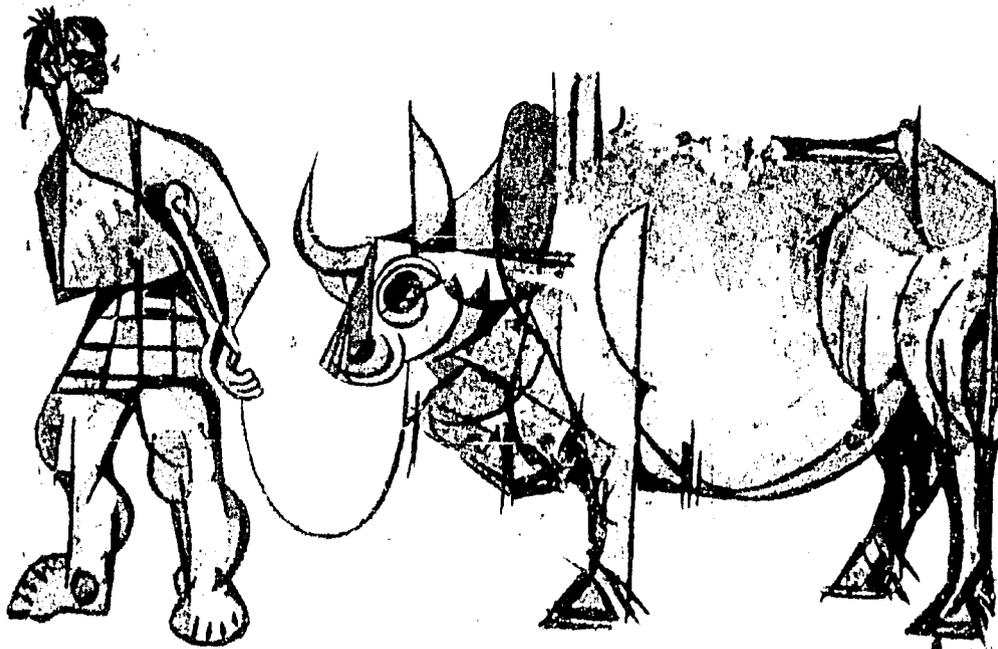


CORNELL UNIVERSITY

RURAL DEVELOPMENT COMMITTEE



*Special Series on Local Institutional Development No. 1*

**Analyzing Options for  
Local Institutional Development**

by

**Norman Uphoff**

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SPECIAL SERIES ON LOCAL INSTITUTIONAL DEVELOPMENT -- No. 1

**ANALYZING OPTIONS FOR  
LOCAL INSTITUTIONAL DEVELOPMENT**

A report prepared by Norman Uphoff for the  
Rural Development Committee, Cornell University  
with support from the Office of Rural and Institutional  
Development, Bureau of Science and Technology,  
U.S. Agency for International Development

October 1984

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## PREFACE TO SPECIAL SERIES ON LOCAL INSTITUTIONAL DEVELOPMENT

This series of reports presents the findings of a year-long study by our working group on Local Institutional Development (LID). It was sponsored by the Rural Development Committee at Cornell University and was funded by the Office of Rural and Institutional Development in USAID's Bureau of Science and Technology.

Our initial concern was whether local institutional development could be adequately provided for by approaching it on a sector-by-sector basis, or whether it represents something needing and warranting attention across sectors. As with most "either-or" questions, there turned out to be some merit in both views. Certain issues and provisions are particularly relevant for developing local institutional capacity for certain sectors. At the same time, individual sector-specific initiatives are likely to lead to neglect of more broadly-based capacities, which themselves are important for sector-specific kinds of LID.

Our analysis offers a firmer conceptual base for the often but ambiguously used terms "local" and "institution." It analyzes what kinds of LID are likely to be most appropriate for the different activities frequently initiated in rural areas. Finally, it examines how local institutional capacity can be strengthened by national and donor agency efforts.

Throughout the analysis, we draw on the experiences with LID which emerged from a review of the literature. Cases which proved particularly instructive are reported in annexes at the end of the reports. Not all readers will be interested in all the activity areas covered by our study, so we have organized the presentation of findings accordingly.

Five of the eight reports (Numbers 2 through 6) are sector-specific, and readers may have particular interest in just one or two of them. We trust that all readers will find the introductory report (Number 1) useful, as well as the observations and suggestions contained in the concluding reports (Numbers 7 and 8) which are relevant across sectors. The full series is listed on page ix.

In condensing our observations and conclusions into these reports, we have not been able to include all of the case material and literature references which were covered in our study. We now know how broad and complex is the subject of local institutional development. Our discussions in this series present only what appear to be the most tenable and salient conclusions. We plan to integrate these analyses into a

book-length presentation of the subject for readers wishing a single continuous treatment of LID.

Though this project involved an extensive literature search and review on our part, it must still be considered more exploratory than definitive. Few of the available materials addressed LID issues analytically or even very explicitly. We thus cannot and do not attempt to provide "recipes" for local institutional development. This is an initial mapping of some important terrain not previously surveyed systematically. We welcome any and all efforts by others to contribute to the understanding and practice of local institutional development by adding to a more thorough knowledge base.

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LOCAL INSTITUTIONAL DEVELOPMENT**  
Rebecca Miles Doan, Gregory Schmidt and Norman Uphoff

## ANALYZING OPTIONS FOR LOCAL INSTITUTIONAL DEVELOPMENT

### 1.0 INTRODUCTION

In recent years, international donor agencies have come to recognize how crucial institutional development is for overall development success. Indeed, USAID has identified it as one of the four leading elements of its assistance strategy, and the World Bank from its project experience has concluded that the neglect of institutional development has often diminished the productivity of its investments.<sup>1/</sup>

The majority of investments made in institutional development thus far, however, have been focused at the national level. This is understandable in that these are the most visible institutions and the ones that donors deal with first and most easily. Still, it is unfortunate to the extent that local institutions -- those closest to the intended beneficiaries and those which shape project outcomes most specifically -- are allocated few resources and are treated almost as afterthoughts.<sup>2/</sup>

Local institutions are not sufficient in themselves for promoting development. National institutions are needed for the development and dissemination of improved technologies and for the mobilization and management of resources. Local institutions, however, can significantly contribute to these tasks and others.

The policy of USAID as stated presently is quite supportive of local institutional development:

...investments in national public institutions must be balanced both by the establishment of decentralized institutions at regional and local levels and by encouragement to the private sector. Balanced assistance of this sort is essential if excessive central control is not to inhibit private and local initiative. (USAID, 1983:4)

---

<sup>1/</sup> USAID's policy paper on institutional development states: "Effective public and private institutions are essential for providing a country the self-sustaining capacity to solve critical development problems...It is therefore A.I.D. policy to help recipient countries establish and strengthen public and private institutions in support of mutually agreed, priority development objectives" (USAID, 1983:1-2). World Bank experience in this regard is assessed in a staff paper (1980).

<sup>2/</sup> A documented example of such neglect of local institutions is seen in a study for the World Bank on developing village water systems (Saunders and Warford, 1976). Only a few pages are devoted to local institutions even though those pages (142-145) give strong evidence of local institutions' value. The Bank's own review of experience with village water supply projects reached the same conclusion about the value of local

Yet there is little explicit analysis of what kinds of local institutional development are most appropriate, for what tasks, and how they can best be supported. We undertook this research project to begin establishing a systematic knowledge base for local institutional development (LID) efforts.

For comparative and cumulative work to be done on the subject, there need to be some consistent categories for analysis that are theoretically informed and empirically relevant. This first paper presents the formulations which we have found most useful for producing insights and policy conclusions during our year-long study of local institutional development experience.

## 2.0 ACTIVITY AREAS FOR LOCAL INSTITUTIONAL DEVELOPMENT

What kinds and combinations of local institutions are likely to be most appropriate to support different kinds of rural development activities? This was the question we began with. Surely, local institutions are not equally necessary or useful for all tasks. Therefore, before we analyze local institutional alternatives, we need a framework for differentiating the kinds of activities that require appropriate local institutional development.<sup>3/</sup>

Five main activity areas for rural development stand out as major focuses of local, national and international concern. Not coincidentally, they correspond to the distinctions economists make between inputs and outputs of production. The activity areas, which are dealt with in Reports 2 through 6 analyzing their respective LID requirements, are the following:

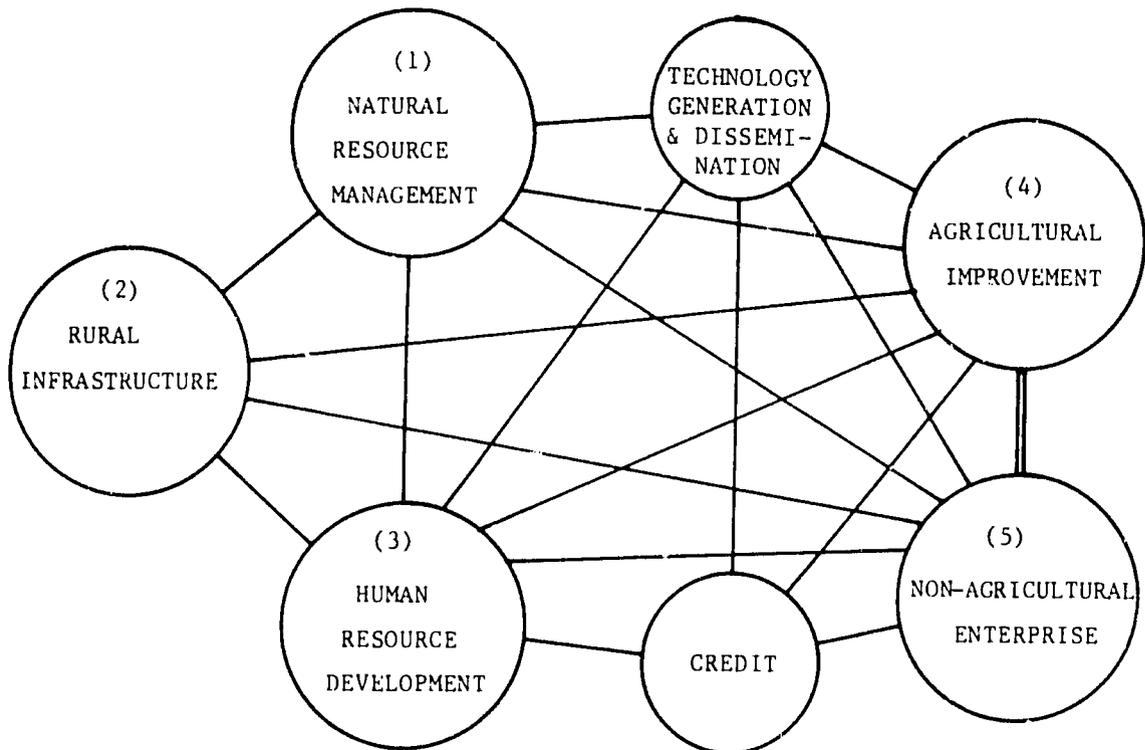
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institutions, but also passed quickly over ways that local participation in planning, construction and management could improve utilization, maintenance and financial operation (World Bank, 1976:63-65). We note that local institutions were scarcely considered in the Bank's analysis of managerial and institutional aspects of development in its 1983 World Development Report. An example from USAID would be the study of small farmer cropping systems research in Central America (1980) which deals instructively with national and international institutions but does not address local institutions or their role in farming systems development. USAID now has a policy statement (1984) explicitly endorsing the development of the local institutional capacities such as described in Sections 3.0 and 4.0 below.

<sup>3/</sup> The following framework, first prepared for USAID's Office of Multi-Sectoral Development in 1982 to assist in formulating a rural development strategy statement for the Bureau of Science and Technology, is elaborated in Uphoff (1984).

- (a) Natural resource management,
- (b) Rural infrastructure,
- (c) Human resource development,
- (d) Agricultural development, and
- (e) Non-agricultural enterprise.

The first three activity areas encompass respectively the factors of production referred to as land, capital and labor, though the development processes that sustain, create or enhance these "inputs" are more complex than such a classification implies. Each of these three areas includes a varied set of activities which provide "outputs" that in turn become "inputs" for production processes. The latter two areas divide activities according to whether primary commodities are produced (food or fiber) or whether they are secondary (providing goods) or tertiary (services).<sup>4/</sup> Most of the interactions among these activity areas are indicated in the following diagram. It would be even more complex if we tried to sketch all of the connections, within as well as between the areas.



<sup>4/</sup> Two additional "cross-sectoral" activity areas, technology generation and dissemination and credit, are shown here but not treated separately in the reports that follow, though each is supportive to the other areas. LID analysis could readily be extended to deal with these as supporting activity areas.

LID tasks will differ according to the area of activity. The institutional requirements for controlling access to common property such as rangeland, for example, are not the same as those for ensuring proper operation and maintenance of an irrigation system after design and construction work are done. The kinds of LID challenges faced with rural infrastructure diverge in various ways from those for natural resource management.

Systematic treatment of LID variations between and within sectors is long overdue, and much can be learned from this. Both natural resource management and rural infrastructure, to continue the comparison, confront important and comparable problems of collective action when it comes to creating and maintaining "public goods." At the same time, within both areas, there are some significant differences in the tasks of LID, for example, between social forestry and range management, or between rural roads and rural electrification. Both analytical and empirical investigations are needed to illuminate LID requirements in general, for the several activity areas to be worked in, and within those areas. For example, what are the local institutional differences for developing rainfed compared with irrigated agriculture?

### 3.0 ALTERNATIVE LOCAL INSTITUTIONAL CHANNELS

Local institutions range from public sector to private sector channels of activity, with an intermediate sector of local organizations that have both public and private characteristics as analyzed in Esman and Uphoff (1984). The major categories of local institutions can be classified as:

- (a) Local administration (LA): local agencies and staff of central government ministries (or parastatals) that are accountable to bureaucratic superiors.
- (b) Local government (LG): elected or appointed bodies such as village councils or panchayats, having authority to deal with development and regulatory tasks and accountable to local residents, in contrast to LA.
- (c) Local membership organizations (MOs): self-help associations whose members may seek to handle:
  - (i) multiple tasks, e.g. local development associations or village development committees;
  - (ii) specific tasks, e.g. water user's associations managing irrigation, or health committees overseeing village programs; or

- (iii) needs of members who have some particular characteristic or interest in common, e.g. mothers' clubs, caste associations or tenant unions.

Membership in such local organizations can range from being inclusive (as in i above) to being exclusive (as in iii).<sup>5/</sup>

- (d) Cooperatives: kinds of local organizations that pool members' economic resources for their benefit, e.g. marketing associations, credit unions, consumer societies, or producer co-ops.<sup>6/</sup>
- (e) Local service organizations (SOs): organizations formed primarily to help persons other than members, though members may benefit from them. Examples are religious or charitable associations, service clubs, Red Cross or Red Crescent societies, and sociedades de beneficiencia which run hospitals in Latin American countries.
- (f) Private businesses (PBs): either independent operations or branches of extra-local enterprises, engaged in manufacturing, services and/or trade.

Each of these six categories is distinct, and offers different advantages and disadvantages for supporting certain kinds of rural development.<sup>7/</sup> Generally speaking, they can be grouped into three sectors -- public, voluntary, and private -- as shown below, with a general category of local organizations (LOs) including the middle range of MOs, co-ops and SOs.

<u>PUBLIC SECTOR</u>		<u>VOLUNTARY SECTOR</u>		<u>PRIVATE SECTOR</u>	
Local Administration	Local Government	Member Organizations	Cooperatives	Service Organizations	Private Businesses
Bureaucratic Institutions	Political Institutions	Local Organizations (based on the principle of membership direction and control which may become institutions)		Profit-Oriented Institutions	

<sup>5/</sup> Leonard (1982) analyzes when "exclusive" LOs or co-ops may be more desirable than "inclusive" local organizations.

<sup>6/</sup> Tendler's study of Bolivian cooperatives (1983) shows that co-ops can benefit persons in the community who are not members of the cooperative. But co-ops are generally established for members' benefits and not as philanthropies, as are SOs.

<sup>7/</sup> Local political organizations, such as branches of political parties, are sometimes active in development effort; but usually they are not. We are therefore not considering them here as institutions for outside promotion. Moreover, external agencies are expected to avoid getting involved in domestic politics.

Local administration and local government are set apart from other local institutions in that they have the force of law and the resources of the state behind them. They differ in that LA personnel are responsible to higher levels of decision-making, whereas LG representatives are accountable at least in principle to the constituents who elect them but who are not themselves "members" of the local government. When LGs have little financial or operational autonomy, they function for all practical purposes as LA units. Together, LA and LG comprise the "public" end of the institutional continuum at the local level.

At the "private" end, we have local service organizations and private business. Both can produce benefits for persons outside their organization, but such persons are regarded as clients or customers rather than as members and have no right to determine the activities of the organization.<sup>8/</sup> This makes them "private" institutions, even though they may receive some public funds through subsidies or contracts and may be subject to some public regulation.

Local membership organizations as well as cooperatives come into being to serve the interests of their members. They share some characteristics with both the public and the private sectors, but also have some significant differences from each.<sup>9/</sup> The calculus of action in this "third sector" is collective rather than individual, so in this respect they operate more like public institutions than private ones. Yet they need to proceed largely by consensus and persuasion, because no state authority backs up their decisions. LOs resemble private organizations in that they can be more flexible and adaptive than government agencies. But they are more oriented to public benefits than are private, for-profit enterprises.

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<sup>8/</sup> A U.S. Commission on Private Philanthropy and Public Needs described what it called "a third sector," operating between business and government (Filer, 1976; also Douglas, 1983). However, we would not lump together with self-help membership organizations, as the Commission did, all non-profit, philanthropic and charitable organizations (collectively designated as PVOs, private voluntary organizations). We find more analytical coherence in Leonard's classification (1983) which groups philanthropy and marketization as alternative forms of "private" activity for meeting the needs of the rural poor. We would likewise group SOs and PBs together in the "private" sector because both clients and customers have an analogous relationship, which is different from that of "members."

<sup>9/</sup> In Esman and Uphoff (1984), we have analyzed in more detail the broad and diverse segment of the local institutional continuum within which LOs fall. See also Berger (1977) on the value of such institutions as buffers between the public and private sectors.

Co-ops represent a diverse category of LOs of special interest because they offer possibilities for increasing the productivity of economic activity. Unfortunately, though there are some notable exceptions, the performance of cooperatives has often been below expectations, and their record for helping poorer sectors of the community is not very good (Fals Borda, 1976; Lele, 1981). Special attention to co-ops within an LID framework is warranted to establish when, where and how they may be productive.

#### 4.0 PRE-EXISTING INSTITUTIONS

When planners or managers remark that "local institutions" are very weak, they are usually referring to so-called "modern" institutions that have been assigned specific developmental tasks by the government. Localities vary in the extent and vitality of their so-called "traditional" (indigenous, informal) institutions, evolved and supported by rural people to deal with diverse problems -- economic, social, cultural, religious, political, etc. Some such institutions almost invariably exist. These pre-existing institutions parallel those described in the preceding section and can be quite "modern" in many respects.<sup>10/</sup>

Certain administrative roles such as that of tax collector or registrar of lands may have existed for hundreds of years and been incorporated into contemporary local administration. Traditional chiefs or village headmen, sometimes acting in conjunction with local councils of elders, may represent indigenous local government institutions.<sup>11/</sup> There are many kinds of traditional LOs -- age cohorts, women's secret societies, craftsmen's guilds, to mention a few examples -- and indigenous cooperatives -- such as rotating credit associations or labor exchanges.<sup>12/</sup> Some traditional manufacturing and commercial enterprises can be found in most rural areas and often constitute an "informal sector" providing goods and services. One can commonly find indigenous practitioners as private health providers (Pillsbury, 1979). Moreover, there are many kinds of traditional philanthropic organizations and roles, some of which take the form of what are called "patron-client" networks.

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<sup>10/</sup> See for example, the analysis of "burial societies" in Botswana by Brown (1982).

<sup>11/</sup> The panchayat systems in India and Nepal, while imitating traditional models of local government and using familiar terminology are introduced rather than indigenous institutions.

<sup>12/</sup> See for example the study of Liberian cooperatives by Seibel and Massing (1974).

Governments and donor efforts to develop local institutional capabilities should be cognizant of such existing institutions and should work cooperatively with them where possible, recognizing that these roles and organizations are familiar and accepted because they have been meeting some local needs (USAID, 1984:3). It has often proved difficult, however, for governments and donor agencies to link up with such institutions in the past, and knowledge on how to do this effectively is limited.<sup>13/</sup>

There is a real danger that outside intervention will distort or warp these institutions' operation in ways that undermine their present capacities (March and Taqqu, 1982). Accordingly, the capacities and complementarities of such institutions for cooperation with new activities should be carefully considered, and pre-existing institutions should not be coopted as a general strategy.

"Modern" institutions generally will do better if they imitate familiar and accepted patterns of responsibility, communication, resource mobilization, etc. Often there will be opportunities for explicit collaboration with existing institutions. But it is unlikely that development initiatives can rely on either indigenous or introduced institutions alone. Some combination of building on what exists and carefully fostering something new is likely to be the preferable course of action.

## 5.0 WHAT IS AN INSTITUTION?

What constitutes an "institution" is a subject of continuing debate among social scientists. The following formulations reflect some degree of consensus in the literature and apply to what governments, donor agencies and private voluntary organizations can do to support LID. Some institutional manifestations which are indigenous or diffuse are difficult to address in terms of technical or financial assistance, so we are focusing on organizational structures or channels which have been or could be more readily institutionalized.

The terms institutions and organization are commonly used interchangeably, and this contributes to ambiguity and confusion. It is generally understood that there are (a) organizations that are not institutions, (b) institutions that are not organizations,

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<sup>13/</sup> Such institutions like the civil-religious hierarchies in Andean communities in Peru are very complex, with irrigation operation and maintenance connected to sacred rituals (Isbell, 1978). Some linkages are possible however as shown by innovative work with indigenous healers in Ghana (Warren et al., 1981).

and (c) organizations that are institutions (or vice versa, institutions that are organizations). We are concerned here with the latter category.

The three categories can be illustrated with examples from the legal realm. A new firm of lawyers would represent the first category, an organization that is not (yet?) an institution. "The law" is an institution that is not an organization and exemplifies the second. Courts which are both organizations and institutions fall in the last category.<sup>14/</sup> To elaborate how these concepts overlap and diverge, we need basic definitions.

Organizations are structures of recognized and accepted roles. The structures that result from interactions of roles can be complex or simple. The more complex an organization is, the more varied its capabilities. Organizations may operate on a formal or informal basis. An organization is "informal" if there is no legal or otherwise explicitly prescribed basis for the roles or for the authority and other resources associated with them.

Not all organizations are "institutions," as we have said. To the extent that an organization has acquired special status and legitimacy for having satisfied people's needs and for having met their normative expectations over time, one can say that an organization has become "institutionalized."<sup>15/</sup>

Institutions in general, whether organizations or not, are complexes of norms and behaviors that persist over time by serving collectively valued purposes. Institutions can be concrete and specific, like a nation's central bank, or quite diffuse and general, such as the institution of money. This is to say that some kinds of institutions have an organizational form with roles and structures, whereas others exist as pervasive influences on behavior.<sup>16/</sup>

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<sup>14/</sup> These distinctions fit Frank Knight's suggestion that there are two kinds of institutions, corresponding to (b) and (c) above. The first kind, according to Knight, "may be said to be created by the 'invisible hand'...deliberate action hardly figures." The other type of institution is "deliberately made." The respective examples given by Knight were language and the Federal Reserve System. Cited in Ruttan (1978:328).

<sup>15/</sup> This formulation matches that of Huntington (1965) in which he says: "Institutions are stable, valued, recurring patterns of behavior. Organizations and procedures vary in their degree of institutionalization...Institutionalization is the process by which organizations and procedures acquire value and stability." Roles, practices, and systems of relations (referred to as "organized systems" in footnote 16) can also acquire institutional status.

<sup>16/</sup> Crozier and Friedberg (1980) make a distinction between "organizations" and "organized systems," the latter being more diffuse and less formal patterns of interaction. To use Knight's metaphor, the latter are institutions created by the "invisible hand." Young (1982) in analyzing natural resource management makes the

Our concern here is with the organizational forms of institutions, or with organizations that have potential to become institutionalized. Institutions are inextricably bound up with normative considerations, which is why they cannot be constructed mechanically like a hydroelectric dam or a trunk road. For our purposes, the most relevant conception of an institution is that of Selznick (1957), who suggested that to "institutionalize" is to infuse with value beyond the technical requirements of the task at hand. This is to say that an institution is an organization (or a role, a procedure, a practice, or a system of relations) that is valued by persons over and above the direct and immediate benefits they derive from it.

One concrete way of thinking about the extent to which an organization qualifies as an "institution" is to ask whether, if it were to disappear, people in the community, not just members or direct beneficiaries, would want it back, and to what extent people would give up something to preserve the institution in question. The test of whether it has become institutionalized rests with the evaluations of people in the community, whether it is seen as having acquired some value beyond direct instrumental considerations.

This does not mean it can operate entirely independently, without providing benefits that can justify its continued existence. Rather it has more stability and capability for dealing with common problems over time than a less valued and supported organization would have. This view regards "institutionalization" as a matter of degree, even though by convention, things are categorized as institutions or not. In practice, transforming an organization into an institution takes time (Uphoff and Ilchman, 1972). We are thus interested both in the extent of institutionalization and in strategies of institutional development as dealt with in applied social science (Esman, 1972).<sup>17/</sup>

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same distinction when he contrasts "explicit organizations" and "social institutions." Montgomery (1984) also treats organizations and institutions as we do, as overlapping categories.

We have considered the recent and excellent literature reviews on "institutions" by Runge (1983) and Ostrom (1984) which equate institutions generally with "rules of behavior," following Rawls, Riker, Ruttan and others, but this tends to make institutions too abstract, in our view, for development assistance. Our emphasis on "roles" in organizations that acquire public value corresponds to Knight's second category of institutions whereas a focus on "rules" corresponds to his first category.

<sup>17/</sup> Though we have used the term "institution building" in the past and have contributed to the IB literature, we prefer to use the term "institutional development." It designates a process that is less amenable to "blueprint" approaches and one that requires considerable innovation in its implementation.

## 6.0 WHAT IS LOCAL?

Our task, like that of agencies wishing to support rural development, would be easier if there were only one "local" level. The local level is most often equated with the community level, but many kinds of collective action are better undertaken at a level below the community -- at the group or neighborhood level -- and others may be better handled by several communities together. Moreover, what is called a "community" may have no substantial social basis for collective action. Rather it may be only a geographic entity labelled as a village or community by outsiders for their own convenience.<sup>18/</sup> "Community" institutions are thus only one kind of local institution, and not always the preferred kind and not always a feasible kind.

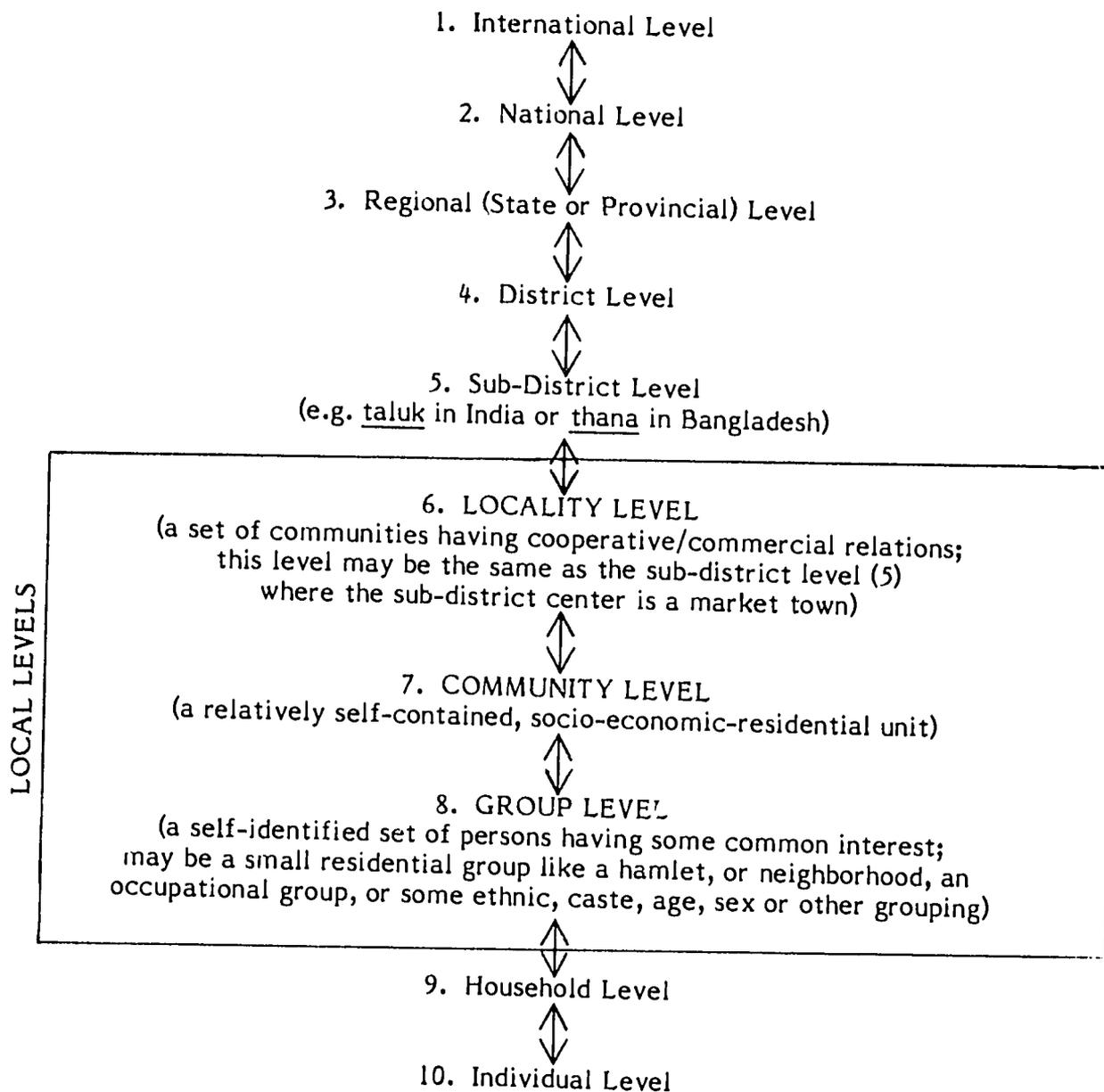
Delimiting what is "local" turns out to be almost as complicated as determining what is an institution. "Local" has different meanings depending on whether it is regarded from the perspective of an outside agency or from the vantage point of rural people themselves. Many mistakes in development assistance derive from too gross an understanding of this apparently simple term.

Viewed from above, what is referred to as "the local level" has at least three levels, numbered 6, 7 and 8, on the next page. Above and below these levels one is no longer dealing with what should be described as "local." The household and individuals are quite different units of decision-making and activity for being smaller and not confronted with the same kind of problems of "collective action" as are evident at the group, community and locality levels (this latter term is used in Mosher, 1969). At higher levels, which are no longer local, qualitative differences arise because state authority and very large units of decision-making and activity are involved.

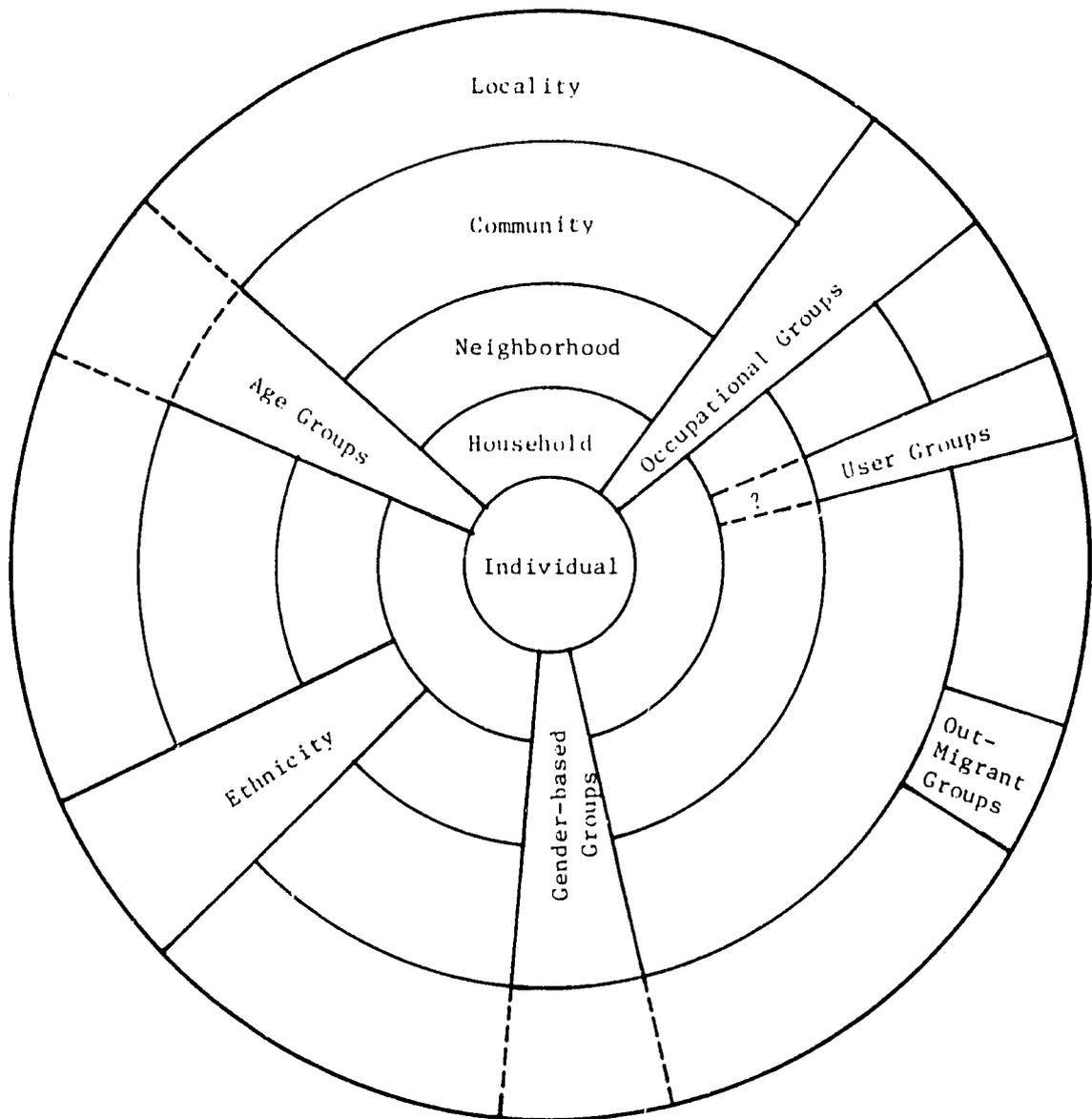
Analytically, when viewed from above, these make up a "nested" hierarchical set of levels of decision-making and activity, though from the perspective of rural people choosing to invest effort (or not) in some common enterprise with others, the reality is not so neat. An individual's primary identification is usually with his or her family and relations. But even the common category of "household" is not as fixed and predictable as has been posited in most writings and surveys.

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<sup>18/</sup> Our field research under the Rural Development Participation Project documented how often "communities" are ineffective or non-existing as units for natural resource management. See Roe and Fortmann (1982) on water supply and range management in Botswana, Blustain (1982) on soil conservation in Jamaica, and Abeyratne (1982) on irrigation water management in Sri Lanka.



Individuals will identify with a number of categories of persons whom they would look to for cooperation and assistance ("reference groups" or "action sets" in the language of sociologists). Joint action with them is thought to be relatively easy and productive because of some common identity and existing levels of familiarity and trust. From below, the "levels" are seen as concentric rather than hierarchical. This has been nicely described by Bennett (1983:14-15).



The uppermost limit of "local" is likely to be the area served by a rural market town as defined by Johnson (1970; see also Mosher, 1969, and Owens and Shaw, 1972). This will generally correspond to a "locality," a grouping of communities which have trading and other cooperative links with one another, where people have some possibility of personal acquaintance and usually some experience of working together.<sup>19/</sup>

<sup>19/</sup> In some places, this socio-economic reality matches the administrative sub-district, in which case the designation "local" would extend to that level. More often a sub-district covers several such areas and thus would not be regarded as "local" according to our criteria. On the other hand, occasionally, a district is small enough that it may be treated as "local." Usually it is not.

At the other end of the "local" continuum, we would not include the household. Although there may be differences of interest and opinion within a household, it represents a socio-economic unit with enough role definition that whether there will be "collective action" is not generally questioned. The question is usually what can be done, often in very complex survival strategies, to sustain the members, especially of poorer households (Sisler and Colman, 1979).

From the group level upwards, activity is more problematic and relatively more effort has to be invested in forming and maintaining the institution. There are substantial and common problems at the levels of the group, the community and the locality (multiple community) revolving around the difficulties of getting and sustaining collective action.

Determining what is or is not "local" is sometimes ambiguous and drawing a firm boundary line is not important in itself. What is important is to see that perceptions of common interest and orientations toward collective action will change once the unit of action includes a significant number of "strangers." There can be disagreements and differences within smaller units. Indeed, some of the bitterest conflicts occur in small groups, even households. But the basis for decision-making and mobilization of resources is much different where an established identity exists.

The challenge is to link development efforts at "higher" levels to the needs and capabilities of individuals and households. To get to and from these lowest levels, the path of communication and resource flows must pass through one or more of the levels identified as "local". An example from Kenya of such a network of intermediary institutions is shown in the Annex (pages 29-31). With unusual specificity, the respective diagrams map the actual or potential linkages between center and community from the perspective of the center (Figure 1.1) and of the community (Figure 1.2).

## 7.0 COLLECTIVE ACTION AND PUBLIC GOODS

Institutions serve as channels for collective action that are reinforced by diffused benefits, legitimation and shared expectations. There can also be penalties -- exclusion or imposed costs -- for persons who violate institutional obligations. The growing literature on "collective action" is instructive for understanding problems of local institutional development, though some qualifications need to be made in the analysis (e.g., Russell, 1979; Russell and Nicholson, 1981; Hardin, 1983). Further, in as much as

the outputs of local institutions are "public" goods, there is a relevant literature on this subject (e.g. Buchanan, 1968; Head, 1974; Ostrom and Ostrom, 1977), though it too needs some modification for LID purposes.<sup>20/</sup>

The widespread concern one finds in much of the literature about incentives for individuals to be "free riders" suggests the "illogic" of collective action which would create public goods (Olson, 1965; G. Hardin, 1968; R. Hardin, 1971). The more difficult it is for an organization to require all who benefit from its goods and services to contribute a fair share toward creating them, the less likely it is that the organization will come into being or will survive, according to such analysis.

Excluding non-contributors from getting benefits or recovering costs for organizational maintenance is a problem particularly for the "middle" sector of local institutions, local membership organizations and cooperatives. Businesses need not worry about external benefits so long as they can recover enough costs to earn an acceptable profit, and agencies of government, both central or local, are in a position to enforce some payment or compliance. However, private enterprises may be concerned about, and possibly deterred by, providing uncompensated benefits to others, and government institutions in general confront the problem of collective action -- how to mobilize sufficient resources to cover costs and attain goals -- even if "free riding" does not jeopardize particular activities. So this issue of "externalities" arising from and affecting the possibilities of collective action is widespread.

In practice, one observes more collective action in the real world than might be predicted from the literature, which sees free-ridership as a ubiquitous deterrent to collective undertakings. Actually, individuals' decisions of whether or not to join and contribute to an organization are not as independent of one another as assumed in the literature (Kinber, 1981; Runge, 1984). The extensive functioning of organizations in the real world testifies to the interdependence and net benefits of such decisions. This does not mean that free-ridership is no problem but rather that it is not as pervasive or overriding as presumed. The process of "institutionalization" creates constraints on free-riding so that public goods can be provided by common effort.

Our analysis has distinguished three kinds of collective action problems having quite different implications for local institutional development. It makes a difference, first, whether or not collective action is needed to create the common good, and second, whether or not the group can exclude from benefits those who did not help to create the common good.

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<sup>20/</sup> See the incisive critique of "public choice" theory by Ingram and Scaff (1984).

(a) Where the problem of collective action is using or protecting an existing resource, such as with social forestry or range management, any non-cooperating individual can benefit at the expense of others. The task of regulating behavior may require severe sanctions, such as LA can introduce, though this also requires detailed and continuous information such as membership organizations may be better able to mobilize. Social sanctions through local organization may or may not be strong enough to deter abuse of common property.<sup>21/</sup> In practice, we find many local institutions able to carry out regulation as seen in Report No. 2. One should recognize that the incentives and sanctions to be channeled through local institutions are different for this than in the other two "collective action" situations.

(b) Where people need to contribute resources as a condition for creating the benefit in question, it may be possible to restrict access to that benefit by organizational means. A marketing cooperative, for example, may handle the produce of members only, who have helped create the facilities and services for getting a better price through collective action. In this situation, the institution can deal with free-ridership directly. In a number of agricultural development contexts, such linking of contributions to benefits is possible provided that the institutions involved are designed accordingly.

(c) The free-rider problem is particularly serious where the creation of the public good depends on collective action, and it is difficult or undesirable if not impossible to keep non-contributors from benefiting. Examples would be a farm-to-market road, a disease eradication program, or public schooling. These situations seem to occur more often in the rural infrastructure or human resource development areas, though one can introduce excludability with rural electrification or fee-for-service clinics, as seen in Report No. 3. The role of local government or local administration is likely to be greater where such problems of external benefits arise.

In this overview analysis, we can only introduce such considerations, indicating the implications of such distinctions for LID option. We will address these issues more fully in section 4.0 of Report No. 2 and other sector-specific treatments of LID where relevant.

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<sup>21/</sup> Even G. Hardin (1968) notes that such local control by users is the best way to deal with "the tragedy of the commons." Runge's analysis of "the assurance problem" (1981 and 1984) deals with the possibilities for self-management of "common property." Such property is not simply "open access," as predictions of "tragedy" presume, but is governed by certain shared norms of use.

## 8.0 ASSESSING COMPARATIVE ADVANTAGE FOR LOCAL INSTITUTIONS

The economic principle of comparative advantage is a useful one in making resource allocation decisions, and it can help in assessing alternatives for institutional development. To be sure, such advantage is not static and can change over time. As a population becomes more educated, for example, there is relatively more capability at local levels for operating the complex formal institutions. On the other hand, where there has been little migration to urban areas because education levels are low, rural communities may have retained a larger number of their most talented members and there may thus be more local capability for managing many tasks of rural development. In areas with less education, therefore, while central institutions may have an advantage for certain kinds of work, for other tasks, local institutions would be preferable channels.<sup>22/</sup>

There are various ways in which comparative advantage can be assessed. Three areas of analysis are particularly fruitful: (a) differences in the processes to be performed, (b) differences in the distribution of benefits and costs, and (c) differences in the extent of interdependence and dependence.

Each activity area involves different kinds of processes. Natural resource management activities, for example are organized around balancing utilization and conservation, whereas rural infrastructure involves four generic activities: design, construction, operation, and maintenance. As discussed in the sectoral analyses of LID, for some of these activities, depending on the circumstances, local institutions have an advantage compared to national ones, while for others the latter are preferable.

As a rule, national institutions encounter more success in dealing with relatively technical tasks, while comparative advantage seems to lie with local institutions when activities require a good deal of organization, i.e. cooperation, coordination and

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<sup>22/</sup> The extent to which illiteracy is a handicap for operating local institutions can be an artifact of central government requirements, as King (1981) found with cooperatives in Northern Nigeria. Fourteen complex forms and reports were required regularly from the co-ops, when several simplified documents would have sufficed and been manageable by members. Our previous analysis of LO performance found no correlation with the level of literacy in the community (Esman and Uphoff, 1984:119).

Requiring excessive paperwork can make local administration less effective as a channel of development work. In one state of India, agricultural officers were spending 19 to 44 percent of their time on reports, while district agricultural officers had 125 reports to make annually (Reddy, 1982:103). An analysis of the monthly workload of extension staff in Kenya estimated that meeting all paperwork requirements would take 474(!) percent of available staff time (Chambers, 1974:66).

communication among rural people, among agencies, and between agencies and local residents. Organizational skills are generally more readily acquired than highly technical skills, though we would not want to underestimate the subtlety of the former or the foundation of experience which rural people can build on for the latter. Advanced technical skills can be embodied in a few persons and then utilized, whereas working out organizational problems requires usually larger numbers of people, who are more difficult to deploy and supervise from the center than a few technicians.

To suggest that one kind of institution has a comparative advantage is not to say that the activity will be performed perfectly, only that there would be a relative edge in performance due to certain characteristics of the task. Perhaps a more evident distinction would be between activities where the requisite information is possessed and understood by national agency personnel, and activities where a great deal of local information is needed, about micro-environments, people's problems and capabilities, available local resources, etc. Designing and constructing a trunk road as part of a national highway system, where most of the traffic is inter-city is an example of the first type, whereas a system of farm-to-market roads could not be designed without extensive information on what farmers produce for sale, how much is produced, and when. Conveniently, the technology for the latter would be relatively simple, and would likely utilize more local materials than would a trunk highway.

The distribution of benefits and costs, over time as well as spatially, affects comparative advantage. The nature of benefits may be hard to classify. But to the extent they are deferred rather than immediate, uncertain rather than definite, and diffuse or abstract rather than visible, it is less likely that local institutions will be suitable for the activity. On the cost side, to the extent that large amounts of investment must be made quickly, national institutions have an advantage. If the investment can be phased over time, however, as with farm-to-market roads, this may restore some advantage to local institutions.

Where there are significant externalities, either of cost or benefit, national or at least regional institutions make more sense. Our example of trunk roads compared to feeder roads applies here as well, as the former have significant benefits for persons outside the locality. If there are external diseconomies such as with community-operated tubewells that would draw down the water table to other communities' disadvantage, purely local institutions would have less validity.

In the area of natural resource management, one can see how distribution of benefits across time or space can diminish local institutions' value. The main

beneficiaries of soil conservation efforts are in future generations, so the incentives to undertake protective measures through purely local institutions are not great, unless, of course, the deterioration of soil resources is evidently affecting current cultivators. The benefits of watershed management accrue mostly to persons far downstream, so one should not expect those persons living in the watershed to bear all the costs of conservation activities. National or regional institutions would need to assume major responsibility, though local cooperation through some institutional channels is needed. When benefits are less dispersed in time or space, on the other hand, as with irrigation water management, range management, or even social forestry, local institutions make more sense.

The interdependence which an activity establishes among local people as managers, users or producers, requiring cooperation or accommodation, also affects local institutional advantages. In agriculture, irrigated rice production requires close coordination of operations, not just water issues but also land preparation, variety selection, planting, field operations and harvesting. Even bird scaring may be best done in concert with other farmers. Millet farmers under rainfed conditions, on the other hand, are much more on their own in all operations and less in need of local institutions, although some coordination at the onset of the rains may be advantageous.<sup>23/</sup>

Where horizontal interdependence is less, the incentives people have for supporting local institutions will be weaker, and a larger role for national institutions may necessarily emerge. This applies similarly in areas like rural infrastructure (tubewells compared with canal irrigation) and human resource development (preventive vs. curative medicine).

Vertical relations where they exist may establish more dependence than interdependence. Rural people may find their success mediated by higher-level institutions, as with regional electricity boards, district hospitals, or national banks providing credit through rural branches. Such situations do not create a comparative advantage as such for local institutions, but they do create incentives for both rural people and higher-level institutions to support institutional development at local levels.

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<sup>23/</sup> Getting land prepared for planting and actually planted right after the first rains can make a big difference in yield, so group action through labor exchange, for example, may be quite important in rainfed agriculture, as Vincent (1971) shows in a Ugandan rural community. Such cooperation can be inegalitarian and even exploitative, as she also shows.

## 9.0 ALTERNATIVE MODES OF LOCAL INSTITUTIONAL DEVELOPMENT

Ascertaining what kinds and combinations of local institutions are most likely to support agricultural and rural development efforts does not resolve the concrete questions of how to strengthen local institutional capacity. Our review of experience suggests three major modes for pursuing local institutional development:

- (1) the Assistance Mode,
- (2) the Facilitation Mode, and
- (3) the Promotion Mode.

These represent in fact a range of supporting activities for LID. But they can usefully be viewed as alternative strategies, bearing in mind that specific LID efforts can combine elements of two approaches and that efforts can evolve from one mode to another as needs, experience and capability change.<sup>24/</sup>

The modes differ according to: (a) the institutional capabilities that already exist locally for initiating and sustaining development efforts, and (b) the source of initiative for setting local institutional goals. Three different levels of institutional capacity can be identified:

- (1) where local institutions have an established ability to plan and implement certain activities and can use outside assistance to improve or expand those activities;
- (2) where some local institutions may exist without sufficient capacity to identify and act on particular development problems, or where precedents but no effective institutions for such activity exist; and
- (3) where local institutions for dealing with a certain problem are lacking and establishing them (or adapting other institutions) is part of the strategy for dealing with the problem.

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<sup>24/</sup> Two other modal relationships between local institutions and outside agencies can be specified: "autonomy" where there is in effect no linkage, and "direction" where the outside agency is in control. We are not concerned with either here as both proved in our study of local organizations not to be the most productive kinds of relationships (Esman and Uphoff, 1984: 153-155).

The determination of objectives for which local resources and energies may be mobilized can be similarly classified:

- (1) where objectives are determined by local people themselves, with little or no outside involvement;
- (2) where objectives are determined jointly by local people and some external representatives; and
- (3) where objectives are determined externally but then local concurrence and support are gained.

The three modes represent conjunctions of the capacity levels and sources of initiative just delineated, as shown below.

LOCAL INSTITUTIONAL OBJECTIVES	LOCAL INSTITUTIONAL CAPACITY		
	Already Established	Incipient	To Be Established
Locally Initiated	ASSISTANCE MODE -----		
Jointly Initiated	----- FACILITATION MODE -----		
Externally Initiated	----- PROMOTION MODE		

It is possible that institutional capacity already exists with the Promotion Mode, but that it is not involved with the development task to be promoted. That there is a range of possibilities is suggested by the dotted lines in the diagram above.

In the Assistance mode, development activities have been initiated at the local level (possibly with some outside catalyst role), and the activities to be pursued such as social forestry or agricultural improvement are already understood and appreciated by the people involved. Given existing local institutional capacity, the main need is for technical assistance, training, or aid in getting access to funding that will further the program and strengthen the local institutions in the process.<sup>25/</sup>

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<sup>25/</sup> A good example of this mode would be the bridge construction committees in the mountainous Baglung district of Nepal. The district panchayat (LG) invited communities to identify needs for new bridges to facilitate commerce and travel and increase safety. A plan for 62 bridges was agreed upon at district level and local committees took over responsibility for building the bridges with mostly local labor and materials, using familiar technologies. The Government's Local Development

Many local institutions operating in this mode work in association with "intermediary" organizations such as the National Christian Council of Kenya (Hellinger et al., 1981). Few foundations, PVOs or governments operate purely in an Assistance mode. Most often they set priorities for the kinds of activities and institutions they are willing to support. Once these priorities become known, local communities often tailor their requests, and even their institutions accordingly. So the distinction between Assistance and Facilitation can become blurred.

In the Facilitation mode, development activities and institutions are encouraged by some outside initiative, often through persons acting in a "catalyst" role (Lassen, 1980; Buijs, 1982; Grijpstra, 1982). While activities are not decided by the outside agency, it may make suggestions or point out problems it can help resolve. Activity is planned through a process of consultation, problem identification, diagnosis, experimentation and evaluation, directed both toward problems affecting the locality and toward increasing local institutional capacity. More training and technical assistance will usually be involved with Facilitation than in the Assistance mode, but a large part of the effort would be decided on and financed locally.<sup>26/</sup>

In the Promotion mode, development needs and priorities are identified by an outside agency, perhaps reflecting national policy goals or perhaps reflecting technical analysis, such as the need to reforest an area, or an opportunity to generate power from a micro-hydroelectric installation. Local institutions like a forest protection association or an electrification cooperative would be desirable to make such programs more effective.

In the Promotion mode, local institutions are more often promoted as instrumental for achieving certain sectoral development goals than as objectives in

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Department aided the program by providing steel cable and a small subsidy to pay for some skilled labor. Unskilled labor was contributed. The bridges built, up to 300 feet in length, cost as little as one-eighth the normal cost of government construction and they were completed in much less time (Pradhan, 1980). This case is summarized in the Annex of Report No. 3.

<sup>26/</sup> The Small Farmer Development Program supported by FAO in Bangladesh, the Philippines and Nepal uses "Group Organizers" to help establish groups of 10-15 members who get credit on a group basis, initially for economically productive activities. As the groups gain confidence and competence, they branch out into other work. One SFDP group at Ballovpur in Bangladesh started with a subsidized loan for cattle-fattening. It went on to raise milk cows and grow and process paddy, followed by latrine digging, road construction and starting a religious school, all within three years, in which time average household income doubled (Abedin, 1979). Similarly impressive SFDP experience in Nepal is documented by Ghai and Rahman (1981). The Nepal SFDP case is reported in the Annex of Report No. 5.

their own right for broader ends. Many of the village health care committees created as part of government-run primary health care schemes, for example, fall in this category (APHA, 1981). The Promotion mode can be used in any sector and for any kind of local institutions.<sup>27/</sup>

There might be some tendency to pass value judgments on the three modes, favoring Assistance over Promotion, but the nature of the task and of the environment needs to be considered and this will vary. If villagers were unaware of or unconcerned with serious soil erosion problems, one could justify a "promotional" effort to introduce organization to counter the erosion, though success in both the technical task and in setting up the organizations would require some change of local perceptions of the problem. In communities that are highly stratified, simply giving Assistance in response to requests may entrench the power of privileged elements. Then working in a Facilitation mode through "catalysts" to establish new organizational capacity may be preferable. All three modes thus have something to offer under different circumstances and for different purposes.

We would underscore that these modes represent a continuum and that relationships can evolve and change. It is not unusual for local institutions that first interact with external agencies in an Assistance mode to move into new activities where Facilitation is involved. Conversely, if efforts at Promotion are successful, they should over time become largely ones of Assistance. These three modes, therefore, should be regarded as analytical rather than concrete, and should be used to identify alternative relationships and possibilities in a dynamic manner.

## 10.0 IMPLICATIONS FOR GOVERNMENTS AND DONOR AGENCIES

The means for developing local institutional capacity are many and varied. They are examined in the final report (No. 7) and are only surveyed here. Perhaps the most important conclusion is that how support is given is more important than how much support is provided. For local institutional development in particular, a "learning

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<sup>27/</sup> One of the most successful large-scale Promotion efforts has been the self-help community water supply program in Malawi. The Department of Community Development worked with villages, particularly through their traditional leaders, to form committees that would provide labor and organization to construct gravity-flow systems and maintain them. Water has been provided to about half a million villagers by now, at a cost of less than \$5 per person (Liebenow, 1981; Glennie, 1982). This case is summarized in the Annex of Report No. 3.

process" approach rather than attempting to implement according to "blueprints" is appropriate (Korten, 1980; Johnston and Clark, 1982).

How LID is approached is quite evidently important in the area of resource mobilization. It is hoped that local institutions will be able to operate in a reasonably self-reliant manner, for the sake of their own development and for reducing the financial burdens on fiscally-straitened governments. When outside resources are given in a way that creates exaggerated expectations, however, the contributions of local people may be discouraged. Instead of the desired positive-sum outcome, where external contributions enlarge the volume of resources available for development work, the result can be zero-sum (with no increase in the total) or even negative-sum (decline).

We have found various means in use for getting increased resource flows for local development effort (see Report No. 7), but in general we find a reluctance on the part of national governments to share any authority for revenue raising. As the now recognized "fiscal crisis" in LDCs grows more severe, this reluctance may increase for a while. Yet such an aversion will only aggravate the problem as all demands and expectations must then be directed to the center in the absence of local capabilities for planning and providing needed goods and services. There will sooner or later be no alternative to devolving more authority and responsibility to lower levels.

With regard to management of local resources -- financial, natural and human -- the imposition from outside of standardized requirements and procedures, rather than allowing improvisation, leads to great inefficiencies. From the center's or donor's viewpoint, assisting and monitoring quite heterogeneous activities is both costly and inconvenient, hence the demand for standardization of features like number of classrooms or roofing materials for village schools. Yet these features often appear irrational at the local level and constitute deterrents to local effort and responsibility.

There are legitimate reasons for outside monitoring of resource use. Such oversight, properly carried out, can serve as a guarantee to local people that their enterprises will meet minimal technical requirements and common expectations of honesty. But the kind of excessive controls reported above on cooperatives in Northern Nigeria end up contributing to inefficiency and dishonesty in operation (King, 1981). Basic procedures of accountability have to be oriented toward review by local people.

Leadership is often thought of only in terms of elected representation, but we find it important for all of the kinds of local institutions in as much as it represents qualities of entrepreneurship and innovation. Leadership should be seen more as a function than

as a set of roles and incumbents. The development and diffusion of leadership capabilities is thus an important aspect of LID. Certain techniques such as creating multiple leadership roles or providing for rotation of officeholders can be useful (discussed in Report No. 7).<sup>28/</sup>

Similarly important is an approach to training which spreads opportunities fairly widely. Concentrating training on just a few persons may have the appearance of efficiency if they in turn train others, but it creates "monopolies" of skill and also of contacts which result from training that may be exploited unfairly. Moreover, it makes institutions vulnerable to the loss of key individuals through transfers, out-migration, or death. The true scale economies come from expanded rather than concentrated training.

It is important that all the leadership potential of localities be tapped. This usually means mobilizing new talent, which can be difficult if established leadership for self-serving reasons wishes to be obstructive. In such circumstances, starting with more informal activity (this can apply to LA as well as LG, LOs or co-ops) will help to bring forth those persons with interest and skills for speeding local progress. Once such talent has been shown, it is easier to get around<sup>d</sup> formal-legal or power barriers and to give new leadership recognition and support.

This observation relates to a general conclusion favoring more informal approaches to LID. To prescribe roles and responsibilities in advance, without experimentation and without participation by local people in determining the structure and content of institutional efforts, is like laying out all the sidewalks in a town before people have lived in it. Some can be predicted and provided for, but planners invariably find that many walks they constructed are unused, and many unplanned paths get beaten across the grass to suit people's needs and convenience.

Intelligent planners now wait a while before putting in all the sidewalks, to see how people wish to use the facilities. The cost of trying to make people use

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<sup>28/</sup> An example of diffusion of responsibility comes from some Nicaraguan marketwomen's cooperatives which, faced with moneylenders' rumors that the co-ops would steal members' money, elected eleven directors, five on a committee of administration, three on a credit committee making loans, and three on a vigilance committee to oversee the other two. Membership on the credit committee rotated to minimize the chance of favoritism in giving and collecting loans. These co-ops grew to more than 12,000 members within a few years, and increased savings from \$75,000 to \$1.6 million between 1975 and 1979 (Bruce, 1980). Likewise in the Small Farmer Development Program in Nepal, each group's activities were managed by several specialized committees even though the groups themselves were small (10-15 members), to diffuse responsibility and develop broader leadership (Ghai and Rahman, 1981).

inconvenient walks, putting up barriers, fences and even guards, is great. A few pathways may be judged so crucial that it is thought worth the expense to bar alternatives, but such restrictions are imposed more often for aesthetic than for functional reasons. This analogy applies directly to LID and speaks in favor of ratifying practices that are found to work by government staff, LG officials, organizational members and entrepreneurs at the local level, rather than trying to anticipate and dictate all the roles, rules and responsibilities in advance. Formal and legal provisions can be instituted once the most usable modes of operation are known.

Another conclusion which comes clearly from our study of LID experience is the importance of supporting networks of local institutions rather than focusing efforts on a single institutional channel in isolation from the rest.<sup>29/</sup> The functioning of local administration is more effective when there are active local government institutions, and vice versa. Private businesses and cooperatives except at extremes of competition can spur the other to greater efficiency in serving local needs. The development efforts of a local service organization like the Kottar Social Service Society in India will be more successful when linked with local membership organizations and co-ops (Field, 1980). The activities of government staff in carrying out farming systems research and extension work will benefit from the inputs of farmer organizations and co-ops, and vice versa, as seen in Guatemala and Honduras (Whyte and Boynton, 1983). Thus the usual government or donor approach of trying to build up a particular local institutional channel, to the neglect of complementary institutions which could strengthen it through horizontal and vertical linkages, seems short-sighted.

Two main requirements for government and donor agencies to be able to work more effectively in the area of local institutional development are: (a) decentralization to permit decision-making that adapts activities to field-level conditions (Leonard, 1982:4); and (b) reorientation of agency operations and staff so they are more supportive of working cooperatively and responsively with local institutions (Korten and Uphoff, 1981). There is need for changes in both the structure and doctrine of agencies, in their budget cycles and justifications, in planning and reporting relations, in career paths, performance criteria, reward structures, and professional self-images. These issues are discussed in more detail in Report No. 7. We would emphasize that

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<sup>29/</sup> This was found in our comparative analysis ten years earlier of Asian rural development (Uphoff and Esman, 1974), but we regard the case for complementary LID as even more persuasive after examining a wider range of experience.

they apply as much to donor agencies, including private voluntary organizations, as to national governments.

Our concern with local institutional development was particularly spurred by consideration of physically less-favored environments, those where some combination of limited or variable rainfall, poor soils, difficult topography or remoteness from economic and administrative centers had retarded economic and social development. In such situations, local institutions are commonly weak or absent: local administration is understaffed or gets many of the least talented and least motivated personnel; local governments have little revenue base; the meager resources make private businesses less profitable; local organizations and co-ops face many difficulties, though they seem to do relatively better than other institutions in the face of such adversity. Our conclusion is that local institutional development is needed most, but is most difficult, in such unfavored environments.

Fortunately, environments do not in themselves appear determinative. Our previous study of local organizations (Esman and Uphoff, 1984) found few significant correlations between environmental variables and LO performance.<sup>30/</sup> Governments and donor agencies can undertake programs of support for local institutional development tailored to the task requirements of particular sectors, operating in appropriate modes of assistance, facilitation and/or promotion, in a wide variety of environments. They should bear in mind the admonition that establishing productive local institutions in isolation, without reinforcing horizontal and vertical linkages, is less likely to be successful than working to support networks of local institutions that together enhance the capacity of rural people to contribute to their own development. We are pleased that the policy guidance given by USAID on local institutions (1984:4-5) recognizes the importance of such development of multiple channels with reinforcing linkages. What should result is a generalizable and thus more sustainable capacity for local action to deal with development problems in a self-reliant and satisfactory way.

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<sup>30/</sup> Maass and Anderson (1978) in their study of irrigation systems in Spain and the U.S. find similarly little connection. They suggest that whether people act together to make a water-scarce environment more productive is not directly a consequence of that scarcity. What matters is what they choose to do about their situation. The "disposition to cooperate" derives from local combinations of ethnic, historical, legal and political influences, with always some irreducible element of personal initiative and leadership. A comparative study by Development Alternatives, Inc. (DAI) of local organizations (Gow et al., 1979) found similarly little determinism in environmental variables.

## ANNEX

### RURAL LOCAL INSTITUTIONS IN KENYA

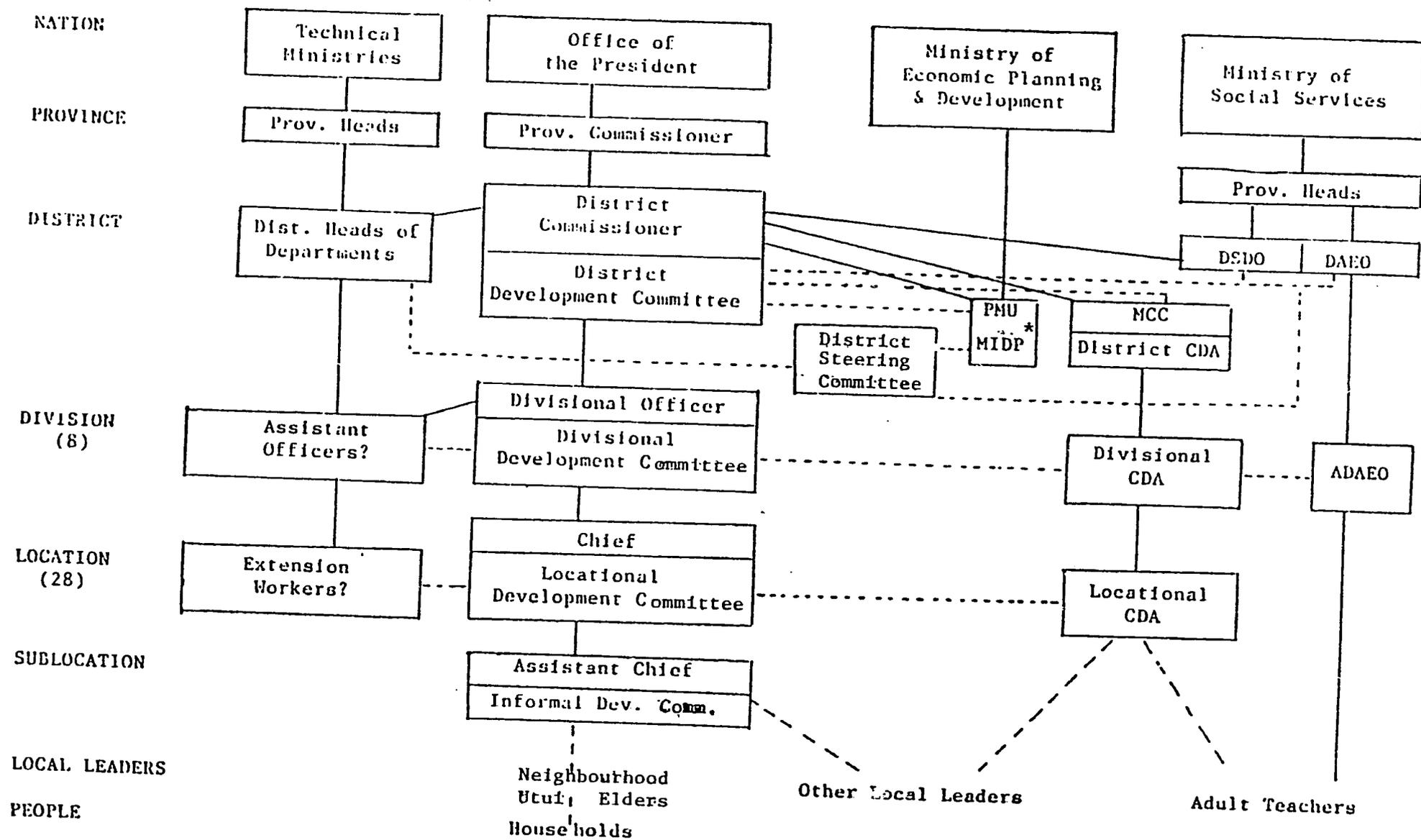
The following two diagrams were prepared by Mary Tiffen of the Agricultural Administration Unit of the Overseas Development Institute (ODI) of London on the basis of data gathered as a member of a team evaluating the Machakos Integrated Development Project in Kenya. She has kindly given permission to reproduce them here as examples of the kind of institutional levels, channels and networks our study is concerned with.

The first (Figure 1.22) shows how the institutions "reaching down" to the local level appear from above. Note how both the specificity and differentiation diminish at lower levels. The second (Figure 1.2) is a view from below. It reflects the quite differentiated organization of people at the local level and gives more detail on the various committees, government agencies and non-governmental organizations (NGOs) to which local roles and local bodies relate.

The structures "from above" and "from below" may not meet. Tiffen found herself introducing the MIDP project manager to the head of the County Council for the first time, four years after the project had started. The lack of connection between these central and local decision-makers, who were operating essentially at the same level, prompted her to prepare the diagrams in such detail (Tiffen, 1983).

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Figure 1.1 Governmental Structure

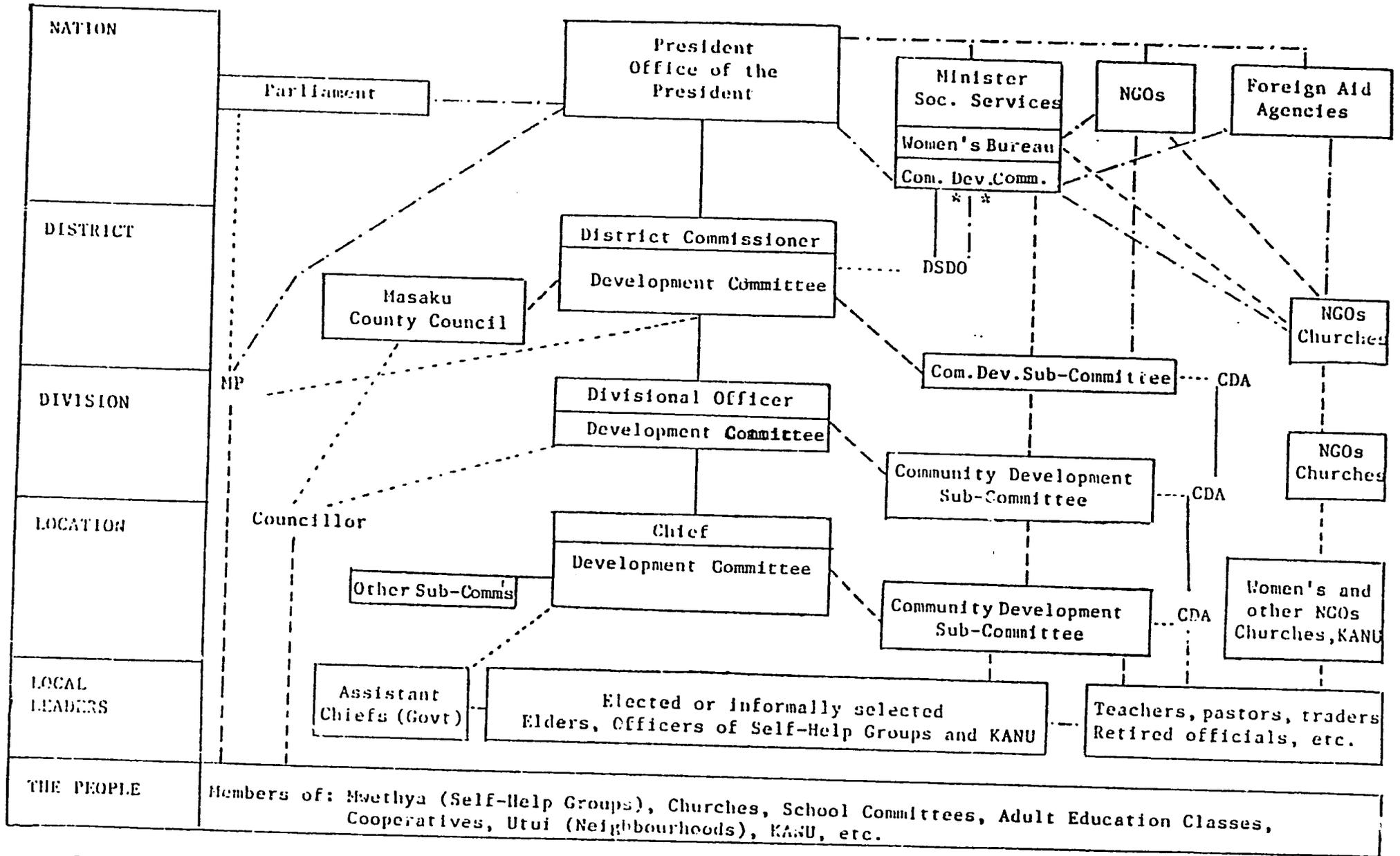


Source: Tiffen (1983)

\*Project Management Unit, Machakos Integr. Dev. Proj.

Key: \_\_\_\_\_ Responsibility - - - Informal Links  
 - - - - - Ex Officio Member ? Not all Ministries

Figure 1.2 Community Structure (Simplified)



Source: Tiffen (1983)

Key: \_\_\_\_\_ Responsibility lines    - - - - - ex officio    . . . . . sends up elected member    - . . . . pressure group route  
 \* Chairman in this line always an official.    \*\* Chairman in this line always elected.

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