bolivian cases represent a comparison between two commodity based OSGs, one (ASPROLPA) that focuses more on co-ordinating and representing member interests and is de-linked from the wider regional *campesino* movement; and the other (CORACA-Irupana)³³ that is linked structurally to the regional *campesino* political organization, and focuses more on providing services to members. This pairing was also a comparison between what prior impressions suggested was a stronger organization (CORACA-Irupana) and a weaker one (ASPROLPA). Again, the indicators confirmed this prior impression, while nuancing it at the same time.

CORACA-Irupana was created within the context of a larger nation-wide attempt of the national *campesino* movement in 1983 to supplement the movement's more representative and political organizations with social enterprise entities (to be called CORACA's) across all of Bolivia. In this vein, a Bolivian NGO, Qhana, and a donor organization encouraged the more politically oriented and claim making Federación Regional de Campesinos de Sud Yungas (a coca producing area of Bolivia) to create a regional CORACA, offering funding and technical assistance. CORACA-Irupana was thus born in 1984 (though there had been earlier, and unsuccessful, attempts to build co-operatives in the region prior to this). CORACA soon focused on coffee marketing and improvement as its core activity, and has received close technical, financial and administrative assistance in this from Qhana through to the present. Over time the organization has moved from simply marketing coffee, to installing processing facilities, beginning a technical assistance program (largely implemented by a Qhana team existing inside CORACA) and most recently initiating an organic production and marketing program.

Following the principles of the national CORACA movement (which over time has, in fact, been mainly a failure – Irupana is one of few exceptions)³⁴, CORACA-Irupana (hereon “CORACA”) was organically linked to the regional federation, by statute having many of the same leaders. While this overlap helped keep the actions of the two organizations relatively consistent, it has also left the identity of CORACA uncertain – was it a social enterprise concerned with only production and marketing concerns or a representative organization willing to speak out on a range of issues of concern to its members? The close link between the Federation and CORACA was encouraged by Qhana, but with time *campesinos* in the region have apparently dedicated greater effort to consolidating CORACA than the Federation. As a result, it has gained some independence from the Federation – something that was also spurred by the joint elaboration of a regional development plan in the early 1990s by all actors working in Yungas that required each actor to specify its roles. Indeed,

³² These cases draw on fieldwork conducted by Diego Muñoz (Muñoz, 1999).

³³ In full these are: ASPROLPA, La Asociación de Productores Lecheros de la Provincia Aroma; CORACA, the Corporación Agropecuaria Campesina.

³⁴ CORACA's were supposed to be created as economic arms of all levels of the *sindicato* movement. This has in fact rarely happened, particularly at levels lower than that of the federations. Also, many CORACAs that were created have suffered serious problems of management and corruption; and have often disappeared. Today there are only a few CORACAs that function well, even if some leaders still see the creation and restoration of CORACAs in the future as an important task.

today CORACA's leaders assess its success in entirely technical terms – that it has increased farmer awareness of the need to improve the quality of coffee production, marketing and processing.

ASPROLPA, a federation of 36 base groups and located in the province of Aroma in the *altiplano* of La Paz,³⁵ has quite different origins – indeed, it is unique among all the cases in that it is an OSG that was in some sense a response to the emergence of a market (rather than created in order to open a market). In the 1960s the Bolivian government initiated a program of dairy development in various parts of Bolivia including the *altiplano*. The program combined the establishment of government owned milk processing plants (called PILs³⁶), with technical assistance and the collection and marketing of milk. As a result communities and groups of communities specializing in milk production began to emerge, and in time these were grouped by the PIL program into “modules” based around a milk collection center. In this context, ASPROLPA was founded in 1992 as an OSG grouping together the modules that had been created in the province of Aroma during the 1980s. Only from 1997 (since beginning to receive more direct technical assistance as an organization from an externally financed dairy development project) has it begun to initiate service activities, and widen its relationships beyond those related to the PIL. Its primary objective was always (and still is) to aggregate *campesino* voice in negotiations with government over milk prices, credit and other services – ASPROLPA represented private sector interests vis-a-vis government. However, with recent structural reforms in the Bolivian economy, milk processing plants have been privatized, and the plant supplied by ASPROLPA members is now owned by a Peruvian company that is itself a subsidiary of a multinational: consequently, ASPROLPA now represents private sector interests against other (more powerful and globally mobile) private sector interests. This type of negotiation has proven to be far more difficult for ASPROLPA, because the criteria for legitimate complaint have changed: no longer can equity or “rights” be invoked; now the argument is won or lost on grounds of economic viability, and if the argument is lost the PIL can shift its sources to larger farmers.

The indicators of OSG capacity again helped identify several of the key differences between ASPROLPA and CORACA. Interestingly in this case though, unlike those in Ecuador, the differences related less to the quality of social relations within the OSGs – indeed in each case there is a relatively solid relationship between OSG and base organizations. Rather, the differences lie in other assets of the organization (in particular managerial capacity) and in external social relationships. Thus, for instance, CORACA has a relatively well established accounting system; ASPROLPA has none. Similarly CORACA has a technical staff (though see below), while ASPROLPA has one part time account keeper. Particularly now that ASPROLPA has to deal with a company whose criteria are purely financial, these lacks constitute great weaknesses for the OSG as they greatly weaken its capacity to enhance the quality, quantity and competitiveness of members' milk, and thus to make them attractive suppliers to the newly privatized PILs. On the other hand, the educational level of the leaders of ASPROLPA is far higher than in CORACA (two leaders

³⁵ The *altiplano* is the high plain, located at altitudes at or above 3700 m.a.s.l.

³⁶ PIL is Planta Industrializada de Leche (Industrial milk plant).

having attended, though not finished, university). Clearly human capital per se does not automatically induce strong administrative or technical systems.

This comparison emphasizes that organizational capacity involves more than social capital. CORACA's far stronger administrative and technical capacity and resource endowments owes very much to its place in a chain of linkages among different actors: its close links to Qhana, and Qhana's close links to European financing NGOs, and via them to alternative trade organizations in Europe.³⁷ Sustaining this web of relationships and the activities it makes possible is not, however, straightforward. The growing complexity of tasks involved in introducing new services (e.g. technical assistance for organic production) and accessing new markets is a temptation to first respond to these challenges with external resources (in this case the human and financial capital of Qhana) with the view to building CORACA's capacities over time. The day-to-day immediacy of other tasks, however, all too easily crowds out this dimension of patient, cumulative capacity building. Furthermore, the NGO begins to need the OSG as much as the OSG needs the NGO. Moving beyond this is not easy – and is indeed the principal challenge facing CORACA today. This discussion, however, begins to anticipate that of the next section dealing with external assistance. Before we move to that though, three (of the several) generic issues that cut across these six cases merit comment.

Some General Structural Problems in Federations

Reading across all the cases, certain more general issues emerge as regards the structure of social relationships on which the OSGs are based, and their links to other organizations. This section identifies three of these that seem particularly important.

OSGs and their bases: the problem of the OSG as NGO

Perhaps one of the principal problems facing all the OSGs studied in this research is the extent to which member families actually identify OSGs as their own organization in which they have both responsibilities as well as rights. Even in an apparently strong OSG, such as UNORCAC, which has over two decades of existence, placing councilors in the municipal government for almost the whole period and spawning national figures, leaders recognize that most people in the base organizations see UNORCAC as a sort of NGO rather than an OSG. As a result they perceive it as a source of free services rather than an object of ownership, and make no financial contributions to its maintenance.

This raises a series of problems for the organizations. One is clearly financial sustainability and independence - without member contribution, or payments for services, loans or other benefits delivered by the OSG, then the organization will never be able to become independent of external financing. Indeed, such dependence is quite significant in all the cases studies, though more so in some than others. A second problem is at the level of leadership. If the OSG is not well engaged with its bases then only few leaders will emerge;

³⁷ The pattern is very similar to that of El Ceibo, an OSG of cocoa producing cooperatives in Bolivia (Bebbington et al., 1996).

as a consequence, leadership positions will remain concentrated in a small and apparently eternal cadre (this indeed is the situation in a number of our case studies). Internally this merely reproduces the sense that the organization belongs to others, not the bases, and is therefore more like an NGO rather than a true federation of the bases. Externally, it can lead to problems of legitimacy in the eyes of others who argue that it is a phantom organization, or at best an undemocratic one. This, indeed, is a recurrent argument used to by-pass such organizations, or justify why they should only have limited voice in development planning.

This set of problems may be less of an issue in the enterprise oriented OSGs, which are often seen by bases precisely as enterprises that provide important market and economic services for which people are prepared to pay (often in the form of a percentage of final price of marketed products).³⁸ In organizations such as these - which are institutional responses to market barriers and opportunities rather than institutional mechanisms to represent claims to public goods and power - the problems of concentrated leadership are less severe, both internally and externally. Internally, the concentration of leadership may not be perceived as greatly different from the structure of management in normal businesses - and as long as the leadership is accountable and is doing a good job, and the organization is economically successful, then such permanence and concentration may in fact be deemed desirable and appropriate. Externally, similar criteria may apply - and indeed continuity in leadership may be seen as an asset, because it allows the accumulation of market skills and contacts necessary for successful entrepreneurial activities.

Exclusion and economic organizations

Enterprise oriented OSGs have had a greater impact on rural incomes than any other type of OSG. Through securing new markets, adding value to products, and improving product quality they have enhanced their members' access to and position in new markets, through engaging these markets collectively rather than individually (which would have been impossible).

Where this has been possible it has been largely as a consequence of the accumulation of strong management capacities over time. However, design factors have also been important. In particular, these organizations have concentrated on a single or restricted number of products. While enterprises *can* work in a wider range of activities in order to attend to a far more diverse membership, this is administratively far more complex, and so many that have tried have had disappointing impacts, or have ultimately suffered from tensions among different types of member. The SAIS-Marangani, for instance, was meant to be a collective agricultural enterprise formed out of agricultural communities in the lower areas and herding communities in the higher areas. In practice, the enterprise always paid more attention to the processing and sale of alpaca wool, such that the agricultural communities came to see relatively little benefit from the SAIS, especially in recent years when it ceased even attempting agricultural development and product marketing. By 1998 the

³⁸ In the case of marketing cooperatives, members do not actively make a payment to the organization - rather it is taken at source.

agricultural communities were lobbying for the closure of the SAIS while the alpaca communities wanted it to continue.

In addition to production system based mechanisms of exclusion, some enterprises establish financial membership requirements that are not easily met by all, such as the initial capital contributions that base cooperatives have to pay in order to join federations of cooperatives. Consequently their members tend to be drawn from the middle and rich peasantry.

As a result, the successful enterprise OSGs have either an “individualized” or “sectoral” (often dispersed) structure: only certain parts of the local population are members and able to benefit from the services provided. *Campesinos* who primarily produce other crops (such as coca in La Convención) do not benefit, except to the extent that the OSG might buy their small coffee or cacao harvests if they have any to sell.

The relationship between political and economic organizations

The limits on inclusivity in economic organizations points to a recurrent theme across the cases: namely the relationship between economic and political organizations. The former tend to be less inclusive (though they do build bonding social capital among producer groups in different communities) while the latter tend to be more inclusive in intent, though in practice tend to have weaker relationships with their bases except during short periods when base organizations express acute political concerns or emergencies and so mobilize behind their political organizations more massively than they ever would for the more social enterprise oriented OSGs. Also identity based representative organizations tend to be more likely to exclude along ethnic lines than do economic organizations.

The tendency for social enterprise oriented organizations to explicitly exclude certain types of producer from membership, coupled with their inclination to be politically pragmatic, frequently attracts criticism from political OSGs. This can lead to difficult relationships – as for instance in the relationships of ASPROLPA and COCLA (until more recently) with the more political peasant organizations in their respective areas. These organizations complain (with some reason) that they initiate activities that are more inclusive (e.g. cultural activities), or aim to include those excluded by the economic organizations (e.g. youth), yet are unable to sustain these activities because they have no claim over the income generated by the economic organizations. On the other hand the weak ties to the bases, and a tendency towards partisanship in the more representative organizations (such as UNORCAC) attract criticism from economic OSGs and other observers. These same characteristics can also undermine the economic integrity (and solvency) of any social enterprise initiative conducted from within the organization, as political criteria get mixed up with economic criteria in resource allocation decisions (as in the case of CORACA-Irupana in its earlier years).

This problematic relationship between the economic and the political is recognized clearly within the organizations, and has been addressed in different ways: in some cases organizations are independent (as in COCLA and ASPROLPA’s relationships with their respective regional representative organizations), in others they are linked as two semi-

autonomous arms of the same organization (as in CORACA) and in yet others they are combined in the same organization, as in UNORCAC. The evidence here and in other studies we have conducted³⁹ suggests that the solvency of the social enterprise OSG and its ability to build sustainable bridges with new economic spheres does require a degree of independence from the logics of more inclusive representation and partisanship that characterize representative groups; but that at critical moments, the enterprise OSGs need the political muscle of the representative groups to defend rights, negotiate adverse macro-policy frameworks and so on. Finding the best balance in this relationship is as much a question of the *quality* of the relationships among economic and representative organizations as it is one of formal structuring of this relationship. The emphasis is on finding bridges between different types of organization, so that they are able to respect each other's role and benefit from it when necessary. How far it is possible to build such a relationship will depend greatly on the political and leadership dynamics at work in a region.

³⁹ See Bebbington et al., 1996; Bebbington, 1996.

6. INDUCING EFFECTIVE SOCIAL CAPITAL: THE ROLE OF EXTERNAL ACTORS IN BUILDING EFFECTIVE FEDERATIONS

The Principle of Partnership

Perhaps the most important message to emerge from the cases is that the stronger OSGs have emerged in the context of long and sustained support from and relationships with other actors – in general NGOs and religious activists. This is not to say that such longstanding relationships are in every sense healthy - they can at times involve a paternalism in which the external actor never “lets go” nor supports the development of capacities within the organization so that it may become more self reliant (the relationship between CORACA and Qhana is something of a case in point).⁴⁰ Several of the cases involve OSGs that have deliberately broken with third parties because of this type of dependency. On the other hand, those OSGs who have not had longstanding stable support have rarely fared well. In particular, they have not developed the administrative capacity or external linkages to deal more effectively with market or policy changes (as in the cases of Marangani and ASPROLPA) or to build constructive relationships with other actors (as in the case of UNORCAC).

The role of external actors in this process of capacity building is a varied one. Three particularly important dimensions are apparent in the cases. Firstly, the external actor assists greatly in accessing resources and in using them in building up other capital assets of the OSGs by investing in human capital formation, the development of administrative systems, training and infrastructure. Second, such actors can help build external social capital by building bridges between the OSG and other actors (their capacity to do this depends greatly on the quality of their own relationships with other actors). Third, the external party can help build internal social capital in the OSG – this however takes much more skill, sensitivity, and intimate knowledge of the OSG and its own local context. There are perhaps two ways in which this can be done. One is to identify and help mediate conflicts as they arise so that they are addressed but do not explode to the detriment of the organization (as in the case of Qhana, CORACA and the *campesino* federation in Irupana). In important moments the external actor can also play the role of counterpoint, assuring a greater degree of OSG transparency and honesty vis-à-vis its bases, or at least instilling among base organizations the sense that the organization is being managed well and cleanly. Clearly, getting the balance right in such a role is crucial and frequently the external actor can intervene too much and distort OSG-member relationships.

Different actors can each play this external capacity building role. In some of the cases it was played by the church or religious orders (UNOPAC), in others NGOs (CORACA), in others special development projects (COCLA). In general, though, it seems that government plays such a role less frequently and less successfully - indeed SAIS-

⁴⁰ In another case a priest continued to control the finances of an OSG and delayed its legal registration for over 20 years (Bebbington and Perreault, 1999).

Marangani and ASPROLPA emerge as among the weaker organizations studied. In large measure this is because state agencies and policies lack the autonomy and above all the continuity to be able to sustain a supportive relationship in the long term – and also because it is harder to justify a public institution concentrating resources in a small number of counterparts for an extended period. The most dramatic case of this is the SAIS Marangani in Peru, a creation of a radical land reform program that unraveled shortly after the creation of the SAIS. As a result, the SAIS has received scarcely any attention from the state in the last 20 years or so and has had to develop its own capacities (social and human) - with very little success. These observations are not to deny Fox's (1996) important claim that state actors can play important roles in helping such organizations consolidate themselves - but these roles appear to take the form of shorter term support rather than long term capacity building.

External Actors and Federation Accountability

While at one level it may seem to contradict the principle of partnership, external actors can also play an important role in eliciting the emergence of more accountable membership organizations. Indeed, common to all these cases is the sense that accountable and transparent second order organizations do not emerge spontaneously, or even easily (just as accountable and transparent NGOs and government programs are few and far between). Indeed, building accountability is complicated by the very nature of second order federations, existing as they do “above” base organizations and in some sense removed from the day-to-day interactions through which accountability is exercised at a community level. Creating mechanisms and a culture of accountability is something that has to be worked at, and the presence of external actors *can* help in this in several important ways.

On the one hand, the presence of certain types of external actor can exert a form of moral accountability: members feel more comfortable with their federation when it is being accompanied by certain types of church or NGO (as for instance in the case of UNOPAC). This presence of an external actor may be seen as a guarantee that resources will be used well and honestly. Of course, this type of relationship can cause some tension between the leadership of the federation and the external actor, and even among our case studies there are a number of instances where the federation and external actor have parted company, the federation arguing that the NGO or church is interfering too much in the affairs of the federation, denying it the autonomy and independence it needs.

A second and related way in which external actors have helped create accountability mechanisms has been through the consolidation of professional capacities inside the federations - something that is much more common in social enterprise and production oriented types of federation than in the more political federations. External actors can (and have) played several roles in this process - not only by providing financial resources and technical assistance, but also in helping institutionalize this professional capacity within the federation. These professional groups, made up of people who are often not of *campesino* or indigenous origin, can then serve as a counterweight to other resource allocation criteria being used inside the organization - such as favoring the communities or political parties of those in the directorate. Once again this is a difficult balance to strike, for excessive influence by this

technical unit “disembeds” the federation from local social relationships. Furthermore there is often more than a *frisson* of tension between elected leaders and these paid staff over disagreements on strategy, due process and salary. On the other hand, if there is insufficient counterweight to the leadership from the bases, the presence of a technical unit can serve to offset the possible emergence of corrupt, partisan or inequitable forms of resource allocation. While the presence of such a unit does not necessarily have this effect – problems of corruption were noted in CORACA for instance - it appears to help. The creation of such units in turn depends very much on the support of outside parties.

These observations are not meant to imply that indigenous and federations must always be watched over by non-*campesino* organizations and people. Indeed the converse is also the case - non-government and governmental organizations that are not subject to significant social control from its members and clients can similarly allocate resources in ways that do not benefit the rural poor. Instead, the studies suggest a form of synergy in which relationships between federations and external actors can elicit greater accountability in each. Horizontal relationships *between* organizations, and between technical units and leadership committees *within* organizations, can to some degree substitute for inadequate vertical relationships (between organizations and communities/households) as mechanisms for exercising accountability. In doing so they can help elicit a culture of trustworthiness in and around the organizations that helps them become more effective.

External Actors, Grants, and Credit

One important theme running through the cases is the issue of credit as opposed to grants as a mechanism for building social capital and organizational capacity. Leaders and observers of UNOPAC claim that much of its current strength as an OSG primarily concerned with economic activities and services, lies in the fact that its very initial work involved the use of credit (building materials provided on credit for reconstruction after an earthquake). COCLA and CORACA also have credit arrangements with financing organizations and members. The arguments made for the use of credit as opposed to grants pertain not only to financial sustainability (indeed in all these cases, the credit has been at below market if nonetheless positive interest rates). Equally important is the argument that credits build a healthier institutional culture than do grants. The implication is that the use of credit helps build relationships of reciprocal obligations between the organization and members, in particular avoiding the extent to which the bases see the organization as a provider of free services. Credit thus becomes a way of tying an OSG into its bases and vice versa. It is also something of an obstacle to excessive or damaging patronage politics between leaders and certain base organizations.

Creating a culture of repayment is not easy - especially in environments where many other loans have not been repaid: and it is certainly difficult to do after the OSG and many other donors have in previous years worked on a grant basis. It is also difficult where the organization has initially been a claim making one, where the discourse was one of solidarity - and frequently anti-capitalist. A further problem is that credit programs (especially those which disburse to individual borrowers) are in general exclusionary: in part because there is

often insufficient money to offer many loans; and in part because eligibility criteria rule some people out.

Of course, there is a chicken and egg argument here - the success of a credit program also depends on the administrative capacities and accountability of those managing it. If OSG-community ties are still weak, then social control is unlikely to come from below. This again becomes an important role for third parties: to exercise social control, at the same time as building capacities - until the relationships have been built such that the social control comes from members.

Preconceptions about Organizational Models

While the preceding sections convey a relatively positive image of the role of external actors, it must be emphasized that successful capacity building is more the exception than the rule. Of the many reasons for this, one that merits particular comment is the problem of preconceptions as to what constitutes the right organizational arrangement. Among the cases considered here, the imposition of a design on the SAIS Marangani, and even CORACA-Irupana, has caused considerable tensions or, indeed, failure.⁴¹ Even in the more successful cases there is often an earlier period in which, in attempting to push a particular model, the external actor achieved little, or even negative, capacity building impact. Indeed, perhaps one of the benefits of a long term relationship is that it allows actors to get beyond the stage of such preconceptions and begin to work on design issues in a more process-oriented way.

This is not to say that design is unimportant,⁴² but rather that social capital, and organizational capacity more generally, is best built inductively rather than ideologically, and based on a sound knowledge of local history, culturally patterned social relationships and expectations. Such considerations are especially important if successful bridges across different interest groups and existing informal and formal institutions are to be built. If rigid designs are imposed in cases where there is a multiplicity of interests and informal institutions already working (i.e. the normal scenario) then rather than induce social capital, the intervention may well elicit social conflict.

⁴¹ There are other examples in the literature. See for instance Rivera-Cusicanqui's (1992) discussion of the ways in which external interventions based on pre-conceived models of rural social organization aggravated tensions between *ayllus* and *sindicatos* in North Potosí in Bolivia.

⁴² C.f. Ostrom (1992) who emphasizes the importance of design principles.

7. CONCLUSIONS

Empirical Conclusions

OSGs as carriers of structural, regional social capital

Second order peasant federations in the Andes operating at the “meso” level embody a specific and important type of structural social capital. As such they make possible regional forms of collective action of various types - economic, political, natural resource management, cultural. They also facilitate more coordinated forms of engagement with government, civil society and market actors.

One of the more remarkable patterns to emerge from the cases is that meso-level federations seem to be at once particularly persistent forms of organization, and yet also quite fragile. Several of these organizations have existed for over twenty years, thus showing far more persistence than many other efforts to create social capital, such as inter-institutional round tables or working groups. Yet within their lives they have also experienced ups and downs; and even when going through a successful period, the federations and their partners constantly struggle with problems of representativeness, accountability, financial viability and so on. There are many reasons for this, but some seem to derive from the very nature of such regional membership groups. Existing at a regional scale, the relationships on which the federations are built necessarily depend on less frequent face-to-face interactions, reducing the extent to which reciprocal accountability can be exercised among members. This in turn makes the development of other accountability mechanisms more important: such as a relationship with an external actor (NGO, church etc.), or the existence of a professionalized mini-bureaucracy inside the federation. These mechanisms appear to be surrogate forms of accountability that in turn (though not always - as in the case of Marangani) elicit greater member trust. To the extent that these alternative mechanisms are not developed, then the federation is less effective in fostering supra-communal collective action.

Furthermore, while OSGs carry a special form of structural social capital, there are a wide range of other forms of social capital that exist within the geographical reach of the federation. These may be based on spatial propinquity (e.g. communities), shared natural resources (e.g. water users’ associations), kinship (e.g. *ayllus*), generational groups and so forth.⁴³ These different types of social capital - networks of relationships linking individuals that facilitate particular types of action, generally with particular types of goal - can pull in different directions. One of the challenges facing OSGs is to find ways of co-existing with these other forms of collective action such that they do not divide the OSG but instead feel comfortable with the OSG’s existence, actions and prominence in a particular domain of activities. A related design problem is whether the OSG aims to include some or many of these other forms of structural social capital within its own organization (as some of the more representative OSGs aim to do), or instead restrict the OSG’s role to specific functions (as the

⁴³ C.f. Harris and de Renzio (1997).

more social enterprise oriented organizations tend to do). An interesting pattern to emerge is that in some cases - albeit not necessarily by design – OSG sponsored sporting, cultural and other ritual events can help dissipate some of the tensions that can emerge between these different groups within the federations.

If the inherent qualities of the social capital embodied in *campesino* federations makes them fragile, why then are they often so persistent?⁴⁴ We suggest that this persistence can be explained by the unique role that this type of social capital can play, and the potential benefits it can have. The cases demonstrate various types of impact: economic, socio-cultural and political. Some of the economic pay-offs, most characteristic of social enterprise types of federation, are associated with the creation of social relations that allow new markets to emerge - markets for particular types of service provision, markets for particular goods (as in the case of ASPROLPA and CORACA), or marketing arrangements that by-pass established ones and which return a greater income to members. Others relate to the accessing and management of new types of natural resource inputs to production - in particular land (in earlier years) and irrigation water (more recently).⁴⁵ Impacts in the political sphere have included the emergence of more inclusive and responsive forms of municipal government (Irupana, Guamote). And finally, impacts in the socio-cultural sphere have included the resurgence of cultural identity as in Cotacachi and Otavalo (the case of UNORCAC), and the widened access to a series of human development programs made possible by federations' ability to influence and extend government initiatives (as in the case of the pre-school programs managed by UNORCAC).

Of course, we cannot know with absolute certainty that all of these impacts would not have happened in the absence of the federations. However, the co-existence of federations and many of these impacts and institutional innovations, and the relatively clear evidence that the federations helped extend the coverage of government programs (across space and over time)⁴⁶ suggests that there is a relationship of synergy at work here (c.f. Evans, 1996). Given that many such federations already exist in the Andean region, the potential for reproducing similar experiences elsewhere therefore seems quite real. But it is also clear that the mere presence of a federation is insufficient for any significant change in local development to occur. These observations have a series of implications for the ways in which external assistance might support such a process.

OSGs as constructable social capital

This study adds to the accumulating evidence that structural social capital can be induced and reinforced by purposeful intervention, and that trust, cooperation, shared identity and

⁴⁴ Note however that adverse macro-political contexts, as in Peru, can undermine this persistence – this is discussed below.

⁴⁵ Irrigation groups were integral parts of several of the cases we studied but are not described in this paper. See Perreault et al., 1998; Martinez, 1999. Federations have two distinct roles relative to water: obtaining rights to it, and collectively managing it as a common good.

⁴⁶ As, for instance, in UNORCAC's impact on the reach of a government pre-school program in Cotacachi.

reciprocity can be enhanced and replicated through sensitive and persistent support.⁴⁷ Invariably, these strategies involve building on existing (or latent) social resources, finding incentives of strong common interest and gradually transferring responsibilities for management and problem solving. In most of our cases the period of building and consolidating second-level federations took a decade or more.

The study also suggests that there are different dimensions of social capital within the federations, and that each require attention if synergies are to be achieved. In particular, in the case of OSGs, the results suggest that the internal and external dimensions of organizational capacity are complementary. External capacity is needed to access resources, shift power relationships and enter new political and economic spheres. But ultimately, a sustained success in these external spheres will require that the OSG develop capacities of collective action, resource management, administrative competence, problem solving and rule enforcement. Ultimately, success in the external sphere depends on the legitimacy of OSGs, and this in turn derives from the quality of internal relationships, the accountability of the OSG to its members, member satisfaction and organizational transparency.⁴⁸

Implications for External Cooperation

Do no harm, and be alert to possibilities

A number of OSGs among those studied, and also those in the wider sample from which these were selected in each country, have been weakened by particular types of intervention. Some external influences have by-passed them, imposed models on them, competed with them, politicized them, or made them excessively subject to government regulation. Among the lessons of this is that careful social analysis continues to have an important role to play, particularly in identifying possible tensions that already exist within and among organizations, or between them and other actors.

Beyond doing no harm, social analysis (especially local institutional analysis) can go three further steps in identifying organizational opportunities. First it can identify the capacities and deficiencies of existing organizations and suggest the potential role of interventions aiming to support OSGs and the types of impact that those interventions may have. At the same time such studies can serve as baselines against which impacts on such forms of social capital can be assessed. Indeed in the course of this research two national programs in Ecuador used a reduced and adapted version of the measurement instrument developed in this study to conduct capacity studies, establish baselines, and assess impact.⁴⁹ Second, social analysis could identify the possibilities for fostering relationships among federations and other actors that might create synergies, improving the effectiveness of

⁴⁷ See Durston (1998) for a similar finding in post-conflict Guatemala.

⁴⁸ We argue elsewhere (Carroll, 1998) that the self-confidence and dignity acquired through internal collaboration and problem solving is essential for successful external engagements.

⁴⁹ The projects were the Indigenous Peoples Development Project, and the National Program for Rural Development: see Ramón (1999) for the capacity and baseline study.

organizations and also creating more effective forms of reciprocal accountability.⁵⁰ Thirdly, and importantly, such analysis (of existing, emerging and defunct organizations) can throw light on the influences of different policy and political economic changes on OSGs. OSGs in Peru, for instance, have suffered from abrupt changes in land reform and economic policy,⁵¹ while those in Ecuador have benefited from a largely supportive policy environment that has in varying forms recognized their legitimacy and potential role in local development. To some extent it might also be possible to illuminate the local conditions that will determine the types of institution most likely to thrive in a particular context. This is not so straightforward, but some contexts do seem more favorable than others. For instance, in a number of the cases studied in this research, the emergence of a federation was preceded by a relationship between an external agency, and a network of what might be called potential leaders in the rural population: literacy trainers, church activists, social promoters etc.

Building partnerships

The strongest federations studied here (and in previous work) each had a long-standing relationship with an external actor (relationships which often revolve around key individuals). These external actors have been churches, NGOs and special projects. While such relationships are often interpreted as dependency, to denominate them only this way is to oversimplify. These are also relationships of reciprocal accountability⁵² in which the presence of each actor promotes slightly more transparency in the other, and in which the joint action of the different actors leads to impacts with a greater reach than would have been the case if they had acted alone.

In this regard, the outcomes - where there has been such a sustained partnership - are indeed interesting. UNOPAC has facilitated rebuilding programs, and the emergence of new economic activities in Cayambe; COCLA and CORACA have facilitated the emergence of new agricultural product markets; OSGs in the Ecuadorian municipality of Guamote have helped turn it into one of the most interesting experiments in municipal governance in Ecuador,⁵³ and so on.

Building and sustaining such partnerships requires sensitivity, dedication and above all flexibility – the absence of one or other of these qualities has led to the rupture of several relationships in the cases studied. This implies that donors must design flexible instruments and be open to the possibility of change in the course of a project. This may mean being open to supporting new partnerships and relationships even where they were not initially identified in project documents.

⁵⁰ A recent example of this was the way in which a study of local level institutions in Indonesia became the input to a new social investment project that - *inter alia* - is a mechanism for building such relationships between community organizations and district government (Guggenheim, pers. com., 1998, 1999).

⁵¹ The acute rural violence in Peru during the 1980s and early 1990s also clearly weakened organizations as both the guerrilla movement and government often viewed these organizations with suspicion.

⁵² An accountability which can be exercised as when, for instance, UNORCAC cut ties with the NGO CAAP, and *Jatun Ayllu* with the church.

⁵³ Bebbington and Perreault (1999).

Building intra-organizational capacities

While these partnerships in themselves have been an important mechanism through which federations' internal capacities have been built, we would also emphasize the importance of building technical expertise inside the federation to do well what it aims to do - for effectiveness elicits trust and legitimacy, as well as impact. This is perhaps especially important in those activities linked to social enterprise or financial management, but also to natural resource management - for instance irrigation management. COCLA, CORACA and others have all benefited from a long period of investment in this internal management capacity. While the resources implied are relatively modest, they need to be invested over an extended period of time.

One of the mechanisms through which an external intervention might build social capital is through use of credit relationships among individuals and between them and their organizations. While most NGOs (and government programs) have preferred to use grants, one of the most successful institution building NGOs in the Andes, the Fondo Ecuatoriano Populorum Progressio (FEPP) has long committed to using credit in its relationships with *campesino* organizations, as well as encouraging the federations to use credit in relating to their members.

A Final Note

Federations of community based organizations have an important role to play as agents of development. By providing extra-community linkages, and access to other sources of power and resources, they overcome the limitations of community based approaches that focus on community level organizations. They exist close enough to the community level to foster participatory processes of change. Yet as regional organizations they have more power than local groups and have indeed changed, albeit only partly, the political and economic relationships that have disadvantaged indigenous *campesinos* in the Andes for so long.

An analysis of these federations demonstrates the many types of social capital that exist within the rural Andes, and indeed within the federations themselves. Depending on the case, the effects of this social capital can be to include or to exclude, to build bridges or to create divisions. This cautions against any tendency to invoke unitary conceptions of "social capital in the Andes" or to talk generically and romantically about organizations of the rural poor. Yet perhaps the great potential of these federations is not only that they serve as bearers of social capital as an input into development. They also have the potential to *create* social capital in the form of more constructive and bonding relationships among these different parts of the rural population. To the extent that they are successful in doing this, it may be their most important and enduring contribution to a more general empowerment of rural populations and to a change in the deeper structures of economic and social exclusion in the Andes.

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