

CHAPTER 2. WHAT IS EMPOWERMENT?

WDR 2000/2001 and the Voices of the Poor study establish that across very different social, cultural, economic, and political contexts, the common elements that underlie poor people's exclusion are voicelessness and powerlessness. Confronted with unequal power relations, poor people are unable to influence or negotiate better terms for themselves with traders, financiers, governments, and civil society. This severely constrains their capability to build their assets and rise out of poverty. Dependent on others for their survival, poor women and men also frequently find it impossible to prevent violations of dignity, respect, and cultural identity.

This chapter first sets forth a definition of empowerment and then identifies four elements that appear—singly or in combination—in most successful attempts to empower poor people. Drawing on these elements, it then diagrams a conceptual framework that focuses on institutional reform to invest in poor people's assets and capabilities, leading to improved development outcomes. Finally, the chapter discusses how empowerment approaches vary by context.

1. Defining Empowerment

The term empowerment has different meanings in different sociocultural and political contexts, and does not translate easily into all languages. An exploration of local terms associated with empowerment around the world always leads to lively discussion. These terms include self-strength, control, self-power, self-reliance, own choice, life of dignity in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability—to mention only a few. These definitions are embedded in local value and belief systems.

Empowerment is of intrinsic value; it also has instrumental value. Empowerment is relevant at the individual and collective level, and can be economic, social, or political. The term can be used to characterize relations within households or between poor people and other actors at the global level. There are important gender differences in the causes, forms, and consequences of empowerment or disempowerment. Hence, there are obviously many possible definitions of empowerment, including rights-based definitions.²³

²³ A review of definitions of empowerment reveals both diversity and commonality. Most definitions focus on issues of gaining power and control over decisions and resources that determine the quality of one's life. Most also take into account structural inequalities that affect entire social groups rather than focus only on individual characteristics. The UNICEF Women's Equality and Empowerment Framework emphasizes women's access, awareness of causes of inequality, capacity to direct one's own interests, and taking control and action to overcome obstacles to reducing structural inequality (UNICEF 2001). The United Nations Development Programme's Gender Empowerment Measure focuses on inequalities in economic and political participation and decision-making power and power over economic resources (UNDP 1995). Other writers explore empowerment at different levels: personal, involving a sense of self-confidence and capacity; relational, implying ability to negotiate and influence relationship and decisions; and collective (Rowlands

In its broadest sense, empowerment is the expansion of freedom of choice and action. It means increasing one's authority and control over the resources and decisions that affect one's life. As people exercise real choice, they gain increased control over their lives. Poor people's choices are extremely limited, both by their lack of assets and by their powerlessness to negotiate better terms for themselves with a range of institutions, both formal and informal. Since powerlessness is embedded in the nature of institutional relations, in the context of poverty reduction an institutional definition of empowerment is appropriate. This also helps draw out the relevance to Bank operations.

Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.

a. Poor People's Assets and Capabilities

Poor women and men need a range of assets and capabilities to increase their wellbeing and security, as well as their self-confidence, so they can negotiate with those more powerful. Because poverty is multidimensional, so are these assets and capabilities.

“Assets” refers to material assets, both physical and financial. Such assets—including land, housing, livestock, savings, and jewelry—enable people to withstand shocks and expand their horizon of choices. The extreme limitation of poor people's physical and financial assets severely constrains their capacity to negotiate fair deals for themselves and increases their vulnerability.

Capabilities, on the other hand, are inherent in people and enable them to use their assets in different ways to increase their wellbeing. Human capabilities include good health, education, and production or other life-enhancing skills. Social capabilities include social belonging, leadership, relations of trust, a sense of identity, values that give meaning to life, and the capacity to organize. Political capability includes the capacity to represent oneself or others, access information, form associations, and participate in the political life of a community or country.

Assets and capabilities can be *individual* or *collective*. Given lack of voice and power and deeply entrenched social barriers, even in many formal democracies, poor people are often unable to take advantage of opportunities to invest in their assets or exercise their individual rights.

1997). The definition used by the International Fund for Agricultural Development includes both access to productive resources and the capacity to participate in decisions that affect the least privileged (Popular Coalition to Eradicate Hunger and Poverty 1995). In an extensive exploration of the term empowerment, Kabeer (1999, 2001) focuses on three dimensions that define the capacity to exercise strategic life choices: access to resources, agency, and outcomes. Amartya Sen (1985, 1999) has written extensively on the importance of substantive freedoms and the individual freedom to choose and achieve different outcomes.

For poor people, the capacity to organize and mobilize to solve problems is a critical *collective* capability that helps them overcome problems of limited resources and marginalization in society. Social capital, the norms and networks that enable collective action, allows poor people to increase their access to resources and economic opportunities, obtain basic services, and participate in local governance. Poor people are often high in “bonding” social capital—close ties and high levels of trust with others like themselves. These close ties help them cope with their poverty. There are important gender differences in social capital.²⁴ Sometimes poor people’s groups establish ties with other groups unlike themselves, creating “bridge” relations to new resources managed by other groups. Traditionally these ties have been unequal, as in patron-client relations. When poor people’s organizations link up or bridge with organizations of the state, civil society, or the private sector, they are able to access additional resources and participate more fully in society.

b. Relationship between Individual and Collective Assets and Capabilities

There is a reciprocal relationship between individual assets and capabilities and the capability to act collectively. This two-way relationship holds true for all groups in society, although the focus here is on poor people. Poor people who are healthy, educated, and secure can contribute more effectively to collective action; at the same time, collective action can improve poor people’s access to quality schools or health clinics. Poor people’s freedom of choice and action can thus be expanded in various ways. Investments in health, education, and life skills are of intrinsic value and can also increase economic returns to the individual. Access to wage employment can increase security. This is not automatic, however, given the social, power, and communication barriers faced by poor people.

Poor people’s organizations, groups, and networks, working with others, can mobilize resources to improve individual health, education, and security of assets. Working through representative organizations, poor people can express their preferences, exercise voice, and hold governments and state service providers accountable for providing quality services in education, health, water, sanitation, agriculture, or other areas. Collective action through poor people’s membership-based organizations can also improve access to business development and financial services, and to new markets where people can buy needed items and sell their produce.

These collective capabilities that allow poor people to mobilize and organize to solve problems have not yet been systematically included in strategies to reduce poverty.

c. Institutional Reform and Empowerment

In an institutional context, empowerment is about changing unequal institutional relationships. Institutions are rules, norms, and patterned behavior that may or may not take organizational form. The institutions that affect poor people’s lives are formal and

²⁴ See Narayan and Shah 2000.

informal. Formal institutions include the laws and rules embedded in state, private sector, and civil society organizations at the local, national, and global levels, as well as international organizations. Informal institutions include, for example, norms of inferior or superior status, expectations of bribes, networks of kin, friends, and neighbors, informal restrictions placed on women inheriting property, or the cluster of practices surrounding treatment of widows.

State policies and the culture of state institutions shape the actions of all other actors: poor men and women, other excluded groups, the private sector, civil society including unions and faith-based organizations, and international agencies. When states are captured by the wealthy and powerful and become mired in a culture of corruption, clientism, exclusion, and discrimination, even well-meaning policies and programs fail to promote investment or reduce poverty. Hence it is important to address the culture, values, and ethics of institutions, since these can defeat formal rules. Findings from *Voices of the Poor* also establish that poor people long for institutions that listen and treat them with respect and dignity, even when these institutions cannot solve any problems.

Poor people are generally excluded from participation in state institutions that make the decisions and administer the resources that affect their lives. This is what leads poor people to conclude, “Nobody hears the poor. It is the rich who are being heard” or “When the rich and poor compete for services, the rich will always get priority.”²⁵ To bring about systemic reform will require changing these unequal institutional relations that reflect a culture of inequality. Changing unequal institutional relations depends in part on top-down measures to improve governance—changes in the laws, procedures, regulations, values, ethics, and incentives that guide the behavior of public officials and the private sector. It also depends crucially on the presence of well-informed and well-organized citizens and poor people. This requires rules and laws and investment of public and private resources to *strengthen the demand side of governance*. These changes can create the conditions that enable poor women and men to exercise their agency.

Intermediate civil society groups have critical roles to play in supporting poor people’s capabilities, translating and interpreting information to them, and helping link them to the state and the private sector. However such groups have to stay vigilant to ensure that they really do represent poor people’s interests and are accountable to them.

The social and cultural context is particularly important for empowerment approaches. Therefore both state reform and efforts to build poor people’s assets and organizational capability must take forms that reflect local norms, values, and behaviors. Empowerment approaches will sometimes be controversial; for instance, local women’s demands for autonomy and equal access to resources may run up against cultural norms of female exclusion. Reform processes must always try to build on cultural strengths to overcome exclusionary barriers and bring about pro-poor change.

²⁵ Narayan with others 2000.

d. No Single Model for Empowerment

Institutional strategies to empower poor people will necessarily vary. Strategies to enable poor women to inherit property will differ from strategies to make local schools accountable to parents or to have poor people's concerns reflected in national budgets. Each of these in turn will vary depending on the political, institutional, cultural, and social context. Strategies also evolve and change over time in any given context. With time, there is generally a movement away from reliance on informal mechanisms toward formal mechanisms, and from direct and more time-intensive forms of participation toward indirect forms of participation. The latter include market mechanisms and paying fees for services rather than co-management.

The challenge, then, is to identify *key elements of empowerment* that recur consistently across social, institutional, and political contexts. Institutional design must then focus on incorporating these elements or principles of empowerment.

2. Four Elements of Empowerment

There are thousands of examples of empowerment strategies that have been initiated by poor people themselves and by governments, civil society, and the private sector. Successful efforts to empower poor people, increasing their freedom of choice and action in different contexts, often share four elements:

- Access to information
- Inclusion and participation
- Accountability
- Local organizational capacity.

While these four elements are discussed separately below, they are closely intertwined and act in synergy.²⁶ Thus although access to timely information about programs, or about government performance or corruption, is a necessary precondition for action, poor people or citizens more broadly may not take action because there are no institutional mechanisms that demand accountable performance or because the costs of individual action may be too high. Similarly, experience shows that poor people do not participate in activities when they know their participation will make no difference to products being offered or decisions made because there are no mechanisms for holding providers accountable. Even where there are strong local organizations, they may still be disconnected from local governments and the private sector, and lack access to information.

²⁶ A recent survey of public officials in Bolivia shows that municipalities with greater transparency and citizen involvement have greater poverty reduction, and less bribery and job purchase (World Bank 2001g). A detailed analysis of village water and sanitation committees in 45 randomly selected villages in two states in India with Bank-financed water supply and sanitation projects found water system effectiveness to be most strongly linked to transparency of information, followed by ownership, participation, and inclusion (Abhyankar and Iyer 2001; World Bank 2001h).

a. Access to Information

Information is power. Informed citizens are better equipped to take advantage of opportunities, access services, exercise their rights, negotiate effectively, and hold state and nonstate actors accountable. Without information that is relevant, timely, and presented in forms that can be understood, it is impossible for poor people to take effective action. Information dissemination does not stop with the written word, but also includes group discussions, poetry, storytelling, debates, street theater, and soap operas—among other culturally appropriate forms—and uses a variety of media including radio, television, and the Internet. Laws about rights to information and freedom of the press, particularly local press in local languages, provide the enabling environment for the emergence of informed citizen action. Timely access to information in local languages from independent sources at the local level is particularly important, as more and more countries devolve authority to local government.²⁷

Most investment projects and institutional reform projects, whether at the community level or at the national or global level, underestimate the need for information and underinvest in information disclosure and dissemination.²⁸ Critical areas include information about rules and rights to basic government services, about state and private sector performance, and about financial services, markets, and prices. Information and communications technologies (ICT) can play important roles in connecting poor people to these kinds of information, as well as to each other and to the larger society. Tools and Practices 1 provides some examples of this. Tools and Practices 7 provides detailed examples of information disclosure strategies used in different contexts.

b. Inclusion and Participation

Inclusion focuses on the *who* question: Who is included? Participation addresses the question of *how* they are included and the role they play once included. Inclusion of poor people and other traditionally excluded groups in priority setting and decision making is critical to ensure that limited public resources build on local knowledge and priorities, and to build commitment to change. However, an effort to sustain inclusion and informed participation usually requires changing the rules so as to create space for people to debate issues and participate directly or indirectly in local and national priority setting, budget formation, and delivery of basic services. Participatory decision making is not always harmonious and priorities may be contested, so conflict resolution mechanisms need to be in place to manage disagreements.

²⁷ A study of decentralized governance in the Philippines and Uganda found that the absence of local media and press coverage of local government activities left citizens dependant on local leaders and officials for information. People had more independent information from the media about national government policies and activities than about their local governments. Uninformed people cannot hold governments accountable (Azfar, Kähkönen, and Meagher 2001; World Bank 2001a).

²⁸ A key strategy that has emerged for effective management of local public goods is creation of user groups. However, a recent survey of 2,400 user group members in three Bank-financed natural resource projects in three states in India revealed that approximately two-thirds of members did not attend user group meetings because “information about meetings is not available to group members.” Most members did not know the rules about group finances or how funds were managed or spent (Alsop and others 2001).

Sustaining poor people's participation in societies with deeply entrenched norms of exclusion or in multiethnic societies with a history of conflict is a complex process that requires resources, facilitation, sustained vigilance, and experimentation. The tendency among most government agencies is to revert to centralized decision making, to hold endless public meetings without any impact on policy or resource decisions. Participation then becomes yet another cost imposed on poor people without any returns.

Participation can take different forms. At the local level, depending on the issue, participation may be:

- direct;
- representational, by selecting representatives from membership-based groups and associations;
- political, through elected representatives;
- information-based, with data aggregated and reported directly or through intermediaries to local and national decision makers.
- based on competitive market mechanisms, for example by removing restrictions and other barriers, increasing choice about what people can grow or to whom they can sell, or by payment for services selected and received.

Among the four elements of empowerment, participation of poor people is the most developed in Bank projects and increasingly also in preparation of Bank Country Assistance Strategies (CAS).²⁹ In low-income countries, the process of preparing Poverty Reduction Strategy Papers (PRSP) has opened new opportunities for broad-based participation by poor people, citizens' groups, and private sector groups in national priority setting and policy making.

c. Accountability

Accountability refers to the ability to call public officials, private employers or service providers to account, requiring that they be answerable for their policies, actions and use of funds. Widespread corruption, defined as the abuse of public office for private gain, hurts poor people the most because they are the least likely to have direct access to officials and the least able to use connections to get services; they also have the fewest options to use private services as an alternative.³⁰

²⁹ Studies by the Bank's Operations Evaluation Department establish that participation of poor people in projects increased from 40 percent in 1994 to 70 percent in 1998. In CASs it increased from 24 percent in 1995 to 73 percent in 2000. However, only 12 percent of projects were participatory during implementation and only 9 percent included participatory monitoring and evaluation, a key mechanism to foster accountability to community groups. The most frequently cited internal constraint on higher levels of participation was lack of financial resources (World Bank 2000b).

³⁰ Corruption is a regressive tax on the poor. A study in Ecuador found that as a proportion of their revenue, micro businesses paid four times as much in bribes as did large firms. The bribe cost to poor households was triple the cost to high-income households (Kaufmann, Zoido-Lobaton, and Lee 2000).

There are three main types of accountability mechanisms: political, administrative and public. Political accountability of political parties and representatives is increasingly through elections.³¹ Administrative accountability of government agencies is through internal accountability mechanisms, both horizontal and vertical within and between agencies. Public or social accountability mechanisms hold government agencies accountable to citizens. Citizen action or social accountability can reinforce political and administrative accountability mechanisms.

A range of tools exist to ensure greater accounting to citizens for public actions and outcomes. Access to information by citizens builds pressure for improved governance and accountability, whether in setting priorities for national expenditure, providing access to quality schools, ensuring that roads once financed actually get built, or seeing to it that medicines are actually delivered and available in clinics. Access to laws and impartial justice is also critical to protect the rights of poor people and pro-poor coalitions and to enable them to demand accountability, whether from their governments or from private sector institutions.

Accountability for public resources at all levels can also be ensured through transparent fiscal management and by offering users choice in services. At the community level, for example, this includes giving poor groups choice and the funds to purchase technical assistance from any provider rather than requiring them to accept technical assistance provided by government. Fiscal discipline can be imposed by setting limits and reducing subsidies over time. Contractor accountability is ensured when poor people decide whether the service was delivered as contracted and whether the contractor should be paid. When poor people can hold providers accountable, control and power shifts to them.³²

d. Local Organizational Capacity

Since time immemorial, groups and communities have organized to take care of themselves. Local organizational capacity refers to the ability of people to work together, organize themselves, and mobilize resources to solve problems of common interest. Often outside the reach of formal systems, poor people turn to each other for support and strength to solve their everyday problems. Poor people's organizations are often informal, as in the case of a group of women who lend each other money or rice. They may also be formal, with or without legal registration, as in the case of farmers' groups or neighborhood clubs.

³¹ As part of the PRSP process, parliamentarians in several countries have asked for support in capacity building so as to better discharge their legislative and oversight roles.

³² An incentive analysis of strategies to combat corruption at the local level in the Kecamatan Development Project (KDP) in Indonesia concludes that effective incentives to curb corruption include easy public access to information, particularly financial information, use of local social norms and social institutions to stigmatize misuse and resolve conflicts, and socialization of communities and facilitators to understand their rights and become vigilant agents of anti-corruption. The KDP funds pass through fewer intermediaries with less red tape than elsewhere, and authority and control over resources is given to local communities rather than directly to contractors. On average projects cost 20–30 percent less than other projects (Woodhouse 2002).

Around the world, including in war-torn societies, the capacity of communities to make rational decisions, manage funds, and solve problems is greater than generally assumed.³³

Organized communities are more likely to have their voices heard and their demands met than communities with little organization. Poor people's membership-based organizations may be highly effective in meeting survival needs, but they are constrained by limited resources and technical knowledge. In addition, they often lack bridging and linking social capital, that is, they may not be connected to other groups unlike themselves or to the resources of civil society or the state. It is only when groups connect with each other across communities and form networks or associations—eventually becoming large federations with a regional or national presence—that they begin to influence government decision making and gain collective bargaining power with suppliers of raw materials, buyers, and financiers.

Local organizational capacity is key for development effectiveness.³⁴ Poor people's organizations, associations, federations, networks, and social movements are key players in the institutional landscape. But they are not yet a systematic part of the Bank's analytical or operational work in the public or the private sector or in most sectoral strategies.³⁵ Tools and Practices 9 provides examples of investing in local organizational capacity in community-driven projects. Tools and Practices 13 provides examples of the roles played by poor people's organizations, such as farmers' organizations in rural areas and slum dwellers' associations in urban areas.

³³ An in-depth study of 48 villages across Indonesia found that 38 percent of all community development activities had been initiated by communities themselves without any government involvement. These outperformed government-initiated activities on every outcome measure: extent to which they reached beneficiaries, use of facilities, maintenance, and women's participation. Despite this, there was no linkage between this community capacity and government-initiated community development activities (Chandrakirana 1999; Narayan with others 2000).

³⁴ An analysis of 18 case studies of the best-known large-scale rural development programs across Asia, Africa, and Latin America concludes that a "critical success factor is creating organizational capabilities at local levels that can mobilize and manage resources effectively for the benefit of the many rather than just the few" (Krishna, Uphoff, and Esman 1997). An econometric analysis of 121 rural water supply projects found local organizational capacity to be key in sustainable functioning of water systems (Narayan 1995; Isham, Narayan, and Pritchett 1995). A study in Tanzania found that higher village-level social capital measured by membership in groups of particular characteristics generated higher household incomes (Narayan and Pritchett 1997). In Côte d'Ivoire, when responsibility was shifted from central governments to water user groups, breakdown rates were reduced from 50 to 11 percent and costs fell nearly 70 percent. However, these results were sustained only where well-functioning community organizations existed (Hino 1993).

³⁵ While the language of user groups, self-help groups, and community groups has been incorporated in many Bank-financed projects, the emphasis has been narrowly instrumental, focusing on participation in particular management tasks, which does not necessarily build local organizational capacity. The recent large-scale study on user groups in India, where over 40 percent of Bank-financed investment projects depend upon local organizations such as user groups, is instructive. The authors conclude that although user groups work well in the delivery of project benefits, current strategies do not foster sustainable participation of excluded groups or local ownership. The groups are unlikely to serve as the basis for longer-term local organizations (Alsop and others 2001). The cohort of Bank-financed community-driven projects that give community groups authority and control over resources are more likely to build long-term local organizational capacity. However, evaluations of this capacity are still in the early stages.

3. The Empowerment Framework

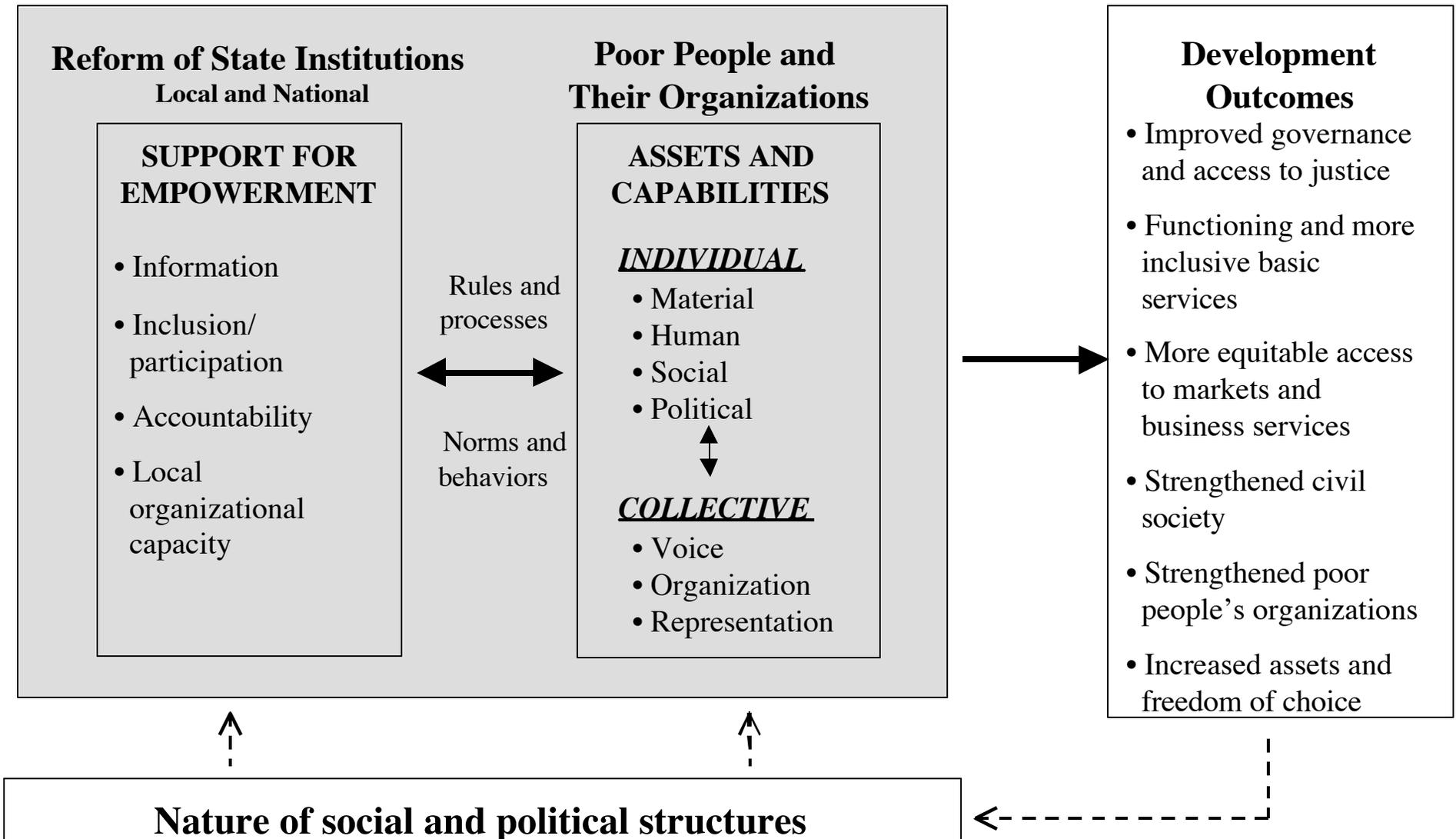
Figure 1 summarizes the empowerment framework outlined above, describing the relationship between institutions, empowerment, and improved development outcomes, particularly for poor people. State reform that supports investments in poor people and their organizations leads to improved development outcomes, including improved governance, better-functioning and more inclusive services, more equitable access to markets, strengthened civil society and poor people's organizations, and increased assets and freedom of choice.

Institutional reform to support empowerment of poor people means changing the relationship between the state and poor people and their organizations. It focuses on investing in poor people's assets and capabilities, both individual capabilities and the collective capacity to organize, to enable them to participate effectively in society and to interact with their governments, so as to strengthen the demand side of governance. State reform, whether at the national, state, or local government level, must focus on laws, rules, institutional mechanisms, values, and behavior that support the four elements of empowerment. Changes in formal rules and regulations must be connected to efforts to enable poor people and other citizens to interact effectively with their governments and monitor governance.

The focus of reform is thus on (a) designing mechanisms to support poor people's access to information, inclusion, and participation; (b) creating social accountability mechanisms; and (c) investing in poor people's organizational capacity to solve problems. Direct participation of poor people and their representatives is not feasible or realistic in every context. Civil society intermediaries such as research institutes, NGOs, and faith-based organizations have important roles to play in carrying poor people's voices to local and national decision makers.

The kind of state reform that is feasible and relevant is conditioned by the country's social and political structures at a particular point in time. Over time, there are feedback loops that affect social and political structures, which then leads to changes in the state mechanisms for supporting empowerment. For example, as the importance of access to information becomes apparent, countries may execute new freedom of information acts and invest in information technology to ease public access to information.

Figure 1. Empowerment Framework



4. Empowerment in Context: Conditions Vary

There is no single model for empowerment and no blueprint for the reforms required. What is possible and appropriate will vary by context. Nevertheless, it is possible to identify major influencing conditions:

- The nature of public action
- Patterns of exclusion and conflict
- The extent of decentralization
- The strength of local-level institutions and civil society, and
- The extent of political freedom

a. Nature of Public Action

Public action can vary from intervention at the local level to broad economy-wide changes. Depending on the nature of the “good” being provided at the local level, either some or all four features of empowerment will be important. If the provision of a public service or action at the local level is based on co-management with local communities, for example in rural water supply or elementary education, all four principles including local organizational capacity become important. If, on the other hand, the service is government-managed and either requires few ongoing management inputs or is based on a fee for service, then institutional mechanisms to disseminate information to enable inclusion and downward accountability mechanisms may be sufficient.

If the public action is sector-wide or economy-wide, the most useful strategy is a process of consultation and debate to inform decision making, followed by information dissemination about the decision and institutionalized mechanisms for feedback from poor people and other citizens on the impact of policies. Ongoing and continuous participation may be inappropriate in most such cases.

b. Patterns of Social Exclusion and Conflict

All societies are stratified to a greater or lesser extent. When social cleavages are deep and systemic, access to services and opportunities is determined not by individual characteristics but by social structures and a culture of inequality that discriminate against or exclude entire social groups. The more powerful social groups control the entry and exit options of those excluded from full participation in social, economic, and political life at the community and national levels. In Latin America, for example, many people of indigenous or African descent continue to be excluded and discriminated against by the dominant culture, and they remain poor. In other places exclusion is based on caste, race, religion, or ethnicity, or on educational or economic distinctions. Gender is often a basis of exclusion.

Understanding patterns of social exclusion and the culture supporting exclusion is critical in making informed policy choices, as well as in designing interventions. The first step is

making exclusion visible by gathering poverty statistics disaggregated by social group. Efforts to address exclusion may require changes in laws, rules, and regulations to remove discriminatory barriers. Additionally, to enable previously excluded groups to take advantage of new opportunities to participate, it may be necessary to invest in the capabilities of these groups in ways that they value.

When societies are affected by conflict, the history of that conflict will condition the nature of intervention. Of the 47 countries included in the Heavily Indebted Poor Countries debt initiative, 20 (43 percent) are conflict-affected. In the last decade alone, 90 new conflicts, largely intrastate in nature, have erupted worldwide.³⁶ If a conflict is based on social exclusion, then reconciliation, peace, and nation building must include actions to develop “bridging” social capital that increases interaction over time between previously warring social groups.

c. Extent of Decentralization

The idea behind decentralization is that moving decision making closer to people will lead to better public decisions that reflect local priorities. It is possible for community members to participate in local governance in countries that have devolved authority, resources, and decision making to lower levels of government and political bodies. However, decentralization is unlikely to lead to improved governance and greater equity if it does not reach down into communities, enable informed input into public decisions, and provide incentives to local governments to empower local communities and be accountable to their input.

In highly centralized countries, community-driven demonstration projects can help establish the credibility of local groups to manage resources and develop their communities. However, these experiences should be closely monitored, and results should be evaluated and disseminated to inform national policies aimed at creating decentralized governance structures appropriate to that country.

d. Strength of Local-Level Institutions and Civil Society

Interventions at the local level require local-level groups that include or represent poor people’s interests. This in turn requires understanding local-level institutions, their leadership patterns, their activities, and their outreach. Such institutions tend not to be registered or to have formal status. When history, politics, war, migration, or policies have eroded local-level institutions and poor people’s organizations, strategies that presume strong local organizations will not work without investment in these organizations over a period of time. Emergence of invisible and dormant local-level institutions can be encouraged by changes in legislative and administrative rules and regulations that allow these groups to access resources, including information.

³⁶ For more information and a useful typology of conflict and phases of conflict, see von Meijenfeldt 2001.

Civil society institutions, from research institutes to parliaments to labor unions, are important intermediaries and actors in the domain of public action. Rules and regulations may limit their activities, their access to financing, their ability to associate, their access to information, and their independence. In certain contexts, changing the overall rules and regulations that influence the strength of civil society may be more productive than other interventions.

e. Extent of Political Freedom

It is important to understand the political context in order to develop strategies that work. Political freedoms—particularly freedom of information, a free press, freedom of speech and public debate, freedom to form associations and unions, and equal access to justice—condition the institutional reform that is feasible. In an environment where these freedoms are limited, three strategies are possible. The first is to establish pilot projects as special enclaves in which to test out what works; however, scaling up is only feasible when the enabling environment changes. The second is to establish transparency and free flow of information to the public and downward accountability mechanisms, at least in Bank-financed projects, to ensure effective use of funds. The third, which may be the most appropriate entry point, is to enlarge freedom in economic decisions and activities of producers, buyers, and sellers.