

Chapter 14

Social Capital and Participation

When you want to know if the plumbing works, ask the occupant.
—Anonymous

THE CONCEPT OF SOCIAL CAPITAL

There is increasing recognition of the importance of social capital, since the original formulation of the notion by Bourdieu and Coleman, and the interest generated by Putnam's work—especially his study of comparative regional governments in Italy (Putnam 1993). The term “social capital” refers to those features of social organization, such as norms and networks, that facilitate the flow of reliable information and coordinated actions in the interests of all members of the group. Voluntary cooperation is easier in a society that has inherited a substantial stock of networks of civic engagements, which foster robust norms of reciprocity and acceptable behavior. Social capital is economically beneficial because the reciprocal and regular interaction of individuals generates three positive external effects: facilitates the transmission of knowledge about the behavior of others, and thus reduces the problem of opportunism; facilitates the transmission of knowledge about technology and markets, and thus reduced market failures in information; and facilitates collective action (Collier 1998.)

The notion of social capital implies that vertical networks, no matter how dense, cannot sustain social trust and cooperation, because they are based on hierarchical control, divergence of interests and thus individual hoarding of information. Instead, horizontal networks based on equality and reciprocity—not only trade associations but also neighborhood groups, cooperatives, sports clubs, etc.—produce regular information exchange and build trust among the members.

Fundamentally, social capital is trust capital. Trust generates the conditions for positive interaction among individuals and is, in turn, fostered

by continued positive interaction. Conversely, the absence of trust greatly increases transaction costs, as individuals are obliged to dedicate resources to collecting information and protecting their property rights. Thus, unlike physical capital, social capital increases as it is used, and diminishes when it is not used.

A community with a high stock of social capital is characterized by cooperation, trust, reciprocity and civic engagement, and the norms of mutual expectations effectively restrain individual opportunism. The civic traditions of a region provide a historical repertoire of the forms of collaboration available to resolve the problems of collective action while fostering the *long-term* interest of each individual as well. Thus, Italian regions with a high stock of social capital are found to be characterized by better governance and livelier economic activity (Putnam 1993.) Examples abound in developing countries as well, such as the rotating credit associations in some African countries (*tondines*), and the striking success of community-based credit and enterprise institutions like the Bangladesh Grameen Bank.

Indicators of trust have been used in many countries (e.g., Colombia) as proxies for the stock of social capital, and research shows that the density of horizontal networks of civic engagement has a positive impact on local economic development, the quality of governance, and the provision of public services. In rural Tanzania, for example, villages with high degrees of participation in village-level social organizations have a higher adjusted income per household than villages with lower stocks of social capital. Other positive effects include an association between social capital and the quality of local schooling. Where parents organize to monitor local schools, school quality is usually enhanced. This effect has been verified in some states of India as well, and elsewhere in the developed and developing world.

Social context and history profoundly affect the effectiveness of institutions. A high accumulated stock of social capital gives a major headstart to countries (and to regions within countries) in improving the quality of government. However, the absence of such tradition is not an irremediable condition. Social capital does require time to build (recall also Douglass North's notion of path dependence, discussed in Chapter 1) but not necessarily centuries. One good generation can suffice to transform the social capital landscape of a country, provided that there is a coherent vision and consistent efforts in that direction.

Specifically for poverty reduction, however, the social capital built among the poor cannot be sustained in the absence of bridges to other organizations and of supporting attitudes in local and higher levels of government.

There is a downside to social capital, as well. When bonds within a network are neither complemented nor kept in check by bridges to other networks, the greater cohesion and trust built *within* one particular group can be used to exclude or even destroy persons outside that group. For example, many communities in Asia have set business networks that increased their social capital but excluded individuals from other groups. (This was one underlying cause of the 1997-1999 Asian economic crisis.) As more extreme examples, organized crime generates profits for the members—partly through the building of “trust among thieves”—while reducing the quality of life and productivity of society at large; military dictatorships usually replace positive social capital with inward-oriented social capital, aimed at preservation and enrichment of the military elite; and so on. Changes in legal environment and economic incentives can also turn positive forms of social capital into negative ones. For example, a weakened legal system and growing profits from drug activities in Colombia turned existing rural community networks away from productive endeavors and toward criminal activities.

An enormously difficult challenge in dealing with the dark side of social capital in multiethnic countries is how to overcome entrenched hostility and pervasive mistrust between groups each characterized by a high degree of *internal* trust, e.g., reconciling Protestants and Catholics in Northern Ireland, Serbs and Albanians in Kosovo, Christians and Muslims in the Moluccas, etc. Indeed, most difficult of all is the situation where social capital within a group is built *through* its repression of others—repression which thus becomes essential for the very survival of the group’s identity.

Consequently, it is a must for the state both to encourage social capital formation within groups and localities *and to* build bridges and linkages between groups and regions. This is possibly the highest task of organized government in any society.

In developing countries and transition economies, the role of aid donors and other external entities in this task can be very helpful or very destructive, depending on whether the assistance nourishes the seeds of social capital and facilitates linkages, or drowns local social capital in top-down initiatives and patron-client relationships.

FOSTERING PARTICIPATION

The Meaning of Participation¹

The role of participation

Participation should be intrinsic to all public programs. This is because of the risk to generate programs divorced from the interests of the people, and because even good programs tend to be more costly and less effective if not designed and implemented with appropriate participation. The need for participation has been propelled by a number of factors: (i) the earlier expansion of the role of the public sector without a commensurate improvement in the mechanisms for the involvement of the people or of users; (ii) the growth of international aid, which has increased the scope and number of central government programs but also widened the distance between the center and the field; and (iii) evidence of recurring failure in public programs on account of their alienation from the intended beneficiaries.

Empowering citizens requires that channels for participation be easily and widely available, and that the citizens have wide access to information on government programs and policies. It also requires that participation be effective, not symbolic or part of a process designed to preempt opposition. Active community involvement is needed as well. Participatory approaches in the public sector are often top-down, and hampered by the lack of adequate processes for enabling bottom up participation or responding to community initiatives.

Participation structures

Citizen participation has been mandated in a number of countries, either under general laws or under specific statutes for particular sectors or levels of government (Box 14.1). These laws have made it obligatory for governments to set up citizen or user advisory boards in a number of areas. Such mandating of participation, however, could make the process mechanical and liable to capture by vested interests unless safeguards are introduced.

Box 14.1 Institutionalizing People's Participation

Political pluralism at the local level has been introduced in many Latin American countries. The federal government of Bolivia passed a law in 1994, commonly known as the law of popular participation. Among other things, it requires the involvement of grass-roots organizations in local decision making. Twenty percent of national revenue is transferred to municipalities for the implementation of public services, according to the needs identified by community organizations in the municipal participatory plan. These community organizations are also assigned the role of proposing and supervising local investment projects in social sectors and in urban and rural development.

India has a legal framework for community participation in local government in the form of ward committees in large urban areas, and legally constituted neighborhood and area development committees. The ward (equal to an electoral constituency) committees are given responsibility for many local functions, along with a budget. The neighborhood committees are similar to the *barangays* (villages) in the Philippines, and include inadequate representation of women and disadvantaged groups. They may be given the responsibility for managing the delivery and maintenance of services in the locality, and running community facilities.

Many developing countries also have legally constituted users' groups for different services such as irrigation, education, and waste collection. The water management associations in the Philippines and other countries show a mature level of group leadership in sharing water, collecting user charges, and influencing public water policy. Village committees for education, health care, distribution of public assistance, social forestry, and the management of common resources exist in many countries and function well.

Care should be taken, however, not to allow legal institutionalization to stifle local initiative. When structures for community management are mandated by government agencies or overregulated, there is a danger of routinizing and devaluing genuine representation and involvement of all sections of community. There is also the risk of capture of these groups by elite interests to the neglect of minorities.

Source: Asian Development Bank country reports; and Fiszbein and Lowland (1999).

Structures for community participation are often devised as part of administrative decentralization, whether established by law or by executive instructions. These structures usually take the form of grass-roots organizations and of the assignment to community groups of local responsibilities, such as utility connections, garbage collection, zoning and building permits, preventive health care, and parks and recreation. Community councils and neighborhood committees have been set up at the submunicipal level in a number of countries. These councils are often given an independent budget and the opportunity to suggest priorities for the overall city budget. Some, such as St. Paul, Minnesota, USA, are authorized to raise additional resources for local schemes.

To avoid a legal structure for the community councils, some countries set up instead a network of local district councils made up of citizens' representatives and voluntary agencies elected by the community. The resident committees can thus more easily build horizontal networks with associations of users such as tenants, health-care users, parents, and interest groups for the handicapped, street children, and other marginal groups, etc. As mentioned earlier, all those networks contribute to build social capital within the community.

Constraints on participation

The biggest challenge to effective participation is usually bureaucratic behavior, which tends to conflict with participatory norms. Impatience with the long gestation period for community mobilization should not lead governments and donor agencies to avoid participation in favor of quick benefits from top-down approaches. Also to be avoided is the use of symbolic or limited participation as window dressing to legitimize faulty policies. Greater responsiveness to community participation calls as well for bureaucratic reorientation and training to motivate the government personnel to work effectively with the local groups.

A constant concern of managers is the loss of control over the project. When the beneficiaries do not want the services offered, or would rather have other services, they do not cooperate. Or, the project may be co-opted by a powerful economic, social, or political group (such that the benefits in a squatter upgrading project, for example, accrue to the landowners rather than the occupants). In politically volatile areas, the attempt to involve community organizations may create social conflicts, which either paralyze the project or cause wider problems.

Closely related to the involvement of citizens in programs and activities that touch their lives directly is the dissemination of public information in such a way that minimizes media distortion, educates the citizens, and promotes their understanding of the basic issues. Use of the right language and sensitivity to the local context are crucial here, as is the development of mechanisms to encourage dialogue rather than confrontation.

Support for civil society organizations, the encouragement of partnerships, and the use of community volunteers should not make governments lose sight of their primary responsibility for providing public services. Alternative delivery systems should not be used as excuses to avoid government's obligation to deliver core services.

Mainstreaming Participation in Government Activities²

Recent approaches to people's participation have shifted from the instrumental objective of improving efficiency and accountability in project implementation, to ensuring participation in definition and design of projects. This approach involves the citizens in the shaping of issues and the design of programs, and emphasizes *ex ante* rather than *ex post* participation. Declining confidence in government institutions in many countries has led citizens to seek more proactive ways to articulate their interests and needs. The original project-focused approach to participation has widened into participation by the people in all stages of program and project planning and implementation and, even in some cases, control of the projects within a defined framework.

Governments are involving the people through various forms of public consultation. Development projects at the city or settlement level with a community participation component include the environmental improvement of slums, such as the Kampung Improvement Program in Indonesia, and rural employment programs in many other Asian countries. In many infrastructure projects, efforts are made to build in the community an understanding of the technical and financial implications of specific options, and the capacity to act on this information (Kessides 1997). Trained community workers and local volunteers have been given a central role in the process. The planning and preparation of investments in slum improvement, housing, low-cost sanitation, and health have incorporated community mobilization and public information campaigns.

The evidence about participation reveals that antipoverty and social development projects that take a participatory approach are more successful than those based on hierarchical structures (United Nations 1997). In the poverty alleviation projects in the Philippines, living conditions improved most significantly in *barangays* (villages) that actively took part in planning and service delivery. In the process, there was increased social acceptability, and the minorities were included in the planning process.

Beyond the managerial benefits, participation can have several major benefits:

- enhances the design of the project by enabling the project designers to take full advantage of knowledge of local technology and other conditions, and adaptation of the project to the social organization;
- enhances program sustainability and cost recovery;
- resource mobilization is facilitated, and the community can be encouraged to contribute labor and materials;
- benefits may be distributed more equitably, although there is the danger of take-over by vested interests;
- can lower information barriers between the public agencies and the people, and induce useful feedback from users of public services;
- it can help increase the use of public goods, e.g., programs for mass literacy, immunization, etc.;
- some community institutions that are developed during project design and implementation may continue to produce benefits even after the project is completed; and
- avoids the negative consequences of not consulting the intended beneficiaries, such as local rejection of sanitation or housing designs, or resistance against cost recovery efforts.

Citizen participation at the community level in different countries shows a type of plateau effect at work. In communities where citizen participation was designed to meet only the minimum requirements of the program, participation fell dramatically as the program ended. By contrast, in communities that had developed a strong internal justification and standards for effective action (including links to local government and NGO involvement), participation continued to grow even after the government program ended.

There is a major concern relating to tension between representative democracy—the notion that governments are elected to decide on behalf of

citizens—and the pressure for more direct public participation in the policy process. Some argue that giving people a direct say in individual decisions renders decision making by elected governments obsolete. Public participation should complement, rather than substitute for, public policy processes and the decisions of elected representatives, and should not be allowed to blur the lines of accountability between ministers, legislature, and public officials. There is also a key concern about the accountability of the participatory groups themselves. It is clearly unacceptable for voluntary pressure groups not accountable to anyone to paralyze decision making by elected government bodies that are directly accountable to the legislature and indirectly accountable to the citizenry.

The guidelines for a number of national programs for poverty reduction attempt to address these concerns by providing a framework for community participation linked to government departments and nongovernmental agencies. Programs in India and the Philippines provide for the participatory identification of families below the poverty line, based on a number of indicators, and decisions on the entitlement of poor families for services (Box 14.2). Similar efforts for convergence are seen in primary education, health care, women's education, sustainable development, and family planning in many countries (Box 14.3).

Box 14.2

Integrated Service Delivery with Community Participation

The urban basic services programs in India and the Philippines, and the Urban Community Development program in Thailand, attempt a comprehensive approach to community-based poverty reduction covering service delivery, community empowerment, and capacity building. In the case of the Philippines, the program uses nongovernment organizations and universities to conduct baseline surveys to identify eligible poor families.

The national and provincial governments in a number of Asian countries incorporate steps to harmonize program guidelines and staff structures for convergent delivery of services, and agreements with neighborhood committees ensure that the activities reflect felt needs, mobilize local support for programs, and lead to sustainable benefits after program completion. The communities are also consulted on the agencies that should implement the programs, and the more capable communities are allowed to take on community contracts for services. Voluntary agencies are involved fully, and form part of the planning and capacity-building exercise at the city or settlement level.

Source: Clarence Schubert 1996.

Box 14.3**Community Participation to Improve School Performance**

Parents and communities in many countries are becoming more involved in the governance of their children's school. A law passed in 1993 in Sri Lanka formed school development boards (SDBs) to promote community participation in school management. Each SDB consists of representatives from the school staff, parents, teachers, and past students, and is chaired by the school principal.

In Mauritius, parent-teacher associations have been so successful that government funds are being used to strengthen the partnership further.

Bangladesh's social mobilization campaign, which involves the community in education, has revived school management committees throughout the country.

However, effective involvement in school governance does not come easily. Training is often required, and can be effective, both in literate communities, such as in New Zealand, and in relatively less literate ones, as in parts of Uganda. Action Aid in Uganda is providing community training in two districts for parent-teacher associations and school management committees.

Source: Campos and Pradhan (1996).

Often, a project involving community participation in one area can expand into other areas. For example, starting with a low-cost sewerage program, the Orangi Pilot Project in Karachi (Pakistan) eventually expanded to include low-cost housing, basic health and family planning for poor housewives, and women's work centers; supervised credit for small family enterprises; and promoted the upgrading of private schools with poor physical and academic facilities (Shubert 1996).

National citizens' groups in many countries also contribute significantly, but are more representative than participatory. Accordingly, they have not directly involved their members. Group membership based on financial contribution alone is not enough to empower citizens, and by definition tends to exclude groups that cannot pay. On the other hand, local groups are more participatory but have fewer resources to function as an effective lobby on a national level. Once again, the potential for constructive linkages between such groups should be encouraged by governments and explored by the groups themselves.

Community participation succeeds best in a context of vibrant and responsive representative structures in urban and rural areas, as successful urban services projects in Asian countries and the examples of mayors leading community efforts have shown. A responsive and efficient municipal council will not see community efforts as a threat to its influence but as a foundation for building service improvements. Real improvements are most achievable when actors outside government can work with public representatives who have the authority and resources.

Implications for Developing Countries

In any serious participation effort, four factors seem to be essential (Berry et al. in Perry 1989): *effective outreach*, *equal access*, *significant policy impact*, and *enactable policy*. The participation effort therefore needs to be tailored to the specific target population and the problem at hand, provide a realistic opportunity for large numbers of the target population to participate, and make it available to all citizens on an equal basis. To be more than symbolic, participation should have a significant impact on final policy decisions. Finally, the participatory effort must be capable of being expressed through an enactable government program, such as the distribution of funds for projects, or the implementation of regulations affecting the environment.

These criteria lead to certain conclusions. The existence of traditional forms of community participation makes it easier to build on them for new efforts for participation. The public activity should be designed flexibly to accommodate existing organizations, as opposed to the conventional approach whereby outside consultants provide inflexible blueprints. It is essential to identify and promote community leadership, especially from traditionally excluded groups, with the help of the decentralized elected local structures. Most successful urban participation efforts are built on representative neighborhoods, and the informal power of the community to influence the formal decision-making hierarchy.

Programs that involve citizens early in the decision process, rather than only for implementation after the project structure and guidelines have been decided, will be perceived as more fair and credible by the people. Another crucial need is the gradual inclusion of traditionally excluded groups such as women and the disadvantaged.

Effective citizens' participation does not come easy to communities that lack management skills, ethnic discrimination, and poor access to information. Community groups and local government personnel must be trained to develop their skills and attitudes, as mentioned in Chapter 12. Some projects for urban basic services include such training, and local school committees have gone through community-level training. Special subsidies have been provided to assist in the development of citizens' groups in some countries, and others help disadvantaged citizens' groups get relevant information on public issues.

There are, of course, costs to participation as well, at least in the short term: delays in project start-up; increased staff requirements and delays in implementation; and the inability of communities to organize themselves for participation. Moreover, incentive structures do not typically reward public officials for encouraging community involvement; local officials could also derail citizens' participation, or the project could be co-opted by powerful local vested interests under the guise of participation; and without effective outreach participation can reinforce gender, caste, and ethnic discrimination.

Greater community participation also requires political commitment and political support, and the embedding of participation in the political culture. When citizens believe that the officials and leaders are willing to inform, listen, and negotiate with them, it becomes easier to persuade them to become involved.

ENABLING PARTNERSHIPS³

Benefits of Partnerships

Partnership broadens the range and deepens the base of participation. Instead of viewing social capital exclusively within the group (usually within small communities), and in isolation from the state, partnerships address the relationship between groups and between the state and society. Partnerships can arise from the joint initiatives of government agencies, in conjunction with the private profit sector, nonprofit and voluntary agencies, civil society associations, and community organizations. Public agencies entering into partnerships include nonministerial bodies and state-owned enterprises. Within a partnership, each actor contributes resources (financial, human, technological) and soft inputs like information and organizational support, and shares in decision making and implementation on the basis of mutual agreement.

Partnerships may be mandated or voluntary. An example of a mandated partnership would be the citywide partnership of government and nongovernment agencies in the urban basic services programs in India and the Philippines, or the sustainable cities program in a number of African and Asian cities. A nonmandated or voluntary partnership would be achieved when community organizations or user bodies form a network, with or without the mediation of a voluntary agency, and then subsume other actors in the city or region. Partnership can be permanent or for a specific project.

Partnerships help build social capital in two ways. They can strengthen the organization and skills of individual stakeholders, their capacity to work together, and the confidence that the relationships will endure, based on the recognition of successful outcomes. Secondly, the learning process for the partners helps to break down barriers and creates trust. (Community monitoring to prevent capture by vested interests or the exclusion of marginal groups is, of course, a prerequisite.) The key to successful partnerships is not only establishing links to specific groups, but putting in place legitimate processes for local decision making about management and resources.

A good partnership must first deliver the services for which it was set up, and to do so with a modicum of efficiency. However, it should also be based on effective structures of accountability to ensure that the beneficiaries have a hand in shaping the project. In addition, government-community partnerships should be partly judged by the extent to which they give voice to marginalized and minority groups. For example, a partnership project for rural water supply may be accountable in terms of access to information, review processes, and key decisions by the village council, and may ensure timely service at low cost. But if it does not address issues of distribution and a fair share of benefits to weaker groups, it cannot be considered successful, and certainly not for poverty reduction.

The benefits of partnership can be measured in terms of the new resources that the partners bring in, or more effective use of existing public resources, or greater resource, or the impact on building human and social capital (Box 14.4).

Box 14.4**The Nadi Social Development Program in Malaysia**

In the 1970s, the resettlement of squatters in Kuala Lumpur gave rise to a series of public-sector and community initiatives. The Nadi (Malaysian for “pulse”) Social Development Program, which began in 1980, used an approach that was community-based, and involved interagency resource sharing. Agency programs reflected the new emphasis on the urban poor and community-scale operations.

The Social Development Division in the Federal administration became the focus of coordination of more than a dozen ministries and departments. The program worked through action committees operating in conjunction with local community leaders and organizations. The area-wide and client-oriented approach has required a reorientation in the structure and style of public-sector effort. The program has enhanced the quantity and quality of power supply, community health care, community centers, and vocational training. It shows how the government, with limited resources and staff, can provide services by coordinating various agencies and fostering organized community representation.

Source: United Nations Center for Human Settlements (1990).

In good partnerships, everybody gains. Trust and concerted effort by stakeholders helps each one to become more effective. The partners can then expand the area of activity and induct more people in a kind of multiplier effect. Private business benefits, too, from a better social image and increased worker support. Government agencies gain public credibility, and benefit from the social mobilization of the people for public goods like health and education and the extension of services to previously unserved areas in cost-effective and sustainable ways. The employees of the local government acquire new skills in working with the community. For poor people and grass-roots organizations, the experience of working with public and private agencies enhances their capacity to expand in other areas. (For example, a network of dairy cooperatives in Indian villages formed to help in milk collection and processing resulted in vastly improved sales, allowing the cooperatives to expand into many other areas of rural development, including literacy and health improvement.) The consumers can link up with consumer movements and form associations at the local and national levels to advocate consumer protection laws, e.g., those that prevent the sale of unsafe items.

The initiative to form partnerships need not always involve government. Community organizations, such as committees of slum dwellers or women's groups, could unite at the city level for advocacy and mutual support. They could also form networks with community organizations in other cities, as has been done in a number of Asian countries. NGOs and public institutions can facilitate the formation of these networks by providing information, training, and links to financial institutions, business, media, trade unions, and even international NGOs.

Co-production and Volunteer Work

Co-production means shared responsibility of government agencies and citizens groups in the design and implementation of services. The services at the local level could also be contracted out, as discussed in Chapter 13. Co-production helps to expand the scope of public services, to bridge gaps in provision, and to increase the responsiveness of government. It has been used to expand day-care services and to promote one-on-one literacy programs and family planning, among other support services. More importantly, like the entire concept of participation, co-production promotes responsible citizenship. It should, however, be seen as an effective complement to governmental efforts, rather than as a substitute, partly to reassure local government staff about the security of their jobs and hence to gain their cooperation.

Volunteers devote their time without compensation to assist in providing public services from which they do not benefit. In many countries, a growing elderly population provides a large pool from which to recruit volunteers, and the growth of public involvement has itself nurtured more volunteering. Volunteerism takes many forms; volunteers range from firefighters to old people assistance, participants in resident welfare organizations, etc.

Volunteers work in large numbers in the nonprofit sector (Chapter 15), but are also used directly in social mobilization or social service delivery programs of governments in many countries. In many provinces in India, retired professionals and civil servants donate their time to adult literacy programs, and for assisting rural elected councils in planning funding needs. The use of volunteers brings many of the gains possible with co-production, especially increased service levels at little additional cost to government. Also, the dedication of the volunteers can have a beneficial demonstration effect on the regular employees in the government organization.

To achieve these gains, however, managers must carefully structure and plan volunteer programs. They must ensure that the positions filled by volunteers complement rather than compete with regular positions; that the volunteers have the necessary skills; and that reasonable employee worries about volunteer involvement are resolved in time and the results communicated to the employees. Training must also be provided to volunteers to enable them to perform their roles adequately, such as the training given to local resource persons in India.

Role of Business and Local Leadership

Business can contribute to effective partnerships by management training for micro-enterprises, NGOs, and local authorities; employee volunteer programs; support for community projects; and cooperation with both government and nongovernment agencies in social development and environmental management.

There are good examples of private companies joining forces to mobilize local skills and resources, or to support specific activities related to education, health, environmental management, or slum improvement. Among these examples are the Brazilian coalition for child-friendly companies, the Jamaican coalition for access to information technology, and private encouragement of employee volunteerism in Colombia and Mexico.

Studies show that the towns that provide more efficient services are those where private business played a direct positive role in political life (as in the cities of Anand and Manipal in India). In developed countries, private business associations such as the Paris Chamber of Commerce can also perform a constructive role in partnerships for better service delivery (Box 14.5).

The creation of collaborative networks between business, government, education, and the community can sometimes generate a new type of leader, the *civic entrepreneur*, who combine entrepreneurship and civic virtue, and link community competencies with economic interests.⁴ They are neither opportunists nor philanthropists, but contribute time and talent to strengthen their communities. Civic entrepreneurs should be encouraged by being accorded recognition and opportunities for collaboration.

Box 14.5

The Paris Chamber of Commerce and Industry

The Paris Chamber of Commerce and Industry (CCIP) is a public corporation governed by a law of 1898. It was founded by Napoleon Bonaparte in 1803 to replace the old merchant corporations in Paris.

CCIP exists to:

- represent and defend the interests of all companies, trade, industry, and services before public authorities;
- train future technicians, managers and executives, and all working men and women;
- inform and advise companies on legal, social, fiscal, commercial and international issues, and support them at all stages of their development; and
- help in urban planning and infrastructure development in Paris and its region.

Funding for CCIP comes from the tax levied on companies and professionals in the district, operating revenues, and a mandatory tax on training levied on all companies. There are about 4,000 employees, 62 percent of whom work in educational activities.

Reference was made earlier to the possible resistance from local political leaders to participatory processes. In the building of partnership and trust, the elected local leaders can play a major role, as case studies of innovative mayors and public participation in a number of cities have shown.⁵ Mayors can champion the delivery of better services and mobilize public participation if the laws provide for predictability of tenure, real executive powers, and adequate revenue for local governments. A similar role can be taken by political leaders in district development councils in countries like India.

Role of Donor Agencies

Donor agencies should work together with governments to:

- identify pockets of social capital, and support them or at least take care not to destroy them through ill-considered assistance;
- use local-level participation to help design and deliver projects to the extent appropriate in each project. For example, a cooperative credit system may function more smoothly among women, who already

have traditional relationships and a history of working together to reach common goals;

- create an environment that enables social capital to thrive, by providing infrastructure to help people to communicate better, and promoting the rule of law;
- invest in social capital, directly and indirectly, through participatory project design and implementation, and through cross-sector partnerships for development;
- bring to the attention of governments the good and the bad experiences with participation in other countries; and
- facilitate positive linkages between different groups.

Nevertheless, in conclusion, neither constructive external assistance nor civil organizations can be responsible for effective and responsive delivery of public services. Active participation should not cause governments to lose sight of their responsibility to do so, or lead society to loosen up on holding government accountable.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

The effectiveness of government and the vitality of the economy depend to a great extent on society's stock of *social capital*. Social capital refers to the reservoir of trust and cooperation habits that are generated by the functioning of voluntary networks of reciprocity—from trading associations to cooperatives, sports clubs, etc. Social capital is economically beneficial as it facilitates the transmission of information about others' behavior and about technology and markets, thus lowering transaction costs and encouraging collective action. A well-known example is the success of community-based microcredit, such as that provided by the Grameen Bank in Bangladesh.

Unlike physical capital, social capital grows the more it is used. However, the more greater cohesion within one group is used to the detriment of others, the impact on society as a whole may be negative, especially in religiously or ethnically diverse countries. Therefore, it is important for government not only to encourage networks of cooperation among citizens but also to foster positive linkages between different networks.

Government activities require the *participation* of stakeholders to succeed. Until recently, participation was conceived narrowly as feedback from public program beneficiaries to help in the implementation of the program. This remains an important component of participation, but the concept has expanded to include participation in the upstream phases of project selection and design. True synergy between government activity and citizens' involvement is achieved when the intended beneficiaries are encouraged to participate in choosing the activity and designing it, in addition to cooperating in its implementation and signaling problems or possibilities for improvement. A badly designed project cannot be implemented well, and strict implementation of a well-designed program that does not address the real needs of the intended beneficiaries is not a great advantage.

A variety of participatory structures and approaches have been developed in different countries, with some success in improving administrative effectiveness and reducing poverty. Care must be taken, however, to prevent participation from undercutting the responsibility of representative government and weakening its accountability. In addition, the participatory groups themselves should be accountable in some explicit and transparent form. Finally, it is essential to avoid the risk of "capture" by powerful elites, and to ensure that the poor and marginal groups are effectively included in the participation and feedback mechanisms.

The scope and range of participation can be enhanced by *partnership* between government agencies and civil society. Such partnerships go beyond the micro aspect of participation and address also the relationship between groups, thus helping to build social capital for society as a whole. A good public-private partnership must not only deliver the program or service efficiently in the first place, but also enable the beneficiaries to shape the project, and give voice to marginalized groups and minority interests. Private business, too, can contribute to successful partnerships for public service delivery and the development of social capital. Once again, it is important to protect against the risk that the initiatives only serve as a cover for vested interests or are subject to capture by powerful local groups.

Directions of Improvement

Because social capital, building reciprocal trust from voluntary associations, is important for economic development and effective public administration, governments in developing countries should encourage

voluntary networks of cooperation in all areas. This need not require vast resources. Sometimes, a public signal of encouragement from the government may be enough. Or, government may make simple facilities available to local communities and provide some access to information of common interest—the community groups will do the rest. (This approach resembles the site and services projects, which provide land clearing, road access, and utility connections for industrial zones.) Among the poor, however, voluntary cooperation requires more active government support to become sustainable.

Not all forms of social capital deserve support. Networks of cooperation founded on a principle of exclusion, or of active hostility toward other groups in society, must be guarded against, particularly in ethnically and religiously diverse societies. Also, to avoid eventual divergence between different groups, the spontaneous development of social capital within certain groups should be complemented by deliberate government encouragement and assistance to create linkages and positive interaction between groups.

Developing countries should similarly foster participation by citizens' groups in government programs. Reliable feedback on program implementation from the intended beneficiaries is needed. For this, it is important to provide adequate channels of communication and give sufficient encouragement and protection to "whistle-blowers." At the same time, it is necessary to ensure that the sample is representative of the beneficiary population and does not consist merely of those who respond first or loudest. Affirmative action to elicit feedback from the poor and marginalized groups is also important.

Governments also need to assess carefully the legitimacy of groups claiming rights of participation and make sure they are grassroots-based rather than being creations of special interests, mainly by canvassing local opinion on those groups.

Beyond feedback on program implementation, upstream participation in the selection and design of projects is important. Country circumstances will determine which of a variety of possible approaches is realistic and effective for this purpose. Concerning project and program selection, the first prerequisite for effective participation is a representative and responsive local government, prodded by an active local community. Concerning project and program design, a low-risk, low-cost variant of participation found useful

in many countries is the formation of a “beneficiary review group,” with the mandate to do its best to find fault with the proposed design and send the project back to the drawing board for improvement.

Participation fatigue is often a problem. When participation is undertaken for purely cosmetic reasons or in mechanical ways, or when the feedback is not seriously considered, participation fatigue is a rational response and a visible symptom that the participation approach was insincere or badly conceived. But even with the best intentions, initial enthusiasm in participation may wane if the foundation—social capital—is weak. Hence, social capital formation and participation should be conceived as complementary.

Mainstreaming participation is a long-term affair, which calls among other things for careful piloting. Because of the positive impact of one good participatory activity on others, governments should consult the local communities on the types of low-cost activities for which participatory approaches can be tested. For such sequencing, and in general, governments should follow four principles in their approaches to participation:

- *effective outreach* (tailoring the approach to the target population and the problem at hand);
- *equal access* (making it realistic and equally probable for large numbers of the target population to participate);
- *impact* (linking participation to significant policy decisions); and
- *actionability* (promoting the incorporation of the outcome of participation into actual government programs).

Donor agencies should work together with governments to:

- identify pockets of social capital and support them, or at least take care not to destroy them through ill-considered assistance programs;
- avoid creating patron-client relationships of dependence;
- create an environment that enables social capital to thrive, by providing simple facilities, channels of communication, and the lessons of good and bad experience in participation; and
- invest in social capital formation, directly and indirectly, through participatory project design and implementation and the facilitation of positive interaction between groups.

Nevertheless, active stakeholders' participation should not cause governments to lose sight of their primary responsibility to provide public services, or lead society to loosen up on its task of holding the government accountable for doing so.

NOTES

- ¹ This section has drawn on Bamberger (1986); Berry et al., in Perry (1989); Cernea (1992); Thomas (1995); and internal ADB memoranda and country profiles.
- ² This section has drawn partly on Bamberger (1986); Berry, Portney, and Thomson, in Perry (1989); World Bank (1997); and internal ADB memoranda and country papers.
- ³ This section has drawn partly on Fiszbein and Lowden (1999); Tandler (1997); Mccarney (1999); Berry, Portney, and Thomas, in Perry (1989); and Hino (1999).
- ⁴ Henton et al. (1997).
- ⁵ Campbell (1997).