

# Can Local Institutions Reduce Poverty?

## Rural Decentralization in Burkina Faso

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Can local institutions take a lead role in reducing poverty?

In the past the answer would have been an emphatic no.

Local institutions have traditionally been a blind spot for national governments and international development agencies. But high-

performing local institutions in Burkina Faso have reduced poverty and inequality. Can this model of rural

decentralization spark a reinvention of development models across Africa, using

indigenous development institutions to reduce poverty and promote equitable growth?



## Summary findings

Donnelly-Roark, Ouedraogo, and Ye present evidence that in Burkina Faso certain high-performing local institutions contribute to equitable economic development. They link reduced levels of poverty and inequality to a high degree of internal village organization. The structure of these high-performing local organizations means they can exist in a number of African countries because they depend more on internal participation rather than on any one country's cultural assets. The authors find that:

- Service-asset management groups (SAMs)—one of three local institutions identified in the study—have helped to significantly reduce inequality in participating households. SAMs are a fusion of long-standing development committees and indigenous management councils that collectively manage community assets such as water. SAMs have combined the productivity goals of growth with the values of equity and solidarity.
- Current development approaches use growth as an initiator, assuming that surpluses will be used to benefit the poor. SAMs and other local institutions in Burkina Faso *start* with equity and solidarity and aim for a result of growth and development.

- Internal participation is essential for SAMs to function. Only locally anchored participation can power the realignments and institutional revisions needed to scale up development action.

SAMs and other local institutions have launched their communities on equitable growth paths and are reducing poverty with little or no outside assistance, despite severe resource constraints. Their impact could be enormous if external development resources augmented their potential.

World Bank programs and policy interventions could build on local strength and make their activities more sustainable by mapping local institutions to guide new initiatives in pro-poor investment and using that mapping to formalize and increase internal local participation—expanding nationwide by using a network of local institutions. SAMs and other local institutions could be the vehicle for ensuring transparency and accountability. Working with the results of local activities, national policies could favor the development of indigenously based but externally oriented local economies.

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# **CAN LOCAL INSTITUTIONS REDUCE POVERTY?**

## **RURAL DECENTRALIZATION IN BURKINA FASO**

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## EXECUTIVE SUMMARY

Results of the local level institutions (LLI) action-research study give strong evidence that high-performing local level institutions will help reduce poverty and promote equitable development. Moreover, because LLIs depend upon internalized participation rather than any cultural asset of any one country, these institutions can exist across a number of countries. Combining the qualitative and quantitative analyses, key results are as follows.

- Service-asset management groups (SAMs)—one of three identified local level institutions—have been significant in lowering inequality. The quantitative analysis indicates that SAMs are linked with lower levels of inequality among LLI participating households, statistically significant at the 95 percent level.
- SAMs are a fusion of long-standing development committees and indigenous management councils that collectively manage community assets. SAMs have combined the productivity goals of growth with the societal values of equity and solidarity.
- Internalized participation is essential for SAMs to function. Evidently, only this kind of locally anchored participation can power the re-alignments and institutional revisions needed to scale-up development action.

This means that LLI/SAMs have launched their communities on an equitable growth path, and are reducing poverty with little or no outside assistance— all of this despite severe resource constraints. Clearly, if external development resources can augment this internal initiative and direction, the future impact can be enormous.

### Key differences and implications

LLI/SAMs differ in their approach on *how* to reduce poverty. Current development approaches use growth as a critical initiator, and assume that surpluses will be used to benefit the poor, thereby creating greater equity. SAM/LLIs, on the other hand, reorder things to match both their values and resource constraints— that is, solidarity and equity are the starting point, development and growth are the result.

### Recommendations for program and policy interventions

The study suggests a three-step *program* package and a two-step *policy* package. Recent institutional changes in the World Bank—Comprehensive Development Framework (CDF), Community Driven Development (CDD), and Poverty Reduction Strategy Papers (PRSP)—provide a base for these initiatives.

The program package includes the following:

- *Use LLI institutional mapping to guide new initiatives in pro-poor investment.*
- *Use LLI mapping to formalize and increase internalized participation to quickly attain national coverage.*
- *Use the LLI internal framework to guarantee long-term sustainability for community driven development and rural decentralization.*

The policy package focuses on two initiatives:

- *Working from LLI results, link PRSP participatory monitoring strategies to LLI/SAMs for accountability and transparency.*
- *Working from LLI results, create national policies that favor development of indigenously based, but externally-oriented local economies.*

If the LLI results are widely disseminated—including to local communities, governments, and donor organizations—obstacles will dissolve and internal capacity expansion should surge. When this happens, African rural decentralization models across the continent *will* be re-invented to utilize the indigenous strengths of local level institutions and their values of equity and solidarity. Even more important, the expanding use of LLIs will spark modern but indigenous development institutions across Africa that reduce poverty and enhance equitable growth.

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## ABBREVIATIONS AND GLOSSARY OF TERMS

### Abbreviations

CAS	Country Assistance Strategy
CND	National Decentralization Commission in Burkina Faso
ESW	Economic and sector work
FEER	Fonds de l'eau et de l'Equipment Rural
GVs	Groupement Villageois
LLIs	Local Level Institutions
SAMs	Service Asset Management organizations

### Glossary of Terms

Four SAM dimensions	1) local institutional accountability; 2) local technical and intellectual capacity for management; 3) economic strategies based on existing local ecological and financial resources; 4) cultural and emotional resonance
LLI Typology	1) <i>Value institutions</i> maintain social stability, culture, and values of the society; 2) <i>Production institutions</i> comprise the majority of peasant organizations to garner production resources from the national government; 4) <i>Service-asset management institutions (SAMs)</i> have integrated the development principles of production and growth with societal values.
Relational growth	Measured by inequality and income levels, it is the institutional capacity to simultaneously incorporate higher growth and lower inequality. It depends upon maintenance of personal or groups interactions to create and sustain itself, and is emblematic of SAMs.
Utilitarian growth	Measured by income and expenditure, it is the individual capacity to undertake actions that create growth. It depends on self-interest, and complements relational growth.

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# 1. INTRODUCTION

## The role of local level institutions in development

Can local level institutions (LLI) take a lead role in reducing poverty and enhancing equitable prosperity? If past perspectives are any guide, the answer is an emphatic *no*. Traditionally, LLIs have been a blind spot for international development agencies and national governments. Aid, when it moves out of the capital city, normally goes directly to local communities or local governments, with no stops in between. This route ignores the endogenous weave of local institutions that traditionally encircle and support communities. The reason for this is that LLIs, like institutions everywhere, are complex and multi-faceted, presenting problems for time-bound development projects.

But now that decentralized governments are being urged to join rural people in creating sustainable and accountable local development, LLI institutions are being re-evaluated, regardless of their complexities, and even being discussed as strategic to development. However, the questions remain: *do LLIs contribute to poverty reduction and equitable growth, and if so, how?*

Burkina Faso is one country ready to respond to these questions and capitalize on its own internal resources. The country has a long history of informally recognizing and including its local level institutions in both governance and development. Now, the recently passed national Decentralization Law of 1998 formally recognizes LLIs as the base of rural development. In other words, the Burkina Faso decentralization decision allows exploration of what *African* decentralization and rural development models will look like if they are *re-invented* with an eye to indigenous institutional strengths, rather than the institutional weakness of external transplants.

This paper presents sociological evidence that, in Burkina Faso, certain high performing local level institutions contribute to equitable economic development. Economic findings support this, showing that both lower inequality levels and lower poverty levels are linked to a high degree of internal village organization. Equally important, the actual structure of these high-performing LLIs means that they can exist across a number of African countries. Our analysis shows that these local level institutions depend more upon *internalized participation* than any societal structure or cultural element. We hope that this study will spur a wider effort to understand and include local level institutions in development activities in other African countries.

## Decentralization Burkinabé style

Burkina Faso has embarked upon a unique endeavor. The new national Decentralization Law, passed in August 1998, goes beyond the normal parameters of rural decentralization to involve rural indigenous institutions more formally. The government, under the leadership of its appointed National Decentralization Commission (CND), has realized that, for the rural decentralization process to promote equitable but growth-oriented development over the long-term, it must *include the aspirations, capacities, and institutions of the majority rural population*.

Specifically, the new Decentralization Law allows groups of villages to come together, federate themselves as one entity if they wish, and then request *Commune Rurale* or district status from the government. This is a complete reversal of the usual process where a government delineates the boundaries of a *Commune rurale*, and then allows individual constituents to help select its leaders. In addition, the new law includes

another mechanism—the *Groupeement d'interet public (GIP)*. It provides legal recognition to any local, federative, or community-based group that applies for it. This will allow many local groups—such as parent-school associations or natural resource management councils—to enter into contracts and function as legally recognized entities.<sup>1</sup>

With this decision, Burkina Faso now balances a two-sided approach to decentralization. On the rural side they have offered credibility and inclusion to LLIs. On the urban and peri-urban side, they have adopted a Western institutional approach to decentralization, featuring administrative deconcentration and political elections.<sup>2</sup>

There are four categories of stakeholder agendas for decentralization: 1) government's national administration agencies; 2) civil society and NGOs; 3) national political parties and their participants; and 4) donors. Before the law's passage, the key division was between those that preferred *administrative decentralization* and those that supported *rural development decentralization*. Over the first several years, ministries and their leaders were the key players, and initially divided along these lines. Those that preferred macro-economic growth measures and government-planned sectoral initiatives opted for the administrative decentralization model; those working on issues of endogenous growth and sector service provision leaned toward the rural development decentralization model.

Political parties currently balance a dual agenda. The "administrative decentralization" agenda originally held the greatest appeal for political parties because expansion of party politics and elections to rural as well as urban communes would have expanded their power-base beyond the urban areas. However, the government has also attracted high levels of political support through the creation and backing of CND, with its strong advocacy for the "rural development decentralization" model. Finally, donors have essentially divided, with some supporting one model, and others supporting the other.

With the passage of the Decentralization Law, support of the rural development orientation is assured, but covert efforts to destabilize the full implementation of rural decentralization process should also be expected. Here, donors who were once minor players may become more important, since they could undermine the Law's implementation by supporting those that prefer the administrative model.

In sum, the Burkinabé process gives rural people the opportunity to integrate their local level institutions into the legal, economic, and administrative framework of decentralization. This is a prerequisite to moving rural people from *beneficiary* to *partner* status in locally based development. Working as partners means that decisions and strategies adopted are agreed to within a shared set of cultural values. While the values of equity, solidarity, and consensus-oriented decision-making are still a real, if sometimes

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<sup>1</sup> With the approval of the new Decentralization Law, the existing administrative framework has changed substantively. Formerly there were 10 regions, 45 provinces, 322 departments with their township communes, and 8,000 rural villages. Of the 322 communes, 220 were described as rural. The new law specifies 12 regions rather than 10, and defines the maximum number of communes as up to, but not more than, 500. This commune expansion will not be completed, however, until 2010. (It is interesting that the number of departments was already at 300 under the Lamizana era of the 1970s, and has remained steady since then.)

<sup>2</sup> Between 1991 and 1992 a national apparatus for representational democracy was developed, culminating in presidential and National Assembly elections. From 1993 to 1994 judicial teams developed the first component of the Decentralization Law under which the administrative and political interactions were defined for the Urban Communes. Consequent to this initial definition, local elections were held at the Urban Commune level for the office(s) of mayor and council representative for the 30 original provinces and the two major cities of Ouagadougou and Bobo Dioulasso.

hidden, part of the national landscape, at the local level these values still shape the institutional environment. The intent of the government leaders (evidently for reasons of regime stability) that these values be part of the decentralized organizational environment attests to their strength and endurance.

### Defining local level institutions

We must first understand what local level institutions are, and what they are not. Contextually, LLIs surround and connect communities. As *institutions* they (or the people active within them) establish the rules within specific geographical and cultural spaces, and interact with other institutional systems, such as local government. In some instances, LLIs expand their institutional connections to key groups at the national level and beyond. Because local level institutions create the rules by which *organizations* operate and interact, LLIs become over time, the repository of indigenous knowledge systems and the foundation by which local society organizes itself. These rules are continually and dynamically updated, sometimes in diverse and contested ways.

Local level institutions incorporate many different kinds of indigenous organizations and functions. These include: village level governance; accepted methods of community resource mobilization; social and mutual aid societies; security arrangements; asset management; conflict resolution councils; management committees for infrastructure and sector services; conflict and legal adjudication committees; livestock and agricultural production cooperatives; tontines and savings federations; religious associations; music societies; and lineage organizations, among others.

If local level institutions are the key players in development, as some have insisted, this recognition would complete a thirty-year transition period within the international development community. This recognition and transition began with the discovery in the early 1970s that external *blueprint* approaches to social and economic development did not work, and more participatory processes were needed.<sup>3</sup> The transition continued through the 1980s with the growing understanding of the relationship between project sustainability, ownership, and community participation.<sup>4</sup> In the early 1990s, the definition of a *disconnect* between indigenous and transplanted institutions underscored, particularly for Africa, that current economic development strategies were only tapping into a small proportion of working institutions within a country.<sup>5</sup> Now, if this recognition is to come to fruition, development responsibility must be *internalized* within national and local institutions. But the big question remains: are local level institutions really the best vehicle for reducing poverty and enhancing growth? And if they are, how can their resources be expanded and linked to national policies?

### Objectives and analytical frameworks

The basic objective of this study is to understand how LLIs function within local societies—namely, if and how they contribute to poverty reduction and equitable development. Each of the three partner groups within the research team held specific yet complementary goals. The lead partner, the National Decentralization Commission of Burkina Faso (CND), focused on identifying local institutions *below* local government that might contribute to rural decentralization and community prosperity. The World

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<sup>3</sup> Korten, 1972

<sup>4</sup> Donnelly-Roark, 1984

<sup>5</sup> Dia, 1996

Bank Social Development Network used the Burkina Faso research initiative in a three-country comparative study (including Indonesia and Bolivia) to learn if, and how, LLIs contribute to poverty eradication through generating social capital. More specific to the Africa Region, this report tries to analyze the Government of Burkina Faso's LLI approach to rural decentralization and poverty reduction, in order to guide future Bank support.

The construction of the LLI analytical framework begins with the concept of social capital. Although there is no consensus definition, the central idea is that economic outcomes vary according to social norms, relationships, and networks. One popular analytical approach aims to assess the contribution of social capital to economic welfare, as measured by per capita consumption expenditure. For example, the three-country comparative study mentioned above uses this approach and concludes that, in Burkina Faso, social capital has positive effects on household welfare, and that social capital can significantly reduce the probability of being poor.<sup>6</sup> These results validate the importance of social capital, and promote strategies to include poor households in local associations. But questions remain about how social capital really works. Do some patterns contribute more than others to poverty reduction? If so, are there ways to nurture and expand these endogenous resources?

Results from prior research in Burkina Faso must be considered. The best-known social science research finds that societal values of equity and solidarity are reflected in the everyday lives of the Burkinabe people. Noted historian Joseph Ki-Zerbo (1963) explains that while the Mossi (the major ethnic group) have constructed a highly centralized governance structure over the past three centuries, the Mossi maintain it through participation and solidarity creating strong cohesion at the community level. David Reisman (1978), in his well-known book *Yatenga*, explores the mechanisms by which solidarity and equity are practiced within a Mossi centralized governance system. More recently, anthropologist Alan Fisk (1991) emphasizes that the Mossi preference for communal sharing does not seem to be driven by utility-maximization constraints, but that "their paramount goals concern mutual solidarity, a sense of common identity, and belonging, unity, and kindness" (p.268). These societal values are particularly well-defined in Burkina Faso but, according to many scholars, also traditionally exist across Africa.

Because Burkina Faso has this strong preference for mutual or collective social action in addition to their more individualized household pursuits, we have constructed an analytical framework that features both. Quantitatively, we continue to measure the contribution of social capital to individual and household welfare by per-capita consumption expenditure. But in addition, we assess collective social capital by inequality measures.

Qualitatively, one question emerges: how, or if, culture and values are incorporated into economic development? In other words, is a certain level of minimal *cultural coherence* necessary for success in economic development? For this coherence analysis we use Norman Uphoff's (1998) notion of how *cognitive* social capital becomes *functional*.

This question creates an analytical framework that targets not only relatively unexplored cultural aspects, but also a hidden assumption of current economic development and social capital theories. Our LLI analytical framework asks—realistically we believe—whether successful economic development always depends upon the primacy of the *utilitarian growth* model, as measured by income and

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<sup>6</sup>Grootaert, Oh, and Swamy, 1999, p.24

expenditure. Or, might there not be an equally effective *relational growth* mode as measured primarily by inequality, emphasizing the societal value placed on inclusion and the social group? In the 1970s well-known economist Kenneth Boulding wrote about the unacknowledged *economies of affection* that underlie our Western economies. Is it possible that all societies combine utilitarian and relational aspects of growth in a mix that fits their own cultural realities? If so what impact would this have on the theory and practice of economic and social development?

### **Survey methodology and data sets**

The data set for this paper comes from the local level institutions study, and is shared with the comparative studies of three countries (Burkina Faso, Bolivia, and Indonesia) as noted above. The Burkina Faso LLI data set features surveys in 48 villages and 959 households within four provinces. The provinces of Yatenga and Sanmatenga in the North, Houet in the Southwest, and Sissili in the Southeast were selected because they represent the variations found nationally in social organization, climate/environment, and the type and level of natural resources available for production. In each province, a department was randomly selected for implementation of the LLI research. The only stipulation of the random selection process was that it be selected from rural as opposed to township departments. Selection of the villages within the selected department was also random, and within each of the 48 villages, 20 households were randomly selected to take part in the quantitative Household Survey

The LLI field research took place in March–May, 1997. To begin, officials at the provincial level were interviewed to obtain information on community services, internal organization, economic standing, and heterogeneity. Rural leaders were then interviewed to discuss their views on development, poverty reduction, and decentralization. For the qualitative village analysis, a participatory diagnostic called *Méthode Active de Recherches Participatives (MARP)* in the local language was used. The MARP process takes about three days to complete in the village and includes all factions (notables, women, youth, farmers, etc.) in a participatory analysis of what's working in terms of institutions, organizations, and services for economic development and poverty reduction. The MARP also emphasized history and resource analysis. After completing the MARP, a quantitative Household Survey was carried out by the same team with randomly selected households in each of the communities.

## 2. LOCAL LEVEL INSTITUTIONS FROM THE GROUND UP

Rural people in Burkina Faso have certain expectations of their institutions, organizations, and leaders. To understand both the expectations and constraints through the eyes of local people—and analyze the role institutions play—four national research teams using local languages undertook participatory action-research with residents in 48 villages in four provinces. In each of the villages, the teams first did a participatory analysis of LLIs with the community, and then began household surveys with community members. A brief description of the four provinces, rural leader perspectives on rural decentralization, and how institutions work in each of the provinces, offers a base for the qualitative and quantitative analyses in the following chapters.<sup>7</sup>

### Painting in the landscape

Changes brought about by development activities over the past 20 years are apparent within the four provinces. Burkina Faso, rebuilt from the effects of a two-decade long drought in the 1960s and 1970s, looks relatively prosperous. The Province of Yatenga (which borders Mali) once had drought-scorched fields, but, over the years, the farmers themselves have recovered large plats of fields. Now, even when the dry season moves in, a faint tinge of green remains because of the use of low-tech indigenous water retention methods. In Sanmatenga Province, also in the North, the government and communities have, over the last 20 years, built a series of small dams and lakes that diminish the suffering caused by smaller rotating droughts, which appear every four to eight years.

In the southern Province of Houet bordering Ghana, the rolling green landscape—billed 20 years ago as the future “granary” of Burkina Faso—has now actually achieved that status. The southern Province of Sissili, located in the harsh new green of the savannah forest was unoccupied for years because of the scourge of river-blindness. But since *oncho* is now a disease of the past, the province is host to migrants seeking more fertile lands. Despite these achievements, Burkina Faso remains one of the most materially poor and natural resource-deprived countries in the world, listed 174 according to UNDP’s *Human Development Report*, 1999.

The four provinces selected by the LLI action-research for their strong variation—social organization, climate/environment status, and productive economy—mirror the diversity of the country. Yatenga and Sanmatenga provinces in the north have relatively high population density, are predominantly Mossi—the majority ethnic group in Burkina Faso—and are primarily Muslim. Mossi social organization is hierarchical in its institutional structures, but fairly flexible in its everyday community decision-making. The Peuhl are the minority, but make distinct contributions. Both provinces rely on cereal farming for subsistence and market, and Yatenga is also active in livestock raising. Both also routinely suffer serious nutritional short-falls when the rain is scarce.

Houet and Sissili in the South have lower population densities and bring together several ethnic groups—Bobo, Bwaba, and Senefou in Houet, and the Gourounsi in

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<sup>7</sup> The information in this chapter is from five sources that make up the LLI research in Burkina Faso done by the National Decentralization Commission (CND): 1) *Decentralisation Rurales et Institutions Locales: Rapport Synthèse* by Karim Ouedraogo, principal investigator, 1999; 2) *Cas du Sanmatenga*, Mathieu Ouedraogo et al., 1997; 3) *Cas de la Sissili*, Mahamadi Negie et al., 1997; 4) *Cas du Houet*, Sidiki Boro et al., 1997; 5) *Cas du Yatenga*, Issiaka Sawadogo et al., 1997.



Sissili—all of whom have fairly flexible and non-hierarchical elders councils. There is a fairly even mix of Muslim, Christian, and Animist religions. Higher rainfall allows both provinces to produce cotton and many other export crops. Many Mossi farmers and Peul livestock herders immigrate from the northern provinces, increasing the already high levels of cultural diversity in both provinces.

The 48 villages included in the LLI study, like the rest of the country's 8,000 villages, depend upon chieftancy institutions for local governance. Each community is headed by a *chef de village*. However, the chief's main responsibility now is village administration; powers previously held in other areas are waning (unless the community recognizes certain areas of competency). For example, an association of several groups of villages recently asserted that the village chief had no role in creating their organization. This kind of assertion would have been unheard of 20 years ago. Apparently, times have changed for these leaders — some chiefs are accorded respect, while others are only seen as an administrator of the state.

The *chef de terre*, on the other hand, who is responsible for the religious and sacred rites of lineage and land, always enjoys a strong position of honor and legitimacy. Each ethnic group names this position differently, but this chief has the same sacred responsibilities for each community. Major differences exist between the hierarchical Mossi and the other ethnic groups with more decentralized communal leadership in how the responsibilities are carried out. But the responsibilities and the stature remain the same.

### **Rural leader perspectives**

The National Decentralization Commission (CND) has hosted numerous consultations in all parts of the country to learn what rural leaders and people expect from rural decentralization. By the time the LLI study team hit the field (March-April, 1997), some consensus around key subjects had begun to emerge. Two ideas in particular were emphasized: 1) the new dynamics for partnerships between local and national levels; and 2) what roles local institutions can play.

Apparently, rural leaders' willingness to partner with national government has changed. In the past the government's attempt to involve itself in the concerns of rural people met with little success — the result was described as "steadfast resistance" on the part of local people. So, the idea that inter-dependent efforts for development will not only be tolerated, but tentatively welcomed for rural decentralization is clearly new thinking on the part of rural people. Reformulation of chieftancy roles as part of decentralization, new levels of confidence in their own internal capacity, and the re-migration of community members returning with increased financial resources and technical know-how, all seem to be part of the new dynamics at the local level.

Chieftancy roles in terms of conflict dispute, village advisor, and lineage leadership remain incontrovertible, but decisions on how to go forward with social and economic development has become more widely shared.

*The complaints we have made about certain actions committed by government agents are obvious. But if they mean to give us the responsibility for organizing such a community (e.g., creating a Commune Rurale among several existing villages), we would take it seriously to ensure success. And the fruits would benefit the whole community. For example, three or four years ago, Toussiana became a pilot for decentralization where several groups participated in its management (our own*

*association among them). Projects to improve living conditions are envisaged...All this is only possible because the management is no longer from a single source—the chief. Decentralization is therefore an opportunity for us.*

**Rural Leader from Houet Province.**

These new dynamics allow local people to explore new methods of initiating local economic and socio-political development; but the local level institutions remain as the base. Although many in the international development community would like to think that political and economic liberalization are making their mark at the local level, nothing confirms this. In fact, the observation about competitive elections quoted below seems to represent a strong majority opinion across provinces.

*In the 40 years since independence, elections have continually torn our country-side apart, and the scars left by the injuries are slowly breaking down social bonds. Because of this, it is important to avoid making the same mistakes we made in the past: 'to vote with a raised hand or aligning oneself behind a candidate, or even using propaganda to get elected'.*

**Rural Leader from Sanmatenga Province**

Local institutions are not being marginalized by the new dynamics, but instead are playing an important role in modernization. But being dynamic and flexible doesn't mean that these institutions are in transition from one set of values to another. The awareness of networks that include all groups remains key to rural participants. Even when considering how rural decentralization should be organized, it seems that the relational network, featuring social negotiation, is essential to bringing about future improvements.

*We don't see how a little village can become a commune rurale—with the exception of big villages like Ziga. We would prefer that all villages be able to develop more agreements among themselves by exploiting **the relational network** that already exists and allows them to survive.*

**Rural Leader from Yatenga Province**

Rural leaders and local people continue to search for new solutions. But dependency upon erratic weather cycles makes material poverty just a growing season away, and, under these circumstances, providing for basic health, education, and food security remains very difficult.

*It doesn't rain enough anymore...Profits are limited, and faced with family daily expenses we are obliged to sell the crops to satisfy our basic needs. But then unfortunately, we sometimes buy back at a higher price later on...It is a vicious circle...we don't know how we are going to manage.*

**Farmer Participant**

In this environment hope is a real, if intangible resource. And there does seem to be hope that locally based rural decentralization could make a difference.

*Decentralization could improve our living conditions by creating new services that would steer society in a new direction, in which a joy for living exists, a sense of well-being.*

**Farmer Participant**

## **Sanmatenga Province**

Situated in the central north on the Mossi Plateau, Sanmatenga Province has a population of 469,684 people, with 68,897 households. The province has 11 departments and 339 villages. The population is 90 percent rural (estimated by INSD), 90 percent illiterate, and 51 percent of its people are less than 15 years old. The province is home to two ethnic groups—the predominant Mossi and the pastoral Peuhl. Sanmatenga Province spans two agro-climatic areas, with farmers in the southern areas (700 mm of precipitation per year), and agro-pastoralists in the northern area (500 mm of precipitation). All areas experience widely variable rainfall. The dry season lasts for eight months from October to May, with the rainy season from June to September. When the rains come, everything is verdant if not lush, so it looks as though life must be easier than during the harsh and hot dry season. But this time is also known as the hungry season—last year's harvest is often already consumed, but the new harvest will not be ready until October.

**Local level institutions** in Sanmatenga weave a dense web of organizational activities and process rarely recognized by outsiders. The 12 villages in the LLI study have a total of 34 local organizations (24 mixed gender; 7 for women; and 3 for men). Most of these village organizations have strong supra-village ties also. The majority have links to either local/regional civil-society federative organizations, or supporting NGOs, located at the department level. According to the Venn organizational analyses undertaken with each village by the LLI researchers, there is considerable overlap for consensus building among the organizations of the village—with each other and with their local chieftancy institutions.

Interestingly enough, each of the twelve villages has designated one of these organizations to be the institution responsible for *action-research* within the village. This serves as a strong, even remarkable, indicator as to how serious the rural people are about their community development and management. The idea itself evolved out of the *participatory debates* originally sponsored by FEER (*Fonds de l'eau et de l'Équipement Rural*). Village people said that action-research emphasizes the same importance that they place on working collaboratively within the villages as well as with their external partners. Identified collaborative priorities include three areas: 1) agriculture (agricultural credit and initiatives); 2) education (primary schools and literacy centers) and 3) water provision (boreholes and modern wide-diameter wells [SA Case Study: p.61]).

Twenty "Management Committees" are also active (11 for water points; 7 for schools; and 2 for CSPA health centers). Each of these committees' members and officers are elected either by consensus or competitive vote and serve for two to three years. The committees themselves (unlike other local organizations) are usually stand-alone groups. But members serving on committees are also involved in several of the other local organizations, which allows information to flow without unnecessary meetings. This management committee structure, while focused on maintaining the existing sector-service infrastructure, is also a key advocate for development planning and further investment.

**Institutional development** in Sanmatenga featured some early external contributors. This has substantially strengthened the style of organization and institution that has evolved. In the early 1970s, two organizations from outside the province began activities

which have had long-term institutional impacts. One was a state agency, FEER, which specializes in providing water and rural infrastructure, and the other was ADRK, an NGO from the locally based Catholic Diocese of Kaya. ADRK began in 1972, specializing in institutionalized financial assistance for rural initiatives. By 1978, the peasants active in ADRK had set up their own savings and credit sections. According to rural groups, using credit was the bridge for their setting up of a larger rural finance system

FEER began its work in 1970 with an evolving strategy that placed local people at the center of “*debates*” to discuss how they themselves could achieve local development. It also focused on assuring that the local residents were responsible for whatever development initiatives were decided upon. Currently, both FEER and ADRK, along with other federative groups, function as partners of local level organizations and institutions. Now, even new external projects that focus on community management of resources (*gestion terroir*) have also adopted this multi-sector participatory approach.

### **Yatenga Province**

Located in the far north of Burkina Faso, Yatenga Province is 181 km from the capital of Ouagadougou and is known as the traditional seat of the Mossi Kingdom. It has a population of 443,935 inhabitants. Twelve percent are urban, since the capital of the province, Ouayagouya, is a major provincial trading and commercial center. Yatenga is within the Sahelian plains area, with approximately 30 percent of its soil suitable for farming. Rainfall ranges between 400 to 700 mm of rain per year, and the unpredictable fluctuation of rainfall poses critical problems for farmers. Villages in the province are divided according to ethnic group, rather than mixed. In the LLI study area, nine villages are Mossi, one Peuhl, one Silmi Mossi, and one village Yarse. Both ethnic and religious relations (Islam, Animist, Catholic, and Protestant) are described as cordial and non-conflictual.

**Local level institutions** in Yatenga are plentiful and diverse, but LLI researchers found that often they were isolated and competitive. The 12 LLI Yatenga villages in the study have a total of 45 local organizations. There are two kinds of organizations which overshadow the others within the village—the *Groupement Villageois (GV)* and the *Groupement Naam (GN)*. GV are found in 10 of the 12 villages, while GN are found in 11 of the 12. Groupements Villageois is a nationwide organization begun by the government in the 1970s in its first efforts to decentralize. Now, many of the groups consider themselves to be community rather than state initiated, but all groups remain strongly tied to state intervention and resources. Indeed, a major reason to join is to have better access to the resources offered by the state. The original GV excluded women, youth, and livestock herders. But over the years the excluded groups have organized their own organizations, and now 53 percent of the GVs are gender-mixed.

Groupement Naam, on the other hand, was started in the early 1970s by a well-respected leader who now serves both as Mayor of Ouahigouya and in the National Assembly. Bernard Ledea Ouedraogo’s intent in organizing GN was to incorporate traditional cultural methods for performing village service (Naam) into a federation of organizations to expand community prosperity. With its home base in Yatenga, Groupements Naam now consists of 73 federative unions comprising 4,721 groups at the local village level in 18 of the 45 provinces (Final Report, p. 112).

One of Naam’s changes has been to incorporate the village chief as one of its members, but as one with no more power than any other member. It is debatable, however, whether this has had the intended effect. Researchers noted that none of the 12 LLI villages now had strong leadership despite the fact that an administrator and a village chief resided in each village. A *conseil des anciens* now has the responsibility for

resolving disputes within the village, but even their role is diminishing. According to a LLI respondent, in Yatenga, contrary to the findings in Sanmatenga, the chieftancy institution was not thought essential to development.

A third organization, found in the rather large village of Ziga, has impact at the village level as the only institution to offer opportunities for both credit and savings. The *Union Regionale des Caisses Populaire (URCP)* has within the village 1,300 accounts with a total savings of 34,000,000 CFA, (\$68,000) and a total of 15,000,000 (\$30,000) current loans, mainly for the residents of Ziga itself. The average loan (used by 150 people) is for 100,000 CFA (\$200) and has a default rate of only 1 percent. Savings accounts, which are more popular (and easier to get), number 1300 (Yatenga Case Study, p.17). Overall, URCP and its federation currently covers 21 provinces with 62 bank offices at the department level, and 1,022 smaller offices at the village level. It has 138,000 member who together mobilize savings and credit (Final Report, p.61).

**Institutional development** processes have been a constant theme in Yatenga Province. Almost all the local institution members spoke of their unity, solidarity, and acquisition of new learning as key components of their group success. Even if not yet successful in reaching their objective, they felt that their unity and solidarity would be key to its eventual arrival. When reviewing their obstacles, members believed that a lack of financial capital was the primary reason for ineffective action. However, LLI researchers noted that there was also a *notable absence of collaboration* among the local organizations in Yatenga, even within the same village. For example, there was no coordination between Groupements Villageois and Groupements Naam even though both groups were often undertaking similar projects in the village, usually with external state or NGO partners. At the same time, each of the groups tended to be exclusive in their membership patterns. In fact, researchers noted several village groups creating more than one organization with the same people to solve the same problem. This was explained as necessary because “each outside partner wanted their own groupement” (Yatenga Case Study, p.34).

Evidently, there is little effort to hold consultative councils among groups within the village and within the department as does Sanmatenga. Several groups thought these were needed additions—with the aim of creating some sort of community understanding and consensus around priorities.

But asked if things were better now than before, one groupement response seemed typical. They answered yes, things are better “because the village has a school, a health dispensary, and two cereal banks” (p.48). On the other hand, asked if things would be better in the future, many expressed fear given the “difficult climatic conditions” paired with “increasingly difficult economic times.” The definition of what comprises “difficult economic times” seems key here. Groupements constantly referred to the increased difficulty and competition in finding outside partners to assist. Evidently, the Yatenga style of federation, with few resources outside their own solidarity, has brought in many outside partners to assist in development. But as internal needs increase, and outside resources remain the same, a competitive spiral among groups seems to have emerged. Despite their success, the groupements are expressing a pessimism that is new and worrisome.

## Sissili Province

Sissili Province is situated in the south, bordering Ghana, approximately 165 km from the capital of Ouagadougou. The climate is high forest savannah and has 800–1200 mm of precipitation per year, making it one of the more fertile areas of the country. The dry season lasts from October to April, a little shorter than the provinces to the north. The province suffers one of the greater infrastructure deficits in the country, possibly because river-blindness has only recently been eliminated from its most fertile areas. For example, the roads that connect the provincial capital of Leo to all of its departments are not paved, effectively cutting off internal communication for a good part of the rainy season. The principal ethnic groups are the Gourounsi Nuni and the Wala who are indigenous to the area, and the Mossis and the Peuls who are more recent newcomers. Although the Nuni and Wala are the indigenous groups, the Mossi are now the majority within the province.

**Local level institutions** in Sissili Province are neither as organized nor as interconnected as those surveyed in the north, but there does seem to be an emerging willingness to collaborate at all levels. For example, capacity for *resource mobilization*, always a good indicator of the trust and confidence in local governance, is high. For successful mobilization of funds, there must be a *consensus* within the group on each action that resources are meant to serve—and, evidently, communities can consistently achieve this. Resource mobilization is accomplished through local chieftancy institutions and therefore usually brings together several villages, or parts of villages.

The education sector has also begun to see some collaboration and participation. Here, LLI researchers observe that parent-student “consultation and co-management with the teaching personnel is usually done with *bonheur*.” Moving from the village level to collaboration with local government, there are other positive signs. Elders have supported the creation of councils that promote greater collaboration with both NGOs and state agencies. And because of this increased interaction, new organizations have been successfully initiated.

One example is COOPEC (Cooperative for Credit and Savings). As in other provinces, communities and organizations in Sissili have little access to either savings or credit. Because of this, in 1991 the artisans living in the department decided to develop such a cooperative. Now, COOPEC—which currently numbers 155 people and is open to anyone in the department—has a budget of almost 5,000,000 CFA (\$10,000), and has extended credit in the amount of 2,325,000 CFA. Members credit their success to two factors: the transparency of their management, and the beneficial assistance of PAAB (*Programme d'appui aux artisans du Burkina*). COOPEC is not a member of any federation, and does not have a relationship with the state. But given the recent increased power given to collectives by the state and local government, COOPEC is now considering how it could finance productive investments.

**Institutional development** in Sissili is rising. According to study participants, local groups and organizations are playing a stronger role in determining the objectives and structure of new projects in the department. This increased collaboration takes place with both the local government and NGOs who, according to study participants, now incorporate local perceptions and values in their projects to create stronger local commitment. Study participants report that the new projects generally emanate from their requests in collaboration with the provincial agents, and are then implemented with the help of various aid groups. Of particular interest, elders councils have been instrumental, through their support and encouragement, in the successful establishment of various consultation councils.

Two interactive initiatives support this expanded involvement. First, expanding partnerships are developed, according to study participants, by *using local participation*

*practitioners as animators* to initiate different levels of consultation and analysis among rural communities, local groups/associations, and the various external stakeholders. What makes a considerable difference here is that *local institutions*, not just geographical communities, are involved. This evidently encourages people to be more active and responsible for future activities.

### **Houet Province**

Houet Province is located in the southwest of Burkina Faso, 375 km south of the capital of Ougadougou. It is the home of the country's second largest city, Bobo Dioulasso, once the colonial capital of the region. The population is distinct from other study provinces in that it is divided fairly evenly between 406,327 urban inhabitants, and 476,993 rural inhabitants. The rate of annual growth is 4 percent. As a whole, the region is considered the major productive asset of the country, and Houet's rural areas are considered the breadbasket of Burkina. Rainfall ranges between 1000 and 1100 mm per year, allowing production of a variety of agricultural products. In addition to the cereals grown throughout the province, cotton, rice, sesame, and some fruits are extensively produced, much of it for export. Two adjoining departments—Toussiana and Peni—were chosen to participate in the LLI study to guarantee the rural nature of the villages selected. Major ethnic groups are the Toussian and the Tiefo, both of whom speak Dioula.

**Local level institutions** in Houet are more obviously divided into two separate functions than in the other provinces. On the one hand, the traditional chieftancy—in this case elders councils—mutual aid institutions, and religious organizations continue to operate, but with a fairly low profile. Management committees exist, but they and other kinds of councils, such as national resource management groups, have not yet found a credible niche.

The higher profile organizations, found in both departments, focus on economic interests. The difference between the two departments is that Pene does not yet have effective relationships with the provincial government. Profiled best in Toussiana, two institutions have emerged from associations of Groupement Villageois and those modeled after Yatenga's Groupement Naam. *Teinsiya Association* and *Union Departementale* are typical of this new orientation.

Over the past 12 years, both the Association and the Union have organized themselves, and each seeks a collaborative “insider” relationship with provincial authorities and the private sector interests at that level. Both have set relatively high standards for membership and, in that sense, are *exclusive* rather than *inclusive*. The Association, organized in 1986, represents 16 organizations and approximately 350 families (mostly Mossi), and is organized in the image of Groupement Naam of Yatenga. Dues are high at 10,000CFA, and its objectives are to improve food security and the income producing capacity of its members. In the past 10 years, it has evidently become a powerful and competitive player in the economic life of the department *and* province.

The Union, organized in 1993, represents 10 associations. Its dues are lower, at 2,200 CFA, and its objectives are to improve agricultural production and the quality of life of its members. Despite these similarities, the Union sees its role differently than the Association, attempting to play the role of “a real partner in development” and selecting activities useful for the progress of Toussiana.

Both groups, along with a number of others, have been invited to participate in a “special delegation” that advises provincial officers on development decisions and investments. Many see this as a positive step forward—before the creation of these organizations, local organizations and institutions were not involved in provincial and

departmental affairs. But, it was also noted by LLI participants, that all groups *compete* because they have the same objectives and are vying for the same space. Like Yatenga Province, people in Houet Province question why there are so many organizations. One LLI study participant pointed out that it creates mistrust and suspicion: "Certain directors of organizations think very little of others...they enrich themselves on the back of the organization" (Houet Case Study, p.32). This situation has caused apprehension about the future of local institutions among people active in local organizations within the department.

**Institutional development** in Houet is developing differently than in the other provinces. At one level, there remains a relatively strong but low-profile focus on inclusive collective action to complete projects (health centers, schools, modern wells, savings and credit) that benefit the whole community and contribute to household productivity. At the same time, associations have emerged over the past decade that are *exclusive* in practice, and focus on developing greater collaboration with government and the private sector for economic development.

Even the debate to establish a balance between individual and collective interests, unlike Sanmatenga for example, is taking place primarily within those institutions dedicated to specific economic rather than integrated village interests. And this debate will continue for some time. People active in all types of local organizations were troubled by *inequity*. LLI study participants note in particular that the participation of all people, and not just representatives of local organizations, must be involved if development is to work. It was also noted that the question of participation at group reunions that decide on resource mobilization activities would have to be resolved if the resource mobilization institution was to continue working well. The direction of change in Houet, and the diversity of debate surrounding these changes, demonstrates clearly the dynamic but different roles that LLIs play in the everyday life of local people within the four provinces.

### **Key variations**

Preliminary results of the 48 village participatory analyses in the four provinces were surprising, contradicting the hypotheses originally put forward. The overall hypothesis was that social capital indicators would be strong across the four provinces. From a provincial perspective, CND and the national research team hypothesized that there would be noticeable variations in local level institutions between North and South. This made sense from both a sociological and economic perspective because there are strong cultural, ethnic, economic, and environmental differences between the two similar provinces of Yatenga and Sanmatenga in the North, and the similar provinces of Houet and Sissili in the South. It was thought important to identify and use these differences in local level institutions if local people were to own rural decentralization and make it sustainable.

Social capital indicators were strong. And, from a provincial perspective, the national research teams identified differences, but not the ones expected. Key similarities ran along unexpected North/South directions. From a local institution perspective, the northern Province of Sanmatenga was much more similar to the southern Province of Sissili. Likewise, the northern Province of Yatenga unexpectedly resembled the southern Province of Houet. North to south migration patterns, since they were fairly similar for all four provinces, could not explain the differences.

The key variations were not based on cultural and economic differences as expected, but revolved around how institutional development was undertaken in each of the provinces over the past 30 years. Relatively long and profound participatory efforts,



building on existing local level institutions and communities, were documented for both Sanmatenga Province in the North and Sissili Province in the South. On the other hand, LLIs showed no similar institutional development in the southern province of Houet. Yatenga in the North did experience high levels of institutional development, but it was aimed differently—at creating effective federations for development across the province.

Strengthening the initial variations found for participation and institutional development, researchers also saw relatively new organizations linked to this participatory process. These seemed to be evolving in greater numbers within the two unexpectedly similar provinces of Sanmatenga in the North, and Sissili in the South. Finally, LLI participants in Sanmatenga and Sissili voiced greater optimism about development prospects, while LLI participants in Yatenga and Houet expressed troubling levels of pessimism. Despite these interesting and unexpected variations, the reality of the differences and similarities could not have been established through either a simple qualitative or quantitative analysis. It takes the mutually re-enforcing use of both qualitative and quantitative analysis to define these findings and their implications for development. This is discussed in the next two chapters.

### 3. QUALITATIVE ANALYSIS AND RESULTS: DOING DEVELOPMENT THE LOCAL WAY

The local level institutions described in the previous chapter identified organizations with differences and similarities. In this analysis, we capture some essential elements of structure, pattern, and meaning. The following assessment defines three critical elements: 1) active LLI categories; 2) high-performing LLIs and what makes them different; and 3) the elements basic to their successful scaling-up. In the next chapter, these qualitative findings are further explored through quantitative analysis.

#### Typology of local level institutions

As a result of the participatory action-research with each of the 48 villages in the four provinces, the LLI research team identified three categories of institutions active at the local level. The first category is a constellation of long-enduring indigenous institutions, the second is an institution developed over colonial and early independence, the third is a relative newcomer that incorporates development activities into daily life in a culturally congruent manner. We have named these institutional categories to indicate their functions in local society. They are: 1) value institutions; 2) production institutions; 3) and service-asset management institutions.<sup>8</sup>

The team found that stable organizational processes were basic to local level institutions and were based primarily on *value institutions*. Of these, chieftancy institutions were found active in all of the 48 villages, where they are credited with governance of the village. In addition to its public administration responsibilities, chieftancy was also the primary institution for conflict resolution. This was particularly true with land issues. According to the Burkinabé LLI report, chiefs still make decisions about land tenure that have full legitimacy in the eyes of community—despite the national law (RAF), which supposedly dissipates this power. As one participant suggested, “the ties of land and lineage have not, and will not, disappear.”

Mutual aid societies, less externally recognized than chieftancy, are also an essential facet of these value institutions. By instituting or maintaining a number of intangible but very real institutional processes such as *community resource mobilization* and *social transfers*, they enforce the societal rules that help maintain solidarity and equity value structures.

*Production institutions*, made up primarily of Groupements Villageois (GVs), are equally widespread and active in all four provinces. They provide the economic institutional linkage between the state and the community. Formally organized by the state in the 1960s and 1970s, but having their roots in colonial times, GVs are now most often organized within the villages. These farmer organizations are the access gate to agricultural extension training and whatever material agricultural resources the state offers to producers.

Organizational process and management depend primarily on organizational goals. Some groups, (particularly in Houet Province for example), focus almost exclusively on providing competitive access to resources for their members through high dues and making membership exclusive. Other GVs, also require dues but set them at a level that almost all village members can afford. Their objectives include a more equitable access

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<sup>8</sup> Karim Ouedraogo. *Rapport Synthèse*, 1999

to resources. Both give back to the community—however, when the resources are not forthcoming from the national level, both GV organizations become less active.

*Service-asset management institutions* (SAMs) are local level organizations, usually of mixed gender, created recently from two historically different sources. The first is the *development committees* begun more than 30 years ago to manage and maintain the then new infrastructure assets of water wells, schools health centers, etc. The second are the indigenous associations that have long existed among groups of contiguous villages, and who collaboratively manage and utilize economic and natural resources (land, forest, water, livestock, wild-life, and some village-production activities). A few SAMs may be solely village based, but most (like other LLIs) run across a group of villages that often, but not always, have similar chieftancy and ancestral roots.

SAMs differ from the other two LLI categories (values groups and production groups) by combining the goals of production and growth with societal values of equity, solidarity, and consensus-oriented decision-making. SAMs consistently use three mechanisms — *inclusion, equity expansion, and capacity compensation* — to manage assets for development and growth in environments that are often severely resource-constrained.

These three categories make up a useful *institutional typology*.

- **VALUE INSTITUTIONS** focus on activating and maintaining the stability of local governance, cultural, and values of the society. This group includes chieftancy groups, and all religious oriented or mutual aid institutions active in rural life. Societal values — emphasizing solidarity, equity, and consensus — directly shape the functioning of these institutions.
- **PRODUCTION INSTITUTIONS** comprise the majority of economic development organizations created over the past 40 years. Their main objective is to access resources from the national government in order to increase agricultural production. They focus on economic growth using Western organizational patterns.
- **SERVICE-ASSET MANAGEMENT INSTITUTIONS** integrate productivity and growth values with the societal principles of solidarity, equity, and consensus. Their main objective is to manage and expand local assets for development in a culturally sustainable manner

### **High performing institutions are identifiable**

The service-asset management (SAM) institutional category, a relative newcomer to rural life, was particularly effective in promoting equitable but growth oriented local development. Our qualitative analysis indicates that SAMs scale-up internal organization within villages and provinces by implementing a culturally coherent kind of development that balances equity and enhanced productivity. SAMs can be qualitatively identified by the way they achieve this scaling-up—the consistent use of three mechanisms: inclusion, equity expansion, and capacity compensation.

**Inclusion** is the first management mechanism for categorization as a service-asset management organization. For example, Sanmatenga and Sissili Provinces — where the greatest numbers of SAMs are found — also have the highest number of management committee organizations, with high numbers of consultative councils, deliberative committees, and federative arrangements. Almost every village has an array of

organizations and committees whose organizational methodology is based on inclusive participation — that is, sharing information, then defining consensual steps for action on priority problems, many of which are collective problems. In particular, these organizations feature collaboration among chiefs, development organization leaders, and community members. This consensual path (also found to a lesser extent in Yatenga, but rarely in Houet) is essential in clearing barriers that often exist between traditional chiefs and development leaders. This inclusive orientation also allows larger and more diverse organizational groups to mobilize for action rather than just the one or two effected by a decision. In sum, this makes the societal value of solidarity functional in the local economic/development process.

Water committees are good examples of *inclusive* management. They make decisions that ensure a maximum number of working boreholes or ponds with water within walking distance of the community during the dry season, with adequate back-ups if there are break-downs. If their decisions are not inclusively managed, it can effect production capacity, as well as the health of community members and their livestock. Similarly, water committees and other traditional resource management councils have extensive responsibilities in resolving conflicts between sedentary farming villages and pastoralists for access to and management of water. Sanmatenga, for example, has large populations of pastoralists using water sites alongside village farmers with little or no conflict. Inclusive management supports conflict resolution, while scaling up productivity.

*Where* the inclusive management focused is also important. The two culturally and environmentally different provinces of Sanmatenga in the north and Sissili in the south, for example, both decided to focus at the village level, and a number of organizational mechanisms for consultation and consensus-building around development were subsequently built. On the other hand, Yatenga Province (particularly Groupement Naam) focused its inclusion on federated institutions and members across villages, rather than on the village as a whole. While Naam's objectives were laudable—the democratic participation of all members without distinction to rank, and the incorporating of new learning from external partners—part of its impact at the village level was unexpected and negative. It strengthened the Naam Federation but evidently diminished village capacity for trust and collaborative action.

**Equity expansion** is the second management mechanism that identifies SAMs. At the village level, one way in which service-asset management groups create the alliance between enhanced productivity and local values is how they define and undertake organizational responsibilities. For instance, SAMs take on responsibility for the following agenda: 1) establishing a management role that strategically uses scarce resources to expand as well as maintain the resource; 2) undertaking an advocacy/sensitization role for the correct use of resources; 3) implementing a planning role within the village that emphasizes productivity and poverty reduction; and 4) supporting participatory and federative institutional arrangement where collaboration is formalized with partners inside and outside the village. *The interplay between the first two agenda items, which are concerned with production, and the second two, which foster inclusion and equity, create the crucial equity expansion.*

Reviewing how SAM education committees interpret strategic management shows how equity expansion works. All education committees take care of the time-consuming and expensive tasks of repair and maintenance (for example, the Parent's Association of Ziga spent 340,000 CFA [\$680] on school maintenance in 1996). They also do fund-raising and sometimes offer advisory services to the principal and teaching staff. Under their strategic management for equity expansion, SAM education committees do much more. They establish and enforce tuition payments, deciding how long students can attend without paying and when rules must be enforced. If a family is truly without

resources, students stay enrolled. But if a family is judged to have resources to pay but these resources are used elsewhere, students are finally asked to leave. In Sanmatenga, for example, 17 students were asked to leave at mid-year in 1996, but Houet Province Committees were much less successful in agreeing to and enforcing the same kind of decisions. At the same time, SAM education committees take responsibility for guiding school expansion, and helping parents to understand why sending girls to school is as important as sending boys to school.

Evidently, SAM-type organizations interpret local values so that their essence remains, but at the same time there is a tension between how the value was originally interpreted and the need to be economically productive. This explicit balancing act not only facilitates the emergence of the new SAMs institutional category, it also strengthens the existing values institutions.

For example, mutual aid societies (classified as part of the values institution category) have taken the cultural value of *solidarity* and established a number of expectations, rules, processes, and structural procedures that translate into the well established, if intangible, *social transfers* institution. This institutional structure guarantees an equity across communities secured by lineage. At the same time, these same values of solidarity and equity pose heavy burdens for those trying to maximize individual savings for investment. Therefore, SAM oriented management rules governing rural savings federations (such as COOPEC in Sissili or URCP in Yatenga) reflect the dual need for members to both save and honor societal responsibilities. (The rules of these rural credit associations do not allow quick withdrawal of savings, but guarantee quick credit for smaller amounts. This allows rural credit members to meet societal expectations, but keeps controls on savings.) Recognizing these dual needs strengthens the values institutions while expanding service-asset-management institutions.

**Capacity compensation** is the third mechanism that identifies SAMs. The routine use by SAM organizations of inclusion and equity management mechanisms also has an unexpected—at least to outsiders—*capacity compensation* side-effect, which seems to be critical to building high performance. Two factors in particular—information-sharing and collective problem analysis—contribute to this institutional development process.

The idea of information-sharing and collective problem analysis was introduced to local level institutions in three of the four provinces during the 1970s. As mentioned earlier, FEER (*Fonds de l'eau et de l'Équipement Rural*), a government agency committed to a long-term participatory processes, was in the early 1970s instrumental in starting this new kind of participatory and collective interests approach. It focused on local level institutions and villages in Sanmatenga, where it initiated “peasant debates” to begin village and inter-village discussion of long-term development priorities. The subsequent decision of the chieftancy and development organizations in Sanmatenga designated within each village (including the 12 LLI villages) an organization responsible for “action-research planning,” then formalized and internalized this information and analysis process. An NGO later undertook the same kind of participatory process in Sissili, and the Elder Councils encouraged multiple federative arrangements to ensure collaboration with partners inside and outside the village. Yatenga Province also went through the same processes but, as mentioned earlier, aimed it at the federation and not the village, so it did not have the same effect.

There is another closely connected dimension to this “capacity compensation” that concerns *sequencing*. LLI researchers, based on rural participant discussions, identified both “local accountability” and “culture-based” as the two components most likely to be missing from external donor projects. LLI findings indicate that without these two institutional dimensions, new organizations quickly disappear—regardless of whether they are externally funded or internally initiated. It seems then that while technical

capacity is critical for long-term success, its lack can be buffered for some indeterminate period of time by other institutional dimensions. Evidently, using inclusion and equity expansion mechanisms permits local level institutions that lack the technical capacity for effective functioning to borrow or tap into other local organizations that do. This suggests that the buffering aspect automatically built into SAM organizations gives these organizations an advantage.

### **Locally anchored participation is key to success**

When deciding on priorities and actions, service-asset management organizations consider both *relational* and *individual* interests. SAMs clearly define the tension that exists — and the *balance selected* — between the strongly held community values of equity, solidarity, and consensus, and the need to save, invest, produce and grow at the household and community level. The balance selected is neither ideological nor inflexible; instead, the balance factor is situational—for one activity favoring community collective need or action, and in another favoring individual household interests. But how do SAMs, as high performing local institutions, select this situational balance not once or twice, but repeatedly?

The answer is in SAMs' own internally anchored and formalized participation process. This formal institutionalization allows SAMs to accomplish a scaled-up two-cycle participation to select the situational balance. The first cycle, participatory diagnosis of problems and decision for action, is a familiar one. Government and donor programs and projects throughout Africa use it, and recognize it as critical for initial success.

But there is a second cycle, rarely recognized, which is essential for sustainable success. The second cycle renegotiates power alignments and makes internal institutional revisions so that problem diagnosis can be addressed. In this case, the SAM, by repeatedly selecting a situational *balance* between societal values and the need to produce and grow, finds itself in an iterative negotiation of power alignments and institutional revision. *It is these institutional revisions that are critical to the functional scaling-up of these institutions.*

How do we know that this is what SAMs do? Local people of any nation rarely, if ever, sit down to discuss “institutional arrangements” or “two-cycle participation.” However, within the LLI work, village participants did identify the organizational dimensions they believed essential for undertaking social and economic development. These four dimensions outline and track the internalized participation cycle. As outlined in the results of the LLI community analysis,<sup>9</sup> they are:

- *Local institutional accountability*
- *Local technical & intellectual capacity for management*
- *Economic strategies based on existing local resources*
- *Cultural and emotional resonance.*

These dimensions have particular meaning for local institutions and communities. *Local institutional accountability* means that local groups want development initiatives to be accountable to their own local institutions — committees, councils, and chiefs. Accountability only to local government or donors is not enough. *Local technical and*

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<sup>9</sup> Karim Ouedraogo, *Rapport Synthèse*.

*intellectual capacity for management* means that if people and organizations in a particular geographic area cannot manage and sustain an input, they do not consider it worthy of their time. *Economic strategies based on local resources* means that if strategic use of a development resource is not within existing resources, local people cannot view it as a priority. Finally, *cultural and emotional resonance* refers to how people feel connected to development initiatives. If the initiative reflects local values and ways of organization, it has both collective cultural and individual emotional resonance.

Using these four organizational dimensions as a guide, it becomes evident why service-asset management organizations have evolved over the past 20 years into the newest recognizable institution to meet the internal needs of economic development. Neither the existing values nor production institutions offer all four of the requisite organizational dimensions. Table 1 shows that, to operate well, values institutions do not necessarily require a “local technical capacity for management.” It also indicates that production institutions do not require “cultural and emotional resonance” to achieve their objectives. But as we can see, SAMs can and do deliver on all four dimensions.

**Table 1 Types of LLIs and use of the four institutional dimensions**

Type of LLIs	Local accountability	Technical capacity for management	Economic strategies on local resources	Cultural/emotional resonance
Value	√		√	√
SAM	√	√	√	√
Production	√	√		

SAMs are able to deliver because of their *internally anchored participation*. Table 2 illustrates the differences in delivery capacity among different kinds of participation. *Consultation* only delivers on two out of the four dimensions. *Beneficiary empowerment*, comes from external government or donor sources. But neither measure up to SAMs’ internally anchored process.

**Table 2 Participation Type and use of four institutional dimensions**

Type of Participation	Local accountability	Local technical capacity	Local development strategy	Cultural and emotional resonance
No Participation	None	None	None	None
Consultation	None	Partial	Partial	None
External Beneficiary Empowerment	Partial	Partial	Partial	None
Internally Anchored	Yes	Yes	Yes	Yes

In reviewing Table 2 we automatically ask ourselves just how important are cultural and emotional resonance? Two points are important here. SAMs’ use of a participation process that internalizes cultural values in organizational strategies provides the essential trust that is a hallmark of well-performing LLIs. For example, the “Voices of the Poor” recently underlined how local people trust their own institutions, but are markedly skeptical of others. Equally important, but at this moment less recognized, this trust generates the social energy and hope critical for participation’s second cycle work. Renegotiating existing power alignments and making institutional revisions are not just

technical initiatives—they demand high trust and high energy. Both collective cultural attachments and individualized emotional attachments must be in sync if participation's second cycle is to operate sustainably. We can therefore conclude that 'cultural and emotional resonance' are critical.

### **Key qualitative results**

This qualitative analysis demonstrates how high performing service-asset-management institutions—a category of local level institutions—solidly contribute to poverty reduction and economic growth at the local level. These LLI/SAMs use and practice three societally fashioned management mechanisms: 1) inclusion; 2) equity expansion; and 3) capacity compensation in their management of collective assets. Found primarily among provinces that feature a great variation in cultural institutions, environment resource base, and production structures, their greatest similarity is well functioning internalized participation structures.

The LLI study framework, outlined in Chapter 1, suggests why these values fashioned mechanisms have such an impact. The notion of changing *cognitive societal values to functional ones*, as suggested by Uphoff, is clear. For example, participants in the LLI study from all four provinces insist on their attachment to the ideals of solidarity, equity, and consensus, although, culturally, they express these values differently. However, only two of the provinces have been able to act on these cognitively held ideals and make them function in development activities. The mechanism by which they were able to achieve this change from cognitive to functional values is through *internalized participation*. In particular, recognition of two-cycle participation, which allows not only diagnosis of problems but also the internal revision of institutions, is the critical mechanism by which values pass from the theoretical or cognitive realm to everyday functionality.

SAMs not only solidly contribute to poverty reduction and growth at the local level, they do so in a critically different way than do current poverty reduction models. SAM/LLIs reorder things to match both their values and resource constraints. SAM/LLIs see equity and solidarity as the initiator or leverage point, with development and growth the result—an extraordinarily innovative capacity. But to understand the implications of this capacity we must first accept the possibility that economic development requires congruent cultural values for long-term and sustainable success.



#### **4. QUANTITATIVE ANALYSIS & RESULTS: IMPACT OF HIGH PERFORMING LOCAL LEVEL INSTITUTIONS ON EQUITY AND POVERTY**

The qualitative analysis in the previous chapter has provided a great deal of information on how village level local institutions, especially the SAM type of LLIs, operate within the local social structure. Of special interest is how SAMs make decisions and take actions based on culturally preferred values. The qualitative studies conclude that LLI/SAMs play a crucial role in shaping inclusive and equitable local economic development strategies consistent with the local cultural values.

Normally, these qualitative studies are useful for defining solutions in only one geographical area because it is debatable whether that solution can be applied elsewhere. In these situations, a complementary *quantitative* study can enhance the usefulness of a qualitative study outside the study area. This chapter provides such a study, offering statistical validation to the qualitative results.

The most important finding of the quantitative analysis is that everything identified by the qualitative study about SAM/LLIs is linked to lower levels of inequality. Development agencies now understand that reducing poverty in Africa requires reduced inequality and accelerated growth. Past experience has shown that, without a certain degree of equity in income distribution, growth cannot be sustained (SPA 1999). The statistical link between LLIs/SAM and equity allows us to affirm the innovative economic achievements of LLIs/SAM, measure them with mathematical precision, and predict their impact on future poverty reduction.

##### **Measuring local level accomplishments through a different lens**

Based on the qualitative studies, Sissili Province in the south and Sanmatanga Province in the north have a more effective mix of balanced LLIs, (i.e., a relatively large proportion of SAMs). In addition, locally anchored participation and consensus building, as practiced by SAMs, are stressed more at the village level than in the other two provinces. This combination of an effective LLI/SAM mix, according to the qualitative analysis, creates an equitable development that balances relational as well as individual well-being, a value largely preferred by Burkinabé.

An assessment of inequality, poverty, and household expenditure per capita by province provided a breakthrough for our LLI/SAM study. Results of our initial quantitative comparisons (trying to find a link between effective LLI/SAM and economic development among the four provinces) revealed no consistent relationships or patterns. The mean expenditure per capita measures are similar in the two northern and the two southern provinces—just as what would have been expected in the absence of LLI/SAM impact (see Table 3). But as we changed our focus to poverty and inequality measurements, the accomplishments of LLIs/SAMs became apparent.

Table 3 shows intriguing poverty variations among the four surveyed provinces.<sup>10</sup> In the southern part of Burkina Faso, the poverty incidence in Sissili is almost 40 percent

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<sup>10</sup> Household expenditure data (959 surveyed Households in 48 participating communities) were used to calculate poverty and inequality measurements by province.

lower than that of Houet.<sup>11</sup> The difference in poverty incidence between Sissili and Houet is because Sissili has a much more equitable income distribution. The income gap measurement also shows that the poor in Sissili are, on average, less poor than the poor in Houet. Because of its more equitable income distribution, Sissili has achieved a lower level of poverty with the same level of economic development as Houet. (Mean expenditure per capita between Houet and Sissili are not statistically significantly different.) In the northern areas, both the provinces of Sanmatenga and Yatenga have similar levels of economic development (mean expenditure per capita are similar). However, because of the much lower inequality in Sanmatenga, its poverty incidence is 20 percent lower than in Yatenga. Also, using the income gap measure, we find that the poor in Sanmatenga are less impoverished than the poor in Yatenga.

**Table 3 Poverty, inequality and mean expenditure by province**

Area of country	Province	Poverty measures				
		Poverty incidence (%)	Poverty gap (%)	Income gap (%)	Inequality E(1) (%)	Mean expenditure per capita
South	Sissili	19	5	24	11	65851
South	Houet	30	11	35	20	67551
North	Sanmatenga	37	8	22	10	53817
North	Yatenga	46	20	44	27	54751

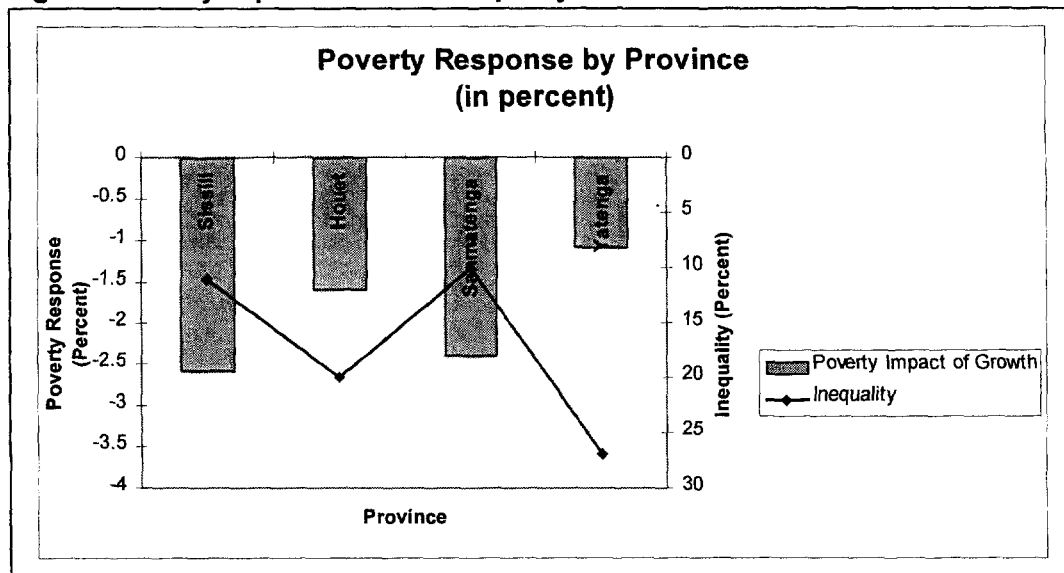
\*Note: The differences in poverty incidence and inequality between Sissili and Houet, and between Sanmatenga and Yatenga are statistically significant at the 95 percent level. The differences between the mean expenditure per capita are not statistically significant between the Sissili and Houet, nor between Sanmatenga and Yatenga.

From a different perspective, Figure 2 illustrates how lower inequality today can mean reduced poverty tomorrow. For example, even though the two provinces in the south have the same expenditure level, 1 percent of growth in Sissili would generate 2.6 percent poverty reduction (growth elasticity=2.6), while 1 percent growth in Houet would only generate 1.6 percent poverty reduction. Similarly, 1 percent growth in Yatenga would generate only 1.1 percent poverty reduction, while one percent of growth would generate 2.4 percent poverty reduction in Sanmatenga.<sup>12</sup> Also, the lower inequality not only accelerates the speed of poverty reduction by 60-100 percent in these cases, it can in general, also sustain growth better in the long run.

<sup>11</sup> The *poverty line* is defined as two-thirds of national mean expenditure per capita. *Poverty incidence* was calculated as the ratio of population living in households with expenditure per capita less than the poverty line to the total population, which gives a *scope* of poverty. *Income gap* is calculated as the percentage short-fall of the poor population's mean expenditure per capita from the poverty line, which gives a *depth* of poverty among the poor. Inequality is measured by one of the entropy class measurements, E(1), the Theil index, which is equally sensitive to changes across a distribution.

<sup>12</sup> Growth elasticity was calculated by using POVCAL, written by Shaohua chen and published by the World Bank.

**Figure 2 Poverty Impact of Growth Inequality**



In short, the comparison between “levels of inequality/poverty” and the qualitative assessment of LLIs shows the actual accomplishment of LLIs/SAM. These results, with strong statistical significance, are consistent with the qualitative findings that more effective LLIs/SAM in Sissili and Sanmatenga provinces, despite their regional variations, create a collective and sustainable prosperity. *With the change of the measurement lens, the actual achievements of local communities and their institutions come into focus.* Given this, our following quantitative analysis shifts the usual focus of economic analysis from measuring an individual return (typically expenditure per capita) to reviewing a balanced return between individual and society.

### Measuring high-performance impact

The qualitative analysis in this study expressed the complexity of the LLI interactions with the other aspects of Burkinabé society. Specifically, it analyzes the factors which affect the quality of LLI performance and points to possible socio-economic impacts resulting from these high performances. As suggested by the qualitative analysis, a variety of “institutional rules of the game,” as promulgated by different kinds of LLIs, actually shape implementation of community-based approaches to development. In particular, an effective mix of different LLI structures—featuring service-asset management groups (SAMs) with all of their dimensions—creates an inclusive economic development that also favors higher growth. But are the economic benefits of these shaping factors, as stated by the qualitative study, strong enough to be seen in the quantitative measurements?

The four-province quantitative analysis finds a positive association between effective LLI/SAM mix and a more inclusive development which leads to more rapid poverty reduction, as illustrated in Table 3 and Figure 2. However, this quantitative validation is regional. In order to provide credibility for LLI/SAM scaling up across villages as found in the qualitative study, positive correlation between LLI/SAM high performance and increased economic benefits must be validated across the four provinces. This section therefore asks whether there is a correlation between the quantitative measurements and

high performing LLIs/SAM, as shaped by the less tangible four organizational dimensions discussed in the previous chapter.

Our first clue concerning LLI/SAM performance is based on provincial official assessment of internal organizations. "Level of organization" in Table 4 indicates the provincial official assessment of how well each village is organized. Although not explicitly confirmed in each instance, we can confidently say that this provincial official assessment of village level organization was formulated according to how effectively the four organizational dimensions (Chapter 3) were utilized at the community level. Table 4 presents the cross tabulation between the level of village organization and quantitatively measured economic indicators. The most intriguing comparison is that *the higher level of village organization* consistently correlates with a *lower level of inequality*, statistically significant at 95 percent level. The differences between the low and the high level villages are also striking. Not only is expenditure per capita much higher among highly organized villages, but the inequality is also much lower.<sup>13</sup> This is again consistent with the qualitative assessment that higher performing LLIs/SAM lead to more equitable distribution, and a higher growth rate.<sup>14</sup> Given the fact that these officials assessed the villages without knowing anything from the quantitative data, the high degree of consistency is remarkable.

**Table 4 Poverty and village institutional organization**

Level of village Organization	Poverty			Inequality E(1) (%)	Mean expenditure per capita	Number of observation
	Poverty incidence (%)	Poverty gap (%)	Income Gap (%)			
Low	41	14	34	21	56795	370
Medium	32	12	37	19	60544	308
High	23	6	28	12	65602	281

Note: The difference in poverty incidence between low and medium, and also poverty incidence between medium and high, are statistically significant at the 95 percent level. In addition, the difference in inequality between low and high, and between medium and high, are statistically significant at the 95 percent level.

In order to evaluate how a balanced mix of different LLIs affects household and community economic welfare indicators, we studied the membership patterns among different type of LLIs. Based on the household survey data, the majority households (over 80 percent) are active in at least one type of LLI. Among all participating households, about two thirds join one type of LLI only, typically joining production groups. The other one third of households mostly join two kinds of LLIs, with the mix of memberships being typically in value and production groups, or in service-assets-management (SAM) and production groups. Very few households participated in only value and SAM groups. Among all households, memberships in production groups are by far the most prevalent.

This division of LLI memberships allows us to discern some economic patterns among households associated with different kinds of LLIs. First, we divided all

<sup>13</sup> Growth elasticity is -1.5, -1.7 and -2.3 for low, medium, and high level villages, respectively.

<sup>14</sup> We choose "consistent with" rather than "validating" the qualitative results for this result on purpose. While with only one point of data we cannot rigorously prove that the higher income and lower inequality are the results of high performing LLIs, the complementary analyses used by both qualitative and quantitative methods certainly provides more credibility than using only one of the methods.

households into LLIs participating and non-participating households. Second, among all participating households, we divided households into SAM/production group, value/production group, and production group only. The purpose of this division is to compare the economic outcomes of the households that have a mixed memberships with the households who join production groups only. In addition, Kombi Naam groups, although a type of service-asset management, are treated separately because of their *network* focus, compared to most SAMs, which feature a *village* level focus. The comparative group for Kombi Naam groups are the households in Yatenga that belong only to production groups. (This is because the Naam memberships are primarily reported in Yatenga. To eliminate the regional effect, we thus restricted the comparing households to Yatenga).

As shown in Table 5, when looking at participating vs. nonparticipating households (without distinguishing among different kinds of LLIs), the lower poverty among participating households results from higher mean expenditure per capita. This means the inequality between the participating and non-participating households are identical. This finding is consistent with the qualitative analysis that high performing LLIs/SAM are the result of complex interactions among different factors, and the mere existence of LLIs in a village does not guarantee more equitable growth.

One of the most important things found in the qualitative study is the balanced mix of different LLIs, and how, within this mix, SAMs play a critical role. When we look at the households participating in both SAM and production groups, we see that, by far, the inequality is the lowest among all groups. Value/production groups have the lowest poverty incidence; however, this is because of much higher consumption levels, not lower inequality. Based on the qualitative study, we know that a large portion of the values group membership consists of local elite who routinely enjoy good social connections and privileged access to resources. In addition, even though there is a higher percentage of poor households among SAM participating households, they are less poor than the poor households of all other groups, including those in the value/production groups.

These results are consistent with the qualitative findings that SAM groups are the most effective of the development institutions, and that they create capacity compensation for other kinds of LLIs. Thus, a mix of SAM organizations, combined with other kinds of institutions, contributes measurably to an equitable development path. Although higher growth, as described by the qualitative study, is not proven through this specific division of population, one must remember that SAMs are a new group that have only come into existence over the past 25 years. They are also relatively small in number, and work in extremely resource constrained environments. All of this makes it difficult to discern measurable growth impact. At this point, the most important message of the low inequality and poverty depth found among SAM\production participants is that these households have started on a more equitable growth path. This equitable growth path will, in time, bear fruit in achieving both higher growth rates and more rapid poverty reduction.

**Table 5 Poverty indicators by household participation in different institutional types**

	Mean expenditure per capita	Poverty Incidence P <sub>0</sub> (%)	Theil index of inequality E(1)	Income Gap	Number of households
Participating hhds	61606	30	17	34	782
Non-participating hhds	55029	39	17	33	177
Service-Asset Mgt/Production	59836	27	10*	24	99
Value/Production groups	68270	20	16	30	103
Production group only	61996	30	16	35	378
Kombi-Naam in Yatenga	55633	41	24	41	141
Production group in Yatenga	45524	58	29	50	53

Note: SAM/production groups includes households who participated in both SAM and production groups, a few of them were also in value groups. Value/production groups includes households who participated in value and production groups. Kombi Naam groups include households who participated Kombi Naam and any other groups. Production group includes households who participated in production groups only.

\* The difference in E(1) is statistically significant at 95 percent between SAM/Production and any other group.

In addition to rating village level organization, provincial officials were also asked about the village economy. When these provincial assessments of village economy are compared with the quantitative indicators, the differences again are manifested in both equity and expenditure per capita (see Table 6). Apparently, the minimal differences found among villages featuring medium or high levels of economy illustrates the difficulty in making relevant distinctions among these two groups. However, if we compare the high/medium level villages with the low level villages, once again, we find that not only do the villages rated medium/high have higher levels of mean expenditure per capita, but they also have lower levels of inequality. This is one more validation that *relational economic development* is strongly valued, and is a driving force in shaping Burkinabé efforts and decisions for achieving prosperity and growth.<sup>15</sup>

**Table 6. Poverty indicators and village level economy**

Level of village Economy	Poverty			Inequality E(1) (%)	Mean expenditure per capita	Number of observation
	Poverty incidence (%)	Poverty gap (%)	Income Gap (%)			
Low	41	15	37	20	54454	428
Medium	26	7	27	16	66469	291
High	26	8	31	15	64578	240

Note: The difference in poverty incidence and inequality between low and medium, as well as between low and high is statistically significant at 95 percent level.

The qualitative finding that a balanced mix of different types of LLIs/SAMs brings a more inclusive development is shown in the quantitative measurement of inequality. The

<sup>15</sup> We also computed mean expenditure per capita, inequality and poverty measures for villages according to their levels of organizations, economy and services within each province. The results, available upon request, are mostly consistent with the across provincial tabulations.

results validate the qualitative identification of effective LLIs and their accomplishments. However, the validation only becomes clear when the quantitative measurement lens is changed to reflect equity and poverty reduction. The materialization of intangibles, mainly the four institutional dimensions and locally anchored participation, is evident in both individual (mean expenditure per capita) and relational (inequality) economic indicators. Again and again, our findings show that Burkinabé value relational welfare as much as they value individual welfare.

### **Regression analysis: another validation of qualitative findings**

In this section we use multivariate regression analysis to further validate the qualitative results. First regression is a Probit model, using poverty status as the dependent variable (poor=1, nonpoor=0). This model focuses on how different independent variables are associated with the possibility of being poor. The second regression is a Tobit model, using logarithm of income gap per capita as the dependent variable.<sup>16</sup> This model investigates how different independent variables are associated with the depth of the poverty. Finally, the third is an OLS model, using logarithm expenditure per capita as dependent variable. This model examines associations between the dependent variables and the household well-being, as measured by expenditure per capita. Table 9 illustrates the regression estimates.

The regression figures validate some important previous findings with high statistical significance. The results indicate that the villages assessed as higher in organizational level are associated with a lower likelihood of being poor (regression 1). For the poor, the higher level of village organization is also linked with being less impoverished (smaller income gap, regression 2). Also, results indicate that both the *household level* social capital generated by LLIs (i.e., memberships and/or leaderships in village institutions) and the *village level* social capital (i.e., level of village organization and number of village institutions) are linked to a lower chance of being poor and smaller income gaps. This, combined with the sociological assessment, indicates that village level local institutions benefit not only households who have memberships, but also benefit those in the village without memberships<sup>17</sup>.

The parameter estimates for different combinations of memberships, such as value/production or SAM/production groups, are not statistically significant in the regression. Some of the more complex features of LLIs—including the four institutional dimensions and locally anchored participation—cannot be explicitly measured, but they have been identified as main contributors to the effectiveness of high performing LLIs.<sup>18</sup> This is consistent with our tabulation results, which indicate that, for the time being, the quantitative results can only illustrate the equity aspects of SAM impacts. However, we predict with confidence that this high degree of equity will lead to a higher growth and more rapid poverty reduction in the near future. This suggests that, in future LLI

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<sup>16</sup> Income gap is defined as the absolute value of expenditure per capita below the poverty line. Here, the income gap actually means the shortfall of expenditure. However, it is customary to call it income gap.

<sup>17</sup> For causality argument please see footnote 6.

<sup>18</sup> We did attempt to use interactive variables between kinds of LLIs and level of village organization to evaluate their impact on poverty. The combination of high level village organization and the service-management group did show positive impact on poverty reduction, however, not statistically significant. However, we decided not to pursue it further because the number of observations in each defined category was getting too small.

initiatives, more effort should be put into measuring the traditionally non-measurable indicators.

Another social capital indicator in the regressions is the existence of state or NGO initiated institutions in the village. The regression estimates show that having state or NGO initiated institutions in the village increased the chances of being poor and of a greater income gap. This probably means that the state and NGOs tend to provide aid in villages with more poor people.<sup>19</sup> Interestingly enough, the levels of village economy and services, assessed by the provincial officials, do not show any statistically consistent association with poverty or consumption at the individual household level.

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<sup>19</sup> Most of other regression estimates have the signs that we had expected. However, the explanations of these estimates are not relevant to this study. They are available upon request.



Table 7 Regression estimates

Independent variable	Regression 1: Probit model <sup>a)</sup> (dep var=poverty status)	Regression 2: Tobit model <sup>b)</sup> (dep var=log exp gap)	Regression 3: OLS model <sup>b)</sup> (dep var=log exp per capita)
Provincial inequality index, E(1)	0.013*	0.36*	-0.01*
<b>Measurement of household level social capital</b>			
Number of active members in LLIs	-0.041*	-1.19*	0.05*
Holding elected position in LLIs	-0.116*	-3.85*	0.12*
Household participating in			
Service/management group etc.	0.114	3.01	-0.06
Production group only	-0.002	-0.15	0.002
Value group etc.	-0.003	-0.13	-0.01
Group de Naam etc.	-0.034	-0.85	0.04
<b>Measurement of Village level social capital</b>			
Level of village organization			
Medium	-0.071*	-2.00**	0.09*
High	-0.105*	-3.10*	0.10*
Level of village economy			
Medium	-0.018	1.57	0.01*
High	0.053	1.64	-0.12
Level of village services			
Medium	0.050	-0.61	-0.17
High	0.065	1.49	-0.07*
(Low level is the default)			
Number of institutions in the village	-0.014*	-0.44*	0.02*
State or NGO initiated institutions	0.136*	4.49*	-0.20*
<b>Household characteristics</b>			
Household size	0.029*	0.84*	-0.05*
Sex of household head (1=male)	-0.133*	-3.91*	0.25*
Years of education	-0.124*	-4.18*	0.13*
Number of big animals owned	-0.005*	-0.15*	0.01*
Number of medium animals owned	-0.004*	-0.10**	0.002
Number of small animals owned	-0.002*	-0.07*	0.003*
Hectares of land owned	-0.005	-0.14	0.02*
Own plough	-0.022	-0.56	-0.02
Own motored transportation	-0.062**	-1.84**	0.14*
Own bicycles	-0.055	-1.67	0.07
Own radio/tv	-0.055**	-1.42	0.08*
Own other unspecified assets	-0.031	-1.17	0.07**
<b>Community characteristics</b>			
Existence of all season road	-0.086*	-2.82*	0.07
Distance to market	0.013*	0.31*	-0.03*
Distance to health center	0.002	0.04	-0.001
	LL= - 438	LL= -1170	R-squire=0.35

Note: \*\* indicates statistically significant at 95 percent level, \*\*\* indicates statistically significant at 90% level.

<sup>a)</sup> Numbers in the column show marginal effect of respective independent variables.

<sup>b)</sup> Numbers in the column are coefficient estimates of respective independent variables.

## Key quantitative results

This quantitative study has validated with statistical significance the main results of the qualitative analysis of the preceding chapter. The first step to quantitatively understand and capture LLIs/SAM achievement (identified by the qualitative study) is to shift the focus from a utilitarian economic to a relational economic point of view—that is, to measure both the individual and the social return. Individual return is reflected mostly in the differences in expenditure per capita, while the social return is seen mainly in the differences in inequality. The magnitude of inequality is simply a manifestation of the underlying social structures, values, power arrangements and resources/assets distribution. Only when we understand inequality within its social context, do the findings become applicable to real world operations.

Differences in poverty and the poverty gap reflect both individual and relational welfare. Given this balanced emphasis on both individual and social or relational returns, the actual achievements of village level local institutions become more clear. Following are the main findings:

- A higher level of village internal organization is linked to lower inequality and lower poverty in the communities.
- Highly organized villages are associated with much higher growth elasticity, indicating a faster poverty reduction in the near future.
- Service-assets-management groups (SAMs) are linked to lower inequality among LLI participating households.
- A higher level of village organization is linked to a lower possibility of being poor, a smaller poverty gap, and a moderately higher expenditure per capita for the households living in the villages.
- Based on the regression results, local institutions contribute to the well-being of all households in the community, who may or may not have memberships in SAMs or other LLI groups.

This evidence reveals an emerging development institution in Africa that simultaneously incorporates growth and lowers inequality. Past experience has shown that reasonably distributed wealth/income in a society is a basis for sustained growth. And the achievements of LLI/SAM in Burkina Faso have confirmed a real capacity to eradicate poverty in Africa by managing an inclusive growth pattern, named, for the purpose of this study, “relational growth.”

## 5. CONCLUSIONS AND RECOMMENDATIONS

The LLI action-research study finds strong, even extraordinary, evidence of the efficacy of local level institutions and their capacity to reduce poverty. Of the three active local level institutions identified in the LLI study, *service asset management organizations* (SAMs) prompted the most effective community-driven development. Qualitatively, it was found that these high performing SAMs/LLIs brought about more equitable growth among communities. At the same time, the quantitative analysis shows that LLI/SAMs are linked to lower inequality among LLI participating households at a statistically significant 95 percent level.

This means that, where they exist, LLI/SAMs have launched communities on a more equitable growth path and, without assistance, are reducing poverty—despite their severe resource constraints. In addition, while this study has focused on Burkina Faso, the very structure of these high performing LLI/SAMs means that they can exist across any number of African countries. This is because they depend upon internalized participation rather than specific cultural structures.

Clearly, if external development aid resources can be added to this already robust internal initiative, the future impact on poverty reduction can be enormous. But if outside agencies expect to be successful in establishing alliances with LLI/SAMs, they must first recognize the unorthodox nature of these institutions.

### Key operational implication

LLI/SAMs take a critically different approach on *how* to achieve poverty reduction. Current Western-oriented poverty reduction models automatically use *growth* as the initiator, with redistribution and equity as the result. LLI/SAMs, on the other hand, reorder things to match their values and resource strengths. LLI/SAMs thus see *equity* as the initiator, with poverty reduction and growth as the result. In addition to the *utilitarian* focus routinely accepted in Western growth and poverty reduction models, the Burkinabé have developed an innovative *relational* focus that complements and expands utilitarian growth factors.

In order to support LLI/SAMs, the World Bank will have to shift perspectives and also see equity as an initiator rather than just an outcome of growth. Recent institutional changes in the Bank—Comprehensive Development Framework (CDF), Poverty Reduction Strategy Paper (PRSP), and Community Driven Development (CDD)—are a basis for this re-negotiation of terms to reduce poverty. The following recommendations detail workable program and policy packages to employ LLI operational initiatives.

### Recommendations for an LLI-based program package

The following four initiatives offer an operational framework for effective, internally driven development.

- ***Start with LLI institutional mapping to guide pro-poor investment.*** As decisions are made to move away from supply-side, sectoral-driven, investment interventions to more demand-driven multi-sector initiatives, there must be another type of investment guide which is useful to both local government and external donors. Mapping of local level institutions is the necessary first step for effective *and* internalized pro-poor investment. This mapping points to where LLI/SAMs are strong and working to reduce poverty, and where they are weak, exclusive, or

ineffective for poverty reduction with resulting high inequalities of development. With this mapping in hand, both internal and external development organizations can complement and support sustainable and equitable community driven development.

- ***Use LLI mapping to formalize participation and scale-up local institutions.*** LLI/SAMs' own internally anchored participation approach is critical to their success in poverty eradication. But 'participatory problem diagnosis' is only the first step in this approach. The second step, rarely recognized externally, encourages local groups to renegotiate power alignments and make internal institutional revisions so that the problems diagnosed can be solved. LLI mapping explicitly recognizes this capacity and encourages **local governments** to formalize relations with local level institutions in a manner which allows them to make effective contributions to these necessary institutional revisions. LLI mapping also allows **local level institutions**---once formally recognized by local governments---to strengthen their own scaling-up capacity.
- ***Use LLI mapping to guide financing for community driven development (CDD).*** Current community driven development and rural decentralization programs recognize the severe resource constraints facing rural communities. But they make a mistake when they fund communities without regard to the surrounding local level institutions. By doing so, they bypass the institutions that are actually responsible for creating local accountability and transparency. Basing CDD and rural decentralization within the LLI context however, allows these new programs to mature and scale-up within an established internal landscape that takes advantage of already existing trusted accountability mechanisms.

In sum, this proposed program package *formalizes* the operational recognition of LLIs and locally anchored participation. This in turn creates a base for the expansion of poverty reducing LLI/SAMs and more effective rural decentralization. It also spells out the base through which internal and external resources can work together. Too often, there is a false assumption of having to choose between working with indigenous or transplanted western institutions. A strategic mix of institutional supply and demand tactics will allow multi-sector poverty reduction and equitable growth to emerge at the local level.

### **Recommendations for an LLI-based policy package**

The following two policy initiatives will provide an effective macro policy framework to reduce poverty and enhance growth.

- ***Working from LLI results, create national policies that favor development of indigenously based, but externally oriented local economies.*** LLI results show that a balanced mix of different kinds of LLIs/SAMs brings a more inclusive development that values both individual (utilitarian) and social (relational) returns. So far, however, there is no place to demonstrate how these internal LLI capacities can reduce poverty and enhance growth. The missing link in national development is the formal recognition of indigenously based, inclusive local economies that respond well to external market competition. Currently, the focus remains on the small formal economy enclave in each country, defining policies of trade, privatization, labor, and foreign investment that ignore societal values and therefore fail to pay off. *However, if poverty reduction and growth enhancement initiatives are to be taken seriously, local economies--and the policies to support them--must be formalized within their*

*own cultural framework.* With this, there must be a commitment to scale-up the considerable LLI/SAM organizational resources available to create equitable development.

- ***Working from LLI results, link PRSP strategies to LLI/SAMs for accountability and transparency.*** In order to engage civil society in national poverty reduction monitoring, credibility will be critical. LLI/SAM's have a proven track record in providing equitable development that is accountable and transparent at the local level, and this capacity can be tapped into and connected to national level initiatives. To achieve this localization at the national level, the LLI/SAM concept of balancing both individual utilitarian and relational orientations for culturally credible economic and social development must be expanded. With this macro-micro linkage in place, each society can create an accountable policy template that reflects its own balance between complementary utilitarian and relational growth/poverty reduction strategies.

### **Working principles**

Working from the recommendations outlined in this section, four simple guiding principles emerge. These principles will allow Burkina Faso and other countries involved in rural decentralization initiatives to build on their institutional resources and have development alliances to expand them. These same principles will allow Bank teams to support poverty reduction and growth enhancement in rural areas. The principles are as follows:

- Enough LLI capacity exists for the government and outside agencies to build on internal and locally planned development initiatives and processes.
- Culturally and internally anchored participation must be the *formalized* base for this partner-based rural development and rural decentralization to expand.
- Local level institutions should be the key unit of analysis, while the community remains the key focus for action and impact.
- National development templates that balance the LLI relational factors of poverty reduction with more established utilitarian growth strategies should be developed. This links macro and micro and builds on societal resources.

If LLI results concerning poverty reduction and equitable growth enhancement are disseminated to all parties—including local communities and donor organizations—internal capacity expansion throughout the country should be swift and sure. As a result, African rural decentralization models across the Continent *can* be re-invented to use the indigenous strengths of local level institutions and their values of equity and solidarity. LLI results reveal that the Burkinabé and most likely many other African countries have already begun to initiate their own brand of institutional transformation.

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