





PARTICIPATORY DEVELOPMENT RECONSIDERED

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Over the last two decades development policy has touted civic participation as a magic bullet for solving problems at the local level—from improving livelihoods, to selecting beneficiaries for public programs, providing housing after earthquakes and floods, or improving village infrastructure. The thinking is that involving village or urban civic communities in decision making will improve accountability, reduce inequality, and ultimately alleviate poverty.

Note: This article draws heavily on *Localizing Development: Does Participation Work* by Ghazala Mansuri and Vijayendra Rao, forthcoming from the World Bank in 2011.

Over the last decade, the World Bank alone has allocated over \$50 billion dollars to local participatory projects, and other multilateral agencies and bilateral donors have together allocated a great deal more, although specific numbers are hard to come by.

THE SEARCH FOR VOICE AND ACCOUNTABILITY

THE TWO MAIN WAYS of fostering local participation are: *community based development efforts* and the *decentralization of resources and authority to local governments*.

Community Based Development supports efforts to bring villages, urban neighborhoods, or other household groupings into the process of managing development resources without relying on formally constituted local governments. Designs for this type of aid can range from community-based targeting—in which communities select the project beneficiaries—to community-driven development, where beneficiaries are involved to varying degrees in project design and management. Advocates for community development believe that it enhances the capacity for collective action, builds social capital, and strengthens the ability of the poor to have control over decisions that affect their lives. Consequently, it is claimed that community development improves the capacity of beneficiaries to hold local governments accountable thereby empowering the poor, improving the delivery of public services, and increasing access to credit and livelihood opportunities.

Decentralization refers to efforts to create village and municipal govern-

ments, and strengthen them on both the demand and supply sides. On the demand side, decentralization strengthens citizens' participation in local government by, for example, instituting regular elections, improving access to information, and fostering mechanisms for deliberative decision making. On the supply side, it is believed to enhance the ability of local governments to provide services by increasing their financial resources, strengthening the capacity of local officials, and streamlining and rationalizing their administrative functions.

DISILLUSIONMENT WITH PARTICIPATION

UNFORTUNATELY, policy decisions on local participatory development have historically been driven by fads, rather than analysis. Passionate advocates spark a wave of interest followed, after a few years, by disillusionment which gives ammunition to centralizers who engineer a sharp reversal. In time, the negative fallout from centralization invigorates the climate for local participation. There have been, at least, two such waves after World War II and, if current trends continue, we may be in the early stages of another centralizing shift.

Advocates, and the vicissitudes of fashion, are perhaps unavoidable, but they need to be supplemented if not surmounted by a better informed and analytically grounded debate.

A TARNISHED SILVER BULLET

IDEALLY, local development policy should be determined by a thought-

ful, and contextually sensitive, diagnosis of the interrelationship between civil society, markets and government. In particular, it should be informed by an understanding of civil society. Much of the current policy literature, particularly at the local level, seems to ride on the assumption that solutions to market and government failures lie with civic groups—such as village communities, urban neighborhood associations, credit groups, or producer's cooperatives. Rarely, is much thought given to the possibility of a "civil society failure"—that effectively organizing groups of people to act in a way that solves market and government failures is itself subject to problems of coordination, asymmetric information, and pervasive inequity—with attendant problems of capture, free-riding and low capacity.

Civil society failure can be broadly thought of as a situation where collective participation operates in such a manner that it results in a net reduction in social welfare. This could happen because of a group's inability to act collectively. Or collective action could occur in a well-coordinated but dysfunctional manner that reduces the welfare of the average citizen: think of an organized fringe group that uses terror and violence to further its extremist ends at high social cost.

BONDING AND BRIDGING

SUCH FAILURES can be broadly classified into *bonding failures* and *bridging failures*. Bonding failures are internal to the group and have less to do with the state or markets: for instance, when the elite within a village capture public

resources for private gain, when a community is unable to devise equitable and efficient rules for the management of common property, or when group interests degenerate into persistent intergroup violence. Bridging failures occur when citizens are unable to organize themselves to correct for market and government failures that have a direct bearing on their lives: for example, a community's inability to hold service providers and local officials accountable for the quality of public services or resource allocation decisions.

MANY SHAPES AND SIZES

THINKING ABOUT development policy as taking place at the intersection of market, government and civil society failures, helps determine when civic participation may or may not be the best solution. The answers depend heavily on the socioeconomic context since interactions between civil society, markets, and governments are fundamentally conditioned by social structures and histories that vary from community to community, even within a country or region. A policy that works in one village may fail miserably in another. And, perhaps ironically, effective collective action is influenced by a *cooperative infrastructure* that is provided by a strong state. It is not at all clear that strong governments are created by the presence of a strong civil society. Rather, it is a chicken-and-egg problem that does not lend itself to easy answers. Similarly, while empowering civic groups may often lead to good outcomes, it is not true that civic empowerment is superior, in every instance, to a purely market-based development

strategy, or a strategy that strengthens the role of central bureaucrats. So the decision about whether, when, and how to promote local participation should be made with an understanding of the tradeoffs involved in moving decision making to local communities—in a particular country or region of a country, and at a particular time.

This leads to some key questions:

- What makes participation work or fail?
- Do large sums of money for community groups empower the poor, or enrich the elites?
- How can we reduce civic inequality and elite capture?
- How can we strengthen the capacity for collective action and build social capital?

While reliable information on many of these questions is still quite thin, some broad patterns are emerging.

WHAT'S THE EVIDENCE?

DECENTRALIZED POVERTY reduction programs have been only marginally more successful at targeting beneficiaries than centrally managed ones, and there is little evidence that they reduce poverty significantly. However, local public goods such as roads and drinking water facilities provided through participatory mechanisms are often of better quality, and public services, such as schools and community health centers function better. The outcomes vary enormously, however, with the more unequal, poorer, less literate, and more remote communities generally faring much worse. Note that these are precisely the circumstances in which we might expect significant civil society failures.

Nonetheless, there appears to be some intrinsic value to participation: people are generally happier when consulted, which may attest to the transformative role of participation. We can conclude little about this, as yet, since most studies measure change in collective capacity quite poorly. The evidence we do have, shows that participation has little effect on the exercise of *voice* or on community organized collective action outside the participatory proj-

ect. Instead, some evidence points to a decline in collective activities outside the needs of the project.

THE NEWS IS NOT ALL BAD

THIS IS NOT TO SAY that there are no instances of success, far from it. However, successful cases tend to bring together a set of conditions, whether through deliberate and thoughtful policy and

design or simple good fortune, that are not the norm for most participatory development projects. Often these are cases where community capacity, as measured by education levels and management experience, for example, is high, inequality and absolute poverty levels are low and government functions reasonably well. This is hardly surprising. In most developing countries, lower tiers of government have much less administrative or monitoring capac-



Community at Shreeshitalacom Lower Secondary School in Kaski, Nepal.

ity and communities most in need of development programs are also likely to be the least advantaged in terms of resources and capacity. Inequalities of wealth and power are also likely to be more salient at the local level. Theory suggests that decentralizing resource allocation under such conditions can reduce resource use efficiency, exacerbate horizontal inequities, and increase rent-seeking by the locally powerful.

PROGRAMS FAIL BECAUSE...

- Capture and corruption by local elites is commonplace, whether participatory projects operate within or outside the ambit of local governments.
- Cookie-cutter rules like community cofinancing are made into central tenets of participation. Community willingness to contribute to projects has long been seen as evidence of the value that the poor place on specific public goods and services, as well as a signal of sustainability. Most decentralized programs also require local cofinancing, whether through user fees and project contributions or budget allocations by local governments. This has little basis in evidence, however. What little evidence we do have, suggests instead that cofinancing can reduce coverage of the poorest, particularly when individuals or communities need to self-select into the program, or when eligibility thresholds are also decentralized. The proportionally greater financial burden placed on poorer localities, communities, and individuals can also serve to exacerbate horizontal inequities, in

so far as otherwise equally poor individuals or communities get lower levels of benefits simply because they reside in poorer areas. Communities often have little capacity to ensure bottom up accountability.

- Local government officials often have less experience than the center with managing resources, and tend to have weaker administrative capacity; and not surprisingly, poorer areas also tend to have weaker local governments.
- Community participation projects require more documentation and adherence to rules imposed from the outside. These can be challenging for communities with low literacy levels.
- They require the ability to evaluate budgets and monitor the actions of local elites, service providers and political agents, all of whom have a far greater capacity to conceal information or to coerce compliance. One could argue that the design of participatory programs makes at least some elite involvement, if not elite dominance, inevitable.

Donor funded participatory projects also come with *best practice* designs, accompanied by unrealistic timelines and cookie cutter metrics of success, which often serve only to reduce accountability and stifle innovation and experimentation. These problems are greater when project implementers are also weak, operate outside the ambit of government oversight, and face little political competition at the local level. In such cases, dependence on donor funds makes implementing agencies upwardly accountable to their financiers rather than downwardly accountable to the communities they serve. This can also

lead to some communities being overserved to the neglect of others since short timelines induce implementers to funnel resources to communities which have already been organized, have better capacity, are located more conveniently, and so forth.

PROGRAMS SUCCEED BECAUSE...

SO WHEN DOES localizing development work? The evidence suggests that decentralized outcomes are most pro-poor when:

- Mechanisms for downward accountability have been well thought out and have teeth.
- There is a strong center capable of setting eligibility criteria, building local capacity, as needed, and effectively monitoring local resource allocation decisions.
- Projects emerge from local experimentation and innovation rather than *best practice* implants.
- Efforts are made to activate civic society by creating incentives, such as audits and performance-based rewards, or by building the community's capacity to observe and sanction through the provision of information or training, particularly where inequities are entrenched. □

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