

Self-help Development for Welfare Provision, the People Inputs in Participation

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Abstract. *The present paper is about people's participation in the provision of service for poverty relief. It presents some preliminary conclusions of the first year of research activities within the project "Participación Popular en el Desarrollo Social" ("People's Participation in Social Development") currently being carried out at the Centro de Investigación en Ciencia Política y Administración Pública of the Facultad de Ciencias Políticas y Administración Pública of the UAEM. As part of a larger research project, the paper focuses on the study of self-help organisations. It analyses the fate of self-help organisations after they are considered as having reached "maturity", i. e. as being capable of developing without the interference of an outside agent. An attempt is made to assess the development of self-help organisations after withdrawal of the outside agent (NGOs or government agencies), and the implications of this development for community development, specifically in terms of service provision for poverty relief. The research project is based principally on E. Ostrom and E. A. Brett's work on institutional design for assessing the institutional framework and the sociodynamics of choice for service provision, i. e. why and how people chose to participate in the provision of service.*

Introduction

After government and market failures in rural poverty alleviation the participation of the stakeholders in their own development was seen as not only as a feasible but also desirable alternative. Self-help participatory development appeared as a solution to providing for the poor. It became very appropriate in terms of policy making because it was a "meeting point" between those ideologies from the "libertarian" left (much influenced by the work of Freire (1972) and Chambers (1984)) and those more conservative traditions coming

from the analysis of scarce resource administration, taxation and free enterprise. The perspectives coincided on organised "self-help units", people's organisations for self-reliance (i.e., grassroots level), as the better mechanisms for institutional building for development. The participatory approach spread widely all over the Third world as an instrument for poverty alleviation. The *Panchayats* in India and Nepal, *Ujaamas* in Tanzania, *Zanjeiras* in the Philippines and *Comités* in Mexico became renown as models of people's participation in development. Soon the approach became 'The policy' to be followed. NGOs appearance in the international scene of development reinforce the use and practice of "people's participation". More recently the World Bank and other financing bodies tightened their grants to the inclusion of beneficiaries' participation in policy making and project implementation. It is expected that groups of beneficiaries working for their own development, i.e. self-help groups, will break dependency from government and/or NGOs and soon become authors and actors of their own wealth. It is expected that they will become more empowered and will develop organisational and managerial skills that will make them capable to generate their own development.

However, despite the widespread use of the "participatory approach" to development we still do not know much about how it works and mainly about its impact in the development of the very poor. There is very little research on how people participate, how they organise themselves, and particularly how they influence their own

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process of development. This paper intends to explore what happens to self-help groups working for community development, specifically to those that have been considered as "mature" by the participation promoting agency (government or NGOs), once this agency retires. We will focus on this area by looking how organised groups of beneficiaries working for community development become themselves an input to the development process. We propose here an analytical framework for analysing the sociodynamics of beneficiaries' groups within community development.

This paper presents some of the preliminary conclusions of the first year of research within the project "*Participación Popular en el Desarrollo Social*" (People's Participation in Social Development) currently being undertaken at the Centro de Estudios Avanzados en Ciencia Política y Administración Pública of the Facultad de Ciencias Políticas y Administración Pública of the UAEM.

In the next part of this paper we present a general review of the different approaches to people's participation, here we present an overview of our own approach and the major premises on which this paper is based. In the second part we build on our premises and discuss them explaining our analytical framework. Finally we present some of our conclusions about what we see as limitations of the participatory approach, particularly for service provision. Here we pinpoint some of, what we believe, are the major areas in which research needs to be undertaken.

The analytical framework presented here is the result of both theoretical reflection on the constraints to community development and of participant observation of self-help groups based in three communities of the State of Mexico.

I. The participatory approach

1. The different perspectives

Much ink has been used to analyse this approach. Particularly relevant are what we could call the "Three Schools of Participation", the American (Cernea, Cohen, Uphoff and the Cornwell University Rural Development Committee), the ILO (Oakley, Marsden, Wolf) and the UNRISD (Pearse, Stiefel, Ghai, Rahman). They have, developed different approaches, respectively, more functionalist, more basic-needs related or more people's empowerment related. Although even if different, they have contributed to the creation of a

more or less integrated body of knowledge around people's participation, an emerging "participation theory". However, in different degrees their discussion has stagnated in ideological differences that little contribute to our understanding of participation as a development tool and as a social phenomenon that has decisively impact development strategies for poverty alleviation.

More recently a different approach to participation has been put forwards by scholars such as S. Paul, E. Ostrom and E. A. Brett. Coming from different disciplines they have introduced interesting elements from institutional design to the analysis of people's organisations. This rather critical perspective could be called the "institutionalist approach to participation". They have brought new insights to the emerging "participation theory" and informed the discussion particularly in terms of accountability, exit and voice, institutional adaptability and transaction cost analysis.

However, despite this incipient theory about participation, as it is generally the case in new disciplines of the social sciences, after several years of working with the participatory approach and after constellations of examples and reports, there are still many gaps in our knowledge of self-help people's organisations. In particular we know very little about people's organisations as organisations themselves. Some very illuminating work has been done around this area (Curtis, 1991; D. Korten, 1980, 1986; D. Korten and Alfonso, 1983; Uphoff, 1982, 1986; Beardsley, Hall and Wars, 1959, 1988; V. Ostrom, Fenny and Pitch, 1988), these studies have focused on how self-help groups relate with the broader institutional environment and on how they create new and/or adapt old institutional arrangements to accommodate themselves to particular development situations. However, they tell us very little about the role of the "people as an input", and when they do, they do so in a very superficial way. They do not tell us much about how self-help units evolve themselves as organisations, how and why they arise and create specific administrative structures, and how interact between themselves for dealing with community development (Wade, 1988, the exception).

In this paper we will try to set a theoretical framework that may help to fill this gap. This paper intends to present a theoretical basis for ana-

lysing "the people" as an input of the participatory-development process in a more systematic fashion. We will intend to present here a model for analyse how self-help groups working for community development are internally-motivated, how they evolve and compete between themselves and primarily how they "shape" their own, and the rest of the community, participation. With this theoretical basis we expect particularly to better understand the sociodynamics of collective choice for service provision when undertaken in a participatory fashion. By doing so we aim to contribute to the discussion on people's participation and effective institutions for providing for the poor.

2. People as an input. An overview of our approach

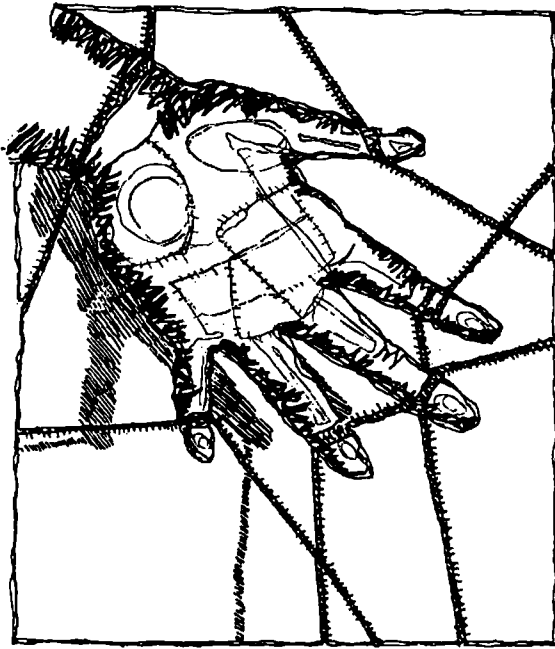
The base of our approach is our believe that under certain environments community participation can create competing interests. Competing interests are represented by community subgroups. With the competition of these groups of interests, or community subgroups, a series of pervasive incentives spring up. These incentives will make individuals to organise themselves not for providing for themselves, or for the poor, but for maximising their benefits as a group and for minimising inter-group's conflict.

This approach to community development implies to analyse it in relation with the internal "micro-political economy" of a community. In order to do so we will be building here on the analytical literature developed by institutional theorists in several different disciplines, including organisational science, political economy, public administration, social anthropology and social psychology. This body of the expanding literature has been generally referred to New-institutional Economics (NIE). NIE insights have informed new-classical economic theory that stresses competition for scarce resources through open markets and individual choice with concepts of imperfect information and choice (Arrow, 1951; Akerlof, 1970), transaction costs (North, 1985; Williamson, 1985) and opportunistic behaviour (Olson, 1965). Within this literature the work on incentives, transaction costs and collective action and choice will be particularly relevant for setting the framework for the analysis of the social dynamics of participation for community development. This paper will build particularly on the

work of Ostrom (1990, 1993) and E. A. Brett (1992, 1992, 1996) who have applied NIE precisely to the analysis of service provision. It will develop also on the concepts of exit, voice and loyalty (as in Hirschman, 1970; North, 1985, 1990; Paul, 1987, 1991, 1992).

Here we are applying transaction costs analysis to situations in which multiple actors must make complex decisions about collective action for service provision. In a context of scarce resources, and particularly if community's resources are going to be mobilised, these decisions are political and economic ones and therefore imply a process of social change. Collective choice (people's participation in decision making) inserts itself as catalyser and as the *modus* of this social change. People's participation becomes then a social change process that by affecting traditional institutions (even when supposedly building on them) creates a series of competing interest-groups. These groups, i.e. self-help groups, will try to shape participation and to "rent-seeking" it for their own "group" self-interest. Community fragmentation may increase the transaction costs and create imbalances in the information costs of the participatory process. The ways in which competing interests interact/transact becomes then the motor and axis of the community's social change process. Community differences raise co-ordination costs. As co-ordination costs rise different institutional arrangements have to be developed in order to minimize conflict. Large part of the effort of collective choice and action is devoted then to conflict minimisation and to solve problems of co-ordination, information imbalances and competing interests. Participation turns then into a conflict minimising institution. This process may lead to a politicisation of welfare provision and the actual provision of the service stops being any more "The" rationality behind people's choice and action. Different self-help groups will have different incentives behind their apparent "participation". Competing groups may even co-operate with each other, but "the rationality" of the final decision wont be a "developmental" one, i.e. providing for the poor. The expected product from participation wont be any more the "actual service" (infrastructure) to be provided but a political product (e.g., status, leadership, etc.).

These set of factors constitute the social environment which self-help groups face when the



agent "leave them alone". They constitute also what we will call here "community's inputs to participatory service provision". These, community's sociodynamics inputs may in the long-run prove to be an important constraint for effectively providing for the poor.

This approach to self-help participatory development challenge the more common "project perspective" to the study of participation by analysing how self-help groups, that were considered "mature" and "successful" (by the initial agent), when analysed in a long-term basis prove to be not as successful as it was thought for effectively providing for the poor. The *quid* being the original incentives that brought people to participate and the "shape" that participation takes in the new institutional matrix that the introduction of participation itself helped to create.

This paper does not pretend to satanise the participatory approach but to broaden-up the discussion by looking at the performance in terms of service provision of "mature" self-help organisations. By looking at the "self-help stage of participation" we will be able to bring insights about other stages that may inform the practical and ideological discussion on participation. This will contribute to increase our knowledge on how to better create institutional incentives and structures that better assist poor people to help-themselves.

3. Major propositions of the study

This paper has eight working premises that subsequently imply each other. We bullet them here after as a brief *résumé* of the major tesis of our ap-

proach. In the next part of this paper we will discuss them thoroughly. The premises are:

- a). Different groups of people within a community have very different incentives to engage/maintain participation.
- b). People's participation in self-help projects catalyse community fragmentation. Fragmentation radicalise interests-groups, this increases transaction costs of collective choice.
- c). Competing interests within communities create "centres of gravity".
- d). Centres of gravity will tend to bias community development to pursue their own groupal interest.
- e). The centres of gravity create new institutional arrangements or "rules of governance" (informal collective contracts) in order to minimise transactions costs. This introduces a new dynamic to the original institutional matrix.
- f). The participatory choices and actions are framed in this "rules of governance". Participation is shaped into this frame and contributes to reinforce this structure.
- g). Self-help participation will unavoidable be trapped into community politics. If service provision is organised through a participatory fashion it will politicise too.
- h). In this state of things self-help organisations will evolve in the frame of community politics and may not be able to promote a "step-out-of-poverty development" on a long-term basis.

II. People as an input: a framework for analysis

1. Institutional dissatisfaction and diverging interests

a) Social changes and the traditional institutional matrix

It is generally assumed that all individuals within a community willingly and freely participate in the community's institutional arrangements. This is not necessarily true. Individuals may accept their institutions because they have no other option. The complex and close web of interlinks that need to maintain with the community they live in may show that is always less costly to accommodate with the establishment that to react against it. Institutions are very often imposed rather than freely chosen (Bates, 1995). Even in the smallest societies, as the ones in our case study show, there is a level of what we will call here "Institu-

tional dissatisfaction". By this we mean a certain level of clash between private passions and interests with the socially imposed ones (Hegel 1837/1953: 30, Hirschman, 1970) that makes individuals perceive that their rewards from institutions are not what they would like.

In the cases studied institutional dissatisfaction is the result of a "modernisation/integration" process with the more capitalist large metizo society. Individuals have change their expectations and interests and adopted more those of the larger culture. Their traditional institutions, were based in a more land-subsistence economy that stressed the principles of austerity of the logic of zero sum game for limited goods. These institutions are therefore not endowed to deal with the rationale of consumption and capital accumulation and this creates dissatisfaction in some members of the community. However individuals experiencing dissatisfaction, mainly in small communities, prefer in many cases to suffer their institutions. This is completely rational. For individuals may evaluate and perceive that their attempts to subvert traditional institutions would bring to them even more unpleasant consequences (Toye, 1995).

Nevertheless institutional matrixes, i.e. societies' culture and social organisation (North, 1995), do evolve. Different individuals experience institutional dissatisfaction and institutional decay in different ways. This is to say in North's terms that they have different mental models on what and how things should be done (North, 1995). When a large number of these individuals within a community have been more exposed to contact with other institutional situations, i.e. cultures (migrant workers, tradesmen, etc.), then the expectations for social change will increase. This is what Redfield refers as the "fields of relations"¹ of a particular community giving more status to the "outside" culture than to the community's institutional matrix. At this stage the community's institutional matrix may experiment institutional decay. Individuals will then start to exert pressure for social change and new institutional arrangements will tend to appear. Individuals will then expose their expectations for what the "community's development" should be and/or how their personal incentives, political and economical, could be maximised. This is particularly true for societies facing a process of "modernisation", as in our case.

b) Different mental models and latent subcultures. The interpretative systems

Unitary culture is more an anthropological idea, sociologists and organisational theorists (Maanen and Barley, 1985) have long ago worked with ideas of subcultures. When applied to the community space it becomes clear that culture is not a unity but a sum of different subcultures.

As different members of a community confront similar problems and/or they interact more frequently they tend to devise and employ their own particular strategies to deal with their particular problems. They start then to develop differing mental models. As these individuals relate to each other over time they start to share more and more conceptions, opinions and to develop 'collective understandings'. Individuals may even address problems co-operatively, as in the case of families, tradesmen and migrant labourers in our study will show. Then collective understandings make possible "concerted actions".² As collective understandings grow in scope and deepness individuals go on creating a common 'interpretative system', or aggregated mental maps. This interpretative system they use for dealing with ongoing common activities and events. When this is common to a group of individuals then we can say that they are developing, their own subculture. This is not a conscious process, individuals may not even be aware of it.

Different groups' interpretative systems or subcultures are not necessarily a problem for the traditional institutional matrix. A traditional institutional matrix is able to harbour different subcultures insofar the differences between them are not too large. In many societies the process of subculture formation has been slow and generally relatively smooth. This has allowed that through new institutional designs individuals with diverging interests make the institutional matrix evolve to better satisfy their interests.

However, particularly in the case of rural communities, problems arise when different groups within it start experiencing very different levels of

1. Redfield study of fisheries in Norway stress the importance of "field of social relations", or structures of interaction through which the community related with the "outside" for explaining social change (Redfield, 1956: 26-33).
2. I am using here this term to distinguish it from Olson's collective action. "concerted action" does not necessarily imply a collective choice but may have just a impulsive or emotional rationale.

institutional dissatisfaction and their fields of relations tend more oriented towards the "outside". If there is a strong normative order capable of imposing itself to individuals institutional dissatisfaction may be tacitly suffered longer. But in contexts in which communities face a "modernisation" process and institutional decay things may occur differently. Communities ongoing a modernisation process do not live that slow institutional evolution. They neither have a strong normative order, for they are also experiencing institutional decay and their normative order weaken itself constantly. Their institutional matrix, therefore, will difficulty keep pace, and it will be very likely that it wont be able to adapt itself, to its groups' interpretative systems, interests and expectations. Then groups of individuals will behave differently of what traditionally expected.

To the degree that groups' interpretative systems begin to make individuals perform differently of the community's traditional ways then the seeds for community fragmentation are sown (Maanen and Barley, 1985: 31-53).

Our point is not only that different individuals may have different interests and therefore different incentives regarding their activities, the problems they have to confront, their race, age, or gender. That is quite evident. The point we want to stress here is that not only individuals get consciously together in order to pursue their interests, but also that groups' interpretative systems unconsciously evolve throughout very practical every-day interactions. Actors are generally not aware of this. This subcultures formation will determine to a large extent individuals incentives for involving in collective choice and action.

With these arguments we expect to have asses on our first proposition and given the basis for the understanding of the second and third which we now pass to explain.

2. Participation and community fragmentation

a) Participation as social change or as a reconstruction of the tradition

Participation implies a process of social change. Particularly in indigenous communities the participatory approach in Mexico has been built on the basis of traditional structures, such as *tequio* and *faena*. People's participation can effectively be rooted in these traditions, and to an extent some institutional arrangements from those traditions

are being re-taken. Nevertheless, the reality is that the participation promoted throughout a participatory approach is rather different. Even when indigenous communities in Mexico have been collectively acting, i.e. 'participating', since the pre-Hispanic times, the new model of participatory development introduce important changes that have implied a re-organisation of community life. Participation as promoted by NGOs or the State agencies is based in two columns "one member one vote", a democratic rationality, and "the discussion of the community needs", a collective rationality. In our cases of study the participation process clashed with traditional processes and structures generally more patriarchy authoritarian. By doing so participation constituted a fertile ground for interpretative systems development and groups conflict to arise.

When different interpretative systems or subcultures are put together to decide on a particular issue relating to the "common interest", different "common interests" are therefore likely to appear. This would not necessarily be a problem, for this bringing of different groups to sit together and discuss a community issue may benefit the whole participatory project. As different groups have different internal political economy they would have to concert their difficulties and differences and compromise. It could be said that the fact that people get together to discuss focused on a specific problem and not in the ideological *abstrac-tum* is rather a quite good thing to do. Moreover, it could be expected that by bringing voice to groups previously excluded of the collective choice they will be empowering themselves and better pursuing their interests vis a vis other groups. Undoubtedly all this happens to an extent. However, the previous assumptions would definitely only fully apply in a world of well intentioned individuals.

It is our perspective that the "people" are not self-interested free and that they introduce the dynamics of the community's groups bargain for power to whichever participatory programme they may engage in. It is our thesis that even when solidarity and a *propitious* environment for participation exist there will be a set of problems that will slow down and politicise people's participation. This we will discuss now.

b) The exit from institutions

The first problem is the exit from institutions. In

contexts with high institutional dissatisfaction, subcultures may be only tight to the broader institutional matrix because of a) normative constraints such as citizenship, property rights laws; b) institutional ties such as family and intermarriage, religion, sharecropping, etc.; c) collective support (community living under conditions of marginalisation because of race, ethnicity, religion, etc.). Participation may represent an exit from institutions they dislike and the possibility to create new institutional arrangements that better favour their interests. This again may not be a problem in itself. But in a widely differentiated community, or in a community undergoing through a "modernisation" process, it may only lead to clashes between interests groups, lots of time consumption and waste of motivation and resources. The discussion may go around issues like "whether a school is going to be built and how", but the real discussion, will be other. The underlying problem is that "people" may want to exit institutions but they do not know how. Furthermore, different groups will have different perceptions, incentives and expectations on how to do it.

c) Conflicting rationales and transaction costs

A second problem, is that of the conflict of rationales. Different interpretative systems or subcultures have different approaches to problems and particular interests in having things done the way they want. The less homogenous a society is the larger the costs of co-ordination for collective action it has (Ostrom, 1993: 43-72).

A third problem arise on the uncertainty created by differing rationales. To the degree that a group's interpretative systems (aggregated similar individual's mental maps) have different interests and incentives within a community individuals may begin to act for reasons that may be incomprehensible to members of other groups, or subcultures. This creates uncertainty as the previous patterns of interaction may change as consequence (Ostrom, 1993: 43-72). Therefore, when the collective choice has to be on a public good, as is the case for service provision, *au contraire* of what would have been expected, the fragmentation increase. In a context where there are emerging subcultures the provision of a non-excludable and jointly used good may increase the conflict of rationales between groups. Uncertainty, information imbalances and fears of capture may lead to a long process with complicated

ex ante contracts, that not always "people" can handle or know how to afford.

Different interests groups will then prefer to interact within themselves and this will increase costs of co-ordination for participatory actions. The more fragmented the community, the more interpretative systems, the more difficult reaching consensus will be. Uncertainty will create more information unbalances that will generate more transaction costs. Furthermore when participatory approach is introduced in a context of institutional decay, because there is not a normative order, it will make more difficult collective choice and this will, further, increase transaction costs (Toye, 1995). This accounts for our second proposition.

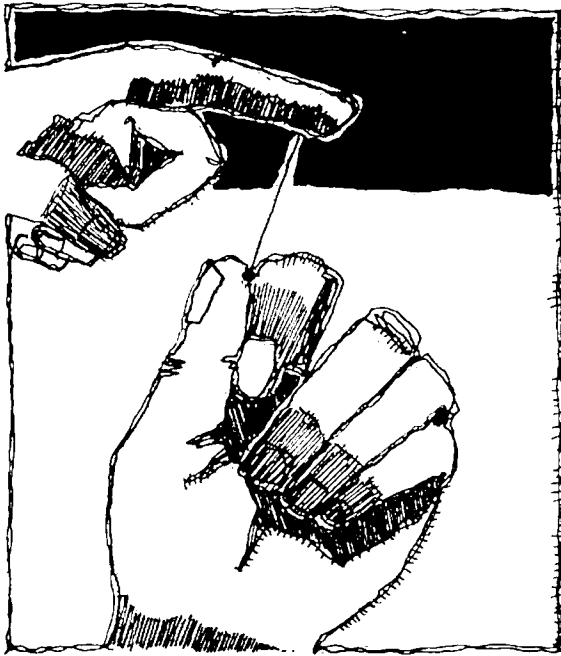
3. Centres of gravity

a) Interpretative systems and transaction costs minimisation

As we have shown in a context of communities passing through a modernisation process participation introduce community fragmentation and this fragmentation increases transaction costs. Their common interpretative system or subculture is an adequate mechanism groups of individuals find to minimise their transaction costs. Because a common interpretative system imply common incentives and expectations of rewards it reduces transaction costs, particularly in terms of information and co-negotiation, giving individuals more certainties on who to transact with, how and when. This reduces also uncertainty and serve as an insurance mechanism of individuals' interests (the current and those to come).

If individuals prefer to transact within themselves and pursue their common interests they go on developing even more links between themselves. Therefore, it is likely that in a situation in which an all-community collective choice has to be taken they will prefer to hang together with their group fellows. Not only because of Hirschman's loyalty (Hirschman, 1970) but also because by doing so their are pursuing their own interest. To be part of a group is transaction costs minimising.

In this situation a series of centripetal forces are likely to appear in a community when individuals start identifying themselves, formally or informally, with a particular group's interpretative system or subculture. Groups of interests may radicalise when confronted to a decision on a par-



ticular issue. Groups formation create different “centres of gravity” (CG) that will try to minimise transaction costs to its “members”.³

A centre of gravity is for the individual the ‘organic unity’ he/she belongs to. Is where his/her shared interpretative system is coherent and where his/her interests are secure. A centre of gravity will be defined here as an informal contract between a group of individuals who possess a sense of close identity between themselves, so that they perceive that their collective interest –as a group– represents the sum of their individual interests. The centre of gravity provides the individual with the support for the realisation of concerted and collective objectives which are based in common incentives.

However centres of gravity may be organised on the bases of an *emotionally rationality* (family, religion, etc.) But they are always the space where the individual perceive, with a bounded rationality, his/her benefits can be better maximised and his/her private passions and interests better conciliated with the society’s.

Centres of gravity develop therefore a strong member’s integration of consciousness and objectives (the more clear case would be when a family is a centre of gravity itself). Through such organic integration, subjective internationalisation of the centre of gravity’s interpretative systems or subculture formation takes place. Then, the individual personal incentives may now include a new

one, the incentive to maintain him/herself as part of the ongoing interests of the group. For this reduces his/her transaction costs.

In this state of things strong nets of reciprocity may appear then between group members, as was the case in the communities we observe. However, when applied to centres of gravity, reciprocity acquires full significance as defined by Brett. He understands reciprocity as “the [series] of obligations enforced through the threat of denial of positive affective, loss of reputation... or withdrawal of reciprocal rights” (Brett, 1996: 8). By following Brett’s argument one can conclude that maximising reciprocity is an excellent mechanism individuals have for minimising risk. And given that poor are extremely risk averse (Ostrom, 1993: 72-110) it is clear that individuals will be willing to compromise quite a lot in order to maintain themselves as part of the group. This compromising includes choosing and participating according with the other members of the group.

With this we have draw on the third and fourth propositions of this paper.

4. Rules of governance and the frame of participation

a) Centres of gravity co-operation

But reciprocity has a limit. Members of a centre of gravity can not exchange everything nor they can exchange between themselves for ever. Williamson’s transaction costs provides a rationale for analysing how conflicts between different centres of gravity are solved. He suggest that organisations alter their structure when the costs an uncertainty in engaging in an exchange relation with groups outside the organisation’s boundaries outstrip the cost of providing the desired resource internally (Williamson, 1975, 1981). So CG have to compromise. CG participate with each other particularly for those kind of services where, the benefits transcend the limits of a particular CG use, i.e. a jointly used, non excludable good. They also collaborate in situations in which the survival of the community, as a whole, is threatened in a way or another. This research focus in the former.

Particularly in rural environments, actors know that if all of them try to pursue merely their own benefit the result is a tragedy of the commons. CG members know this very well, they know that they have to compromise. In the communities studied it became evident that groups were ma-

3. We took this concept from Rhaman but we give to it a rather different meaning. That even challenge his (Rahman, 1993).

king informal contracts between themselves to reduce conflict between them. One example of this contracts or "rules of governance" (Ostrom, 1993) was founded in our three cases of study. It was a "silent compliance with another group's decision". If one group proposed something it was very unlikely that the others object it. They were ready to criticise it but were very carefully when it came to actually openly oppose it. This apparently passivity has an explanation. When confronted with this lack of strength for opposing a project that evidently his group did not want to support, a leader of one CG told us "if we support this project now, they –the other group– wont be able to reject our project tomorrow".

CGs disagreements are usually played out over very particular issues, generally on irrelevant issues, for no single CG wants to be openly against other. In the complex web of interdependencies that rural communities have CGs needs each other and they know they have to stick together. But each of them will try to free-ride or get favourable conditions on informal contracts from the others.

Cases like this show how the decisions of the 'which', 'what' and 'how' to implement service provision for poverty alleviation will be framed in this new institutional arrangements. When new rules of governance have to be develop to deal with institutional dissatisfaction and institutional decay they may not be the more efficient for providing for the poor. Mainly when at the same individuals are competing for power within the community.

With these we expect to have briefly account for our fifth and sixth proposition. In the next part of this paper we pretend to do so for the seventh and eight.

5. Politisation of welfare provision

A very important issue here is that when service provision is undertaken through an participatory approach the actual choice and implementation of the service will have also the CGs' "power-bargaining logic", their needs for transaction costs minimisation and insurance, and not necessarily only a "developmental logic". Service provision lose then its "developmental" rationality and acquires a kind of rent-seeking rationality. Groups compete and bargain to put forwards their own agendas, which are not necessary those of "service provision for poverty alleviation". If

groups alternate in power they will have all the incentives to create new services "*obras*" (literally 'works'), more impressive than those of their predecessors, even if these services are not fully necessary. The bureaucracy supporting the provision of these services (infrastructure construction) will also have all the incentives to back projects not necessarily needed by the community.

If a community is small then the "logic of limited goods" would apply to community choices. If it is, on the other hand, a large one –and more or less democratic– service provision will become the battlefield for broader political economy issues. Then intra-community political-economy is brought to the arena of service provision (this will prove extremely important when assessing the lack of "quality" of many services provided throughout a participatory approach).

However, it could be argued that this bringing of the political economy to the arena of service provision would not be a problem and could even be considered as a normal process of community involvement, participation and empowerment learning process. For leadership would legitimate itself in terms of service provision, and groups would learn to discuss in a more participatory democratic way. It could also be argued that all this would in the end lead to the improvement of the decision making process and the service themselves. One could expand the argument furthermore by saying that the construction of inadequate infrastructure is not necessarily a problem a) because even if it is inadequate it may be improved in the future (future collective action, action from above, etc.) so just the fact that it is already there is an advantage; b) competing services will market out low profile services. It could be also argued that it will take time but that a day will come when communities would have "learned by doing" on how to better provide. Or at least one could expect that by participating communities would be learning something even more important: the way to democratise decision making and direct community interests.

The previous are very straight forward arguments that pre-suppose a) that the logic of market will, sooner or latter, find its way through community development process; or b) that learning process always heads to "the best solutions for the best of the worlds". This two assumptions are challenged by NIE, and particularly the second by North (North, 1995) when referring to a "rate of

learning” and “kind of learning” (North, 1995: 24). The arguments outlined above do not take into account institutional rationality, i.e. that the logic of choice of individuals and their institutions not necessarily work in terms of profit/benefit maximisation, but also in terms of conflict minimisation. In rural economy individuals and their CGs have to compromise, and by compromising they are maximising in the overall of their community-life.

Furthermore, we have to have clear that when self-help groups acting in a participatory approach solve their differences, expectations and conflicts through service provision the consequences in terms of long-term development may be serious. In countries with scarce resources this could be very risky.

The services provided will not have an adequate quality, for the rationality will not be the development of the poor. As the cases studied show. Moreover, government may not be able to cope with an adequate production of the service infrastructure. It may not even be the adequate for the type of service production that the government can produce. Self-help groups could be acting in a chaotic way, as the cases study presented here show, that is not paralleled by government or other agencies (NGOs), or even themselves, real capacities to actually sustainable produce the services for which they have provided. This may lead to a “participation disenchantment”. When the community realise that they did not develop services that really helped them to go out of poverty.

On the other hand if the rest of the larger society has developed at a higher speed then, a the turn of the years, the development gap will have increased instead of reduced. Failure in acknowledging this reality will lead to a failure of the participatory approach in effectively providing for the poor.

Conclusion

The cases studied in this work present problems that can clearly be explained by NIE. Participation has created fragmentation and this has led to groups formation. This led to an increase in uncertainty and transaction costs. Groups have to appear as mechanisms of insurance. They become organised interests that compete to impose themselves and promote their “idea of development”, if not their economic or political interests. The results some years after of having engaged in par-

ticipatory actions are inadequate services, lack of information, community fragmentation and an increasing development gap with the rest of the larger society.

On the other hand poor people want to exit from sclerotic institutions, i.e. those that do not satisfy individuals, to new ones that allow them to go out of poverty. This is, however, not only a problem of willingness but of having the capacities to create new models that organise and satisfy their needs. The answer could be that actors will learn and that initially incorrect models would be ruled out until a proper one could be found. But these conditions are realised only very exceptionally. Individuals typically act on incomplete information and with subjectively derived models. The organisations they create (CG) and rules of governance they implement may be still inefficient in terms of providing for the poor. Rules are created to serve the interests of those with the bargaining power to create new rules (North, 1995).


“Mature” self-help committees have been “left” in rural areas with the expectation that if they work together they will achieve a better standard of living. It supposed that they will do so mainly by relying in the only tool they have: participation. Government agencies only approach the community to help in what they –the communities– have already collectively decided to do. However, participation is not a *panacea*. It is an excellent mechanism to involve beneficiaries in the provision of services but extreme care has to be taken when it comes to generalise procedures. People, the beneficiaries and the implementators of a programme have also their own agendas. Communities are not politically free, not a “unit of interests”. The problem is not only for people to acquire organisational skills and empowerment, the problem is rooted precisely in the very nature of power. Once traditional structures change (as the participatory action promotes) new models are needed to reorganise power relations, particularly within a close environment. The participatory approach lacks the elements to solve this problem. It has not an alternative socio-political organisation that enable people to institutionalise competing interests. Empowerment needs a organising structure that gives it a sense and a direction. Especially once power have been “redistributed” and communities have more authority and resources to decide what to do and when to do it in terms of service provision. Otherwise we will be

heading for a rule of anarchy, in which atomisation and stagnation will make, again, of the very poor the less benefited.

Participatory programmes therefore must strongly consider people's inputs. Participation is a tool of development administration and as such it has to be managed and organised. Nevertheless, in the field, participation is implemented generally in a very empirical, even emotional manner. More interaction between theory and practice have to occur if we want to efficientise it and make worth the effort of so many poor people that believe in working together.

Participation needs also to be desegregated and research on how people's incentives change in different phases of the participatory process needs to be done. Then we will know what "kind of product" can come out of the participation process. People may build a school but the expected participation product from their point of view

may not be the actual provision of the service but the physical building that have a particular meaning or use different than providing education (e.g. status, giving a community of squatters the appearance of a town, etc.). Project success is not the "building of mere infrastructure" or the "inauguration of services". It is the real capacity that the service provided has to effectively provide for the poor accessible services, with quality and sustainability.

Only by knowing people's incentives evolution and the possible risks that self-help organisations may face in different stages of their life as the community's "providing bodies" we will be better able to assist them. By creating the adequate institutional incentives people's efforts to achieve a "step-out-of-poverty" development will not be wasted. Failure in doing this may lead us to be talking in ten years time of the "People's failure in poverty alleviation". 



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