Can local level institutions (LLI) take a lead role in reducing poverty and enhancing equitable prosperity? If so, how? In Burkina Faso, 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.

With the growing understanding of the relationship between project sustainability, ownership, and community participation, it is now recognized that development responsibility must be internalized within national and local institutions. The Burkina Faso 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 now a sometimes hidden part of the national landscape, at the local level these values still shape the institutional environment.

This study 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 these study results will spur a wider effort to understand and include local level institutions in development activities in other African countries.

**Defining local level institutions**
Contextually, LLIs surround, connect, and manage communities. As institutions LLIs (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.

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 undertook participatory action-research with residents in diverse areas. The four provinces selected represent the variations found nationally in social organization, climate/environment, and the type and level of natural resources available for production.

The Burkina Faso LLI data set features surveys in 48 villages and 959 households. In each of the four provinces one department and 12 villages were randomly selected for LLI research implementation. In each of the villages, the teams first did a participatory analysis of LLIs with the community using a participatory diagnostic called *Methode Active de Recherches Participatives (MARP)* in the local language. In the same villages 20 households were then randomly selected to participate in a LLI household survey.

Preliminary results of the 48 village participatory analyses showed key variations of LLIs among the four provinces, revolving 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.

The LLI research team also identified three categories of institutions active at the local level. 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.

Our qualitative analysis indicates that the service-asset management (SAM) institutional category was particularly effective in promoting equitable but growth oriented local development. The organizations themselves are diverse (e.g. councils, sector service committees, etc.) but all manage some sort of collective asset. 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.

When deciding on priorities and actions, service-asset management organizations consider both relational (i.e. communal) 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-favoring for one activity community collective need or action, and in another individual household interests.

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
Table 1: Poverty indicators by household participation in different institutional types

<table>
<thead>
<tr>
<th></th>
<th>Mean expenditure per capita</th>
<th>Poverty incidence Pₐ (%)</th>
<th>Theil index of inequality E(1)</th>
<th>Income Gap</th>
<th>Number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating hhds</td>
<td>61606</td>
<td>30</td>
<td>17</td>
<td>34</td>
<td>782</td>
</tr>
<tr>
<td>Non-participating hhds</td>
<td>55029</td>
<td>39</td>
<td>17</td>
<td>33</td>
<td>177</td>
</tr>
<tr>
<td>Service-asset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mgt/production</td>
<td>59836</td>
<td>27</td>
<td>10*</td>
<td>24</td>
<td>99</td>
</tr>
<tr>
<td>value/production groups</td>
<td>68270</td>
<td>20</td>
<td>16</td>
<td>30</td>
<td>103</td>
</tr>
<tr>
<td>Production group only</td>
<td>61996</td>
<td>30</td>
<td>16</td>
<td>35</td>
<td>378</td>
</tr>
<tr>
<td>Kombi-Naam in Yatenga</td>
<td>55633</td>
<td>41</td>
<td>24</td>
<td>41</td>
<td>141</td>
</tr>
<tr>
<td>Production group in Yatenga</td>
<td>45524</td>
<td>58</td>
<td>29</td>
<td>50</td>
<td>53</td>
</tr>
</tbody>
</table>

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

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. Village participants indeed identified the organizational dimensions they believed essential, and which contribute to internalized participation cycles. They are:

- local institutional accountability;
- local technical and intellectual capacity for management;
- economic strategies based on existing local resources; and
- 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 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.

Impact of high-performing local level institutions on equity and poverty, quantitative 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. An assessment of inequality, poverty, and household expenditure per capita by province shows intriguing poverty variations among the four surveyed provinces. In the southern part of Burkina Faso, the poverty incidence in Sissili is almost 40 percent lower than that of Houet. The difference in poverty incidence between Sissili and Houet is because Sissili has a much more equitable income distribution. This is to say Sissili has achieved a lower level of poverty with the same level of economic development as Houet. In the northern areas, both the provinces of Sanmatenga and Yatenga have similar levels of economic development. However, because of the much lower inequality in Sanmatenga, its poverty incidence is 20 percent lower than in Yatenga.

Comparison between “levels of inequality/poverty” and the qualitative assessment of LLIs shows the actual accomplishment of LLIs/SAM. The quantitative results, with strong statistical significance, are consistent with the qualitative findings that the more effective LLIs/SAM in Sissili and Sanmatenga provinces—despite regional variations—create a collective and more sustainable prosperity. Changing the measurement lens from expenditure per capita to inequality brings the actual achievements of local communities and their institutions into focus.

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 equitable growth.
Table 1 shows that, when looking at LLI participating vs. non-participating households (without distinguishing among different type 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 expected finding is consistent with the qualitative analysis that the mere existence of LLIs in a village does not guarantee more equitable growth.

But the next set of results is unexpected. One of the most important findings in the qualitative study is the balanced mix of different LLIs found in villages, and how, within this mix, SAMs play a critical role. In Table 1 again, looking at the households participating in both SAM and production groups, one notes that, by far, their inequality level is the lowest among all groups. These unanticipated results are also 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.

Based on provincial officials' assessment of village internal organizations, Table 2 presents the cross tabulation between the defined 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 the 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. This is again consistent with the qualitative assessment that higher performing LLIs/SAM lead to more equitable distribution and higher growth. Given the fact that these officials assessed the villages without knowing anything from the quantitative data, the high degree of consistency is remarkable.

In short, 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 inequality is understood within its social context do the findings become applicable to real world operations. Using this balanced emphasis on both individual and social returns, LLI/SAMs have launched communities on a more equitable growth path and, without external assistance, are reducing poverty—despite their severe resource constraints.

Information used in this study is from the LLI research undertaken in Burkina Faso by the National Decentralization Commission. Sources are: 1) Decentralisation Rurales et Institutions Locales: Rapport Synthèses by Karim Ouedraogo, principal investigator, 1999; 2) Cas de Sanmatenga, Mathieu Ouedraogo et al., 1997; 3) Cas de Sissili, Mahamadi Négie et al., 1997; 4) Cas de Houet, Sidiki Boré et al., 1997; 5) Cas de Yatenga, Issiaka Sawadogo et al., 1997.

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