

Social Analysis and Resource Mobilization

Report from Satellite Group #2

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1. Why integrate social analysis more fully into operational work aimed at strengthening resource mobilization?

The Bank has a wide range of operations aimed at strengthening resource mobilization or accumulation by poor households. These operations address natural resource use, human capital accumulation, technology transfer, and credit constraints. The satellite group concluded that in each of these areas a thorough understanding of the social and institutional environment is a prerequisite for successful assistance.

Natural Resource Management. Access rights to natural resources have always been a key factor in the survival strategies of the poor, especially those living in rural areas. However, having access rights to natural resources without corresponding responsibilities for the sustainable use and exploitation of the resource base could lead to its abuse and degradation.

The Bank has supported strategies that aim to increase productivity and to enhance the sustainable use of the resource base, especially land. The conventional approach has been to advocate for private property rights by instituting land titling systems. Available evidence suggests that the correlation between land titling and increased productivity is not conclusive. Moreover, the exclusionary nature of land titling systems may lead to land concentration in a few hands, some of whom are absentee landlords. Furthermore, it may produce greater disparities in the distribution of resources by recognizing only owners and allowing those who hold only usufructs to fall through the cracks of the system. This is particularly the case where, as in many cultures of the developing world, women are only allowed user rights. To address such systemic issues, the main question is how to provide security of tenure for the different classes of users.

By providing context-specific information on locational (forces of production) and appropriational (relations of production) movements, social analysis could contribute in adapting resource management regimes to the specific cultural and ecological demands of the resource base. In other words, delivery systems should be grounded in the historical and cultural imperatives of the beneficiaries.

Human Capital Accumulation. Rapid and sustained reductions in poverty invariably require changes in the distribution of assets – both physical capital and human capital. Efforts to redistribute physical capital (i.e. land) have proven difficult. In contrast, enrollment rates have been growing rapidly in many countries, and incomes are rising in response to rising human capital endowments. However, progress in accelerating and sustaining the accumulation of human capital has been slow in many of the poorest countries, and existing inequities in the distribution of physical capital are mirrored in emerging changes in the distribution of human capital. For example, in countries like China and Thailand, with near universal literacy, tribal and ethnic minorities are overwhelmingly represented at the bottom of the income distribution, and significant numbers of them remain illiterate. In other countries that are well short of universal literacy (i.e. India and Pakistan), ethnic minorities, scheduled castes and tribes, and women are far more likely to be illiterate than other groups

in the population. And in many countries, regional disparities are increasing and poverty is becoming increasingly localized.

There are many social, cultural, and economic factors that explain differences at a household and community level in human capital accumulation. Economic incentives clearly matter: discrimination in labor markets and wages may lower expected returns for certain groups of people. But social and cultural factors matter as well. Some groups are generally excluded from the labor market (i.e. women in Pakistan). It may make sense in economic terms for a particular household (in Pakistan) to educate the eldest son (who is more likely to work outside the household and is obligated to support his parents in their old age) than the daughters (who marry out, and their human capital becomes the property of their husband's household). But educating girls may be desirable on equity grounds and if social benefits (i.e. better health, lower mortality) outweigh private benefits. The question then is how to create the right incentives to get ethnic minorities/girls/scheduled castes and tribes in school and to keep them there.

Evidence suggests that the schools that work best (have high enrollments and high learning levels) are well integrated into the local community. Efforts to promote greater decentralization and local responsiveness are well placed in this respect. But many governments, particularly in those in some of the poorest countries, remain very centralized, and a clear understanding of institutional factors is crucial in furthering education reform and broadening enrollments. In addition, schools must be designed to suit local conditions and be responsive to parents concerns. This is particularly important in rural areas in more conservative countries, where villages are socially highly segmented and different ethnic groups often attend their own schools. In Pakistan, it is easy to think that gender is the determining factor – for example, that girls will attend school if they have a female teacher and it is an all-girls school. But many girls in rural Pakistan attend co-ed schools, and field research has shown that in some more conservative regions girls are more likely to attend a co-ed school staffed and attended by members of their own clan (even if the teacher is a man) than a girls-only school that is staffed a female teacher from outside the village. In short, a local male is often preferable to a non-local female teacher.

Technology Transfer. Given that technological knowledge or know how is one of the factors of production and, by extension socioeconomic development, there is a need to know under what conditions technology adoption and use take place. Most development efforts have largely focused on modernization, i.e. replacing traditional technology with modern one, on the assumption that the first has been a hindrance or, at least an obstacle to socioeconomic development. This is clearly illustrated in agriculture, where the bulk of resources invested by international and national organizations has favored the introduction of “Green Revolution” modern technology, usually through the transfer of technology approach, neglecting traditional technologies, honed by generations of local farmers in a slow process of empirical research and participatory extension approaches. A similar case could be made for health.

Modern agricultural technology has had a great impact on development. It has allowed for dramatic increases in agricultural production, particularly in the best endowed areas and where farmers have had access to capital. Advances in health and medicine have improved life expectancy all around the world. However, even when capital is readily available, modern technology has not been a panacea. In the particular case of agriculture in fragile or risk prone environments, it has been shown that farmers still have a high dependency on their own technologies, which are based on traditional knowledge and the selective adoption of elements of modern technology.

A socially and culturally conscious approach to technology starts by the recognition that this is not only a factor of production but also a component of the knowledge and value system

of a given society, that is interlined with many other factors, particularly with the livelihood and consumption systems and that changes in some components affect the whole system. The Bank's approach to technology development needs to be participatory, having project preparation teams that master not only technical aspects but also have developed cultural and social sensitivity. Instead of assuming that existing technology is a hindrance or an obstacle to development, it must be objectively assessed in economic terms and also in terms to its contribution to the overall well being of the social group. In the example of agriculture that has been used here, participatory technology development means joint efforts between technicians and farmers, searching for the best production alternatives that combine traditional and modern knowledge. It means more time to work with farmers in a reciprocal training process. It also means accepting that in some cases low input, regenerative agriculture will be a preferred alternative to more capital-intensive technologies.

Micro-Credit. An activity in which the Bank is increasingly involved is the provision of small-scale credit for poor households, usually in rural areas but occasionally in urban ones as well. Experience has shown that some poor households can get a very good return from small amounts of investment capital and that this can be an important vehicle for poverty alleviation. Thus, an important question is why credit institutions that lend to the poor develop in some historical and social contexts and not in others. The answer presumably has to do with institutions that can share risk and enforce property rights. Following up on the success of the Grameen Bank in Bangladesh, the World Bank has tried to provide support to this type of rural financial institution in other countries and other contexts. This is a good example of the kind of project that can be strengthened by careful social analysis. While activities of poor households can have high returns, they also typically have high risk. For small-scale credit institutions to be viable they generally have to rely on group liability schemes that draw on existing social institutions and relationships. To have any hope of successfully promoting micro-credit where it has not spontaneously developed, the Bank will need to have a thorough understanding of the social and political environment in which it is operating and of the factors that underpin institutional change. Too often we mechanically attempt to replicate schemes that have worked in one context without an adequate understanding of a different environment, with the result that well-intentioned projects fail to be sustainable.

2. How can we better integrate social analysis into our activities?

The group felt that there was no simple solution to this problem, but that there are some practical recommendations that will lead to change over time. If the Bank is to better integrate social analysis into its activities, we recommend the following changes in how we do business:

- *a more inter-disciplinary approach:* we need to understand more about the history, politics, and societies of the countries in which we operate;
- *teams that stick with a country for longer periods:* to obtain this improved understanding will require that at least some staff remain with a country for a significant period of time (i.e., six years instead of three);
- *a shift of resources from headquarters to the field:* understanding the local context requires more time in-country and greater use of national staff and consultants; and
- *a sophisticated approach to cost consciousness:* the Bank needs to become more efficient in the use of resources; at the same time, there is a danger that a simple-minded focus on average costs will create incentives that discourage risk-taking and attempts at complicated projects that require a lot of social analysis.