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## On the Relationship between Empowerment, Social Capital and Community-Driven Development

by Christiaan Grootaert

The purpose of this brief note is to provide some thoughts on the conceptual and operational relationships between empowerment, social capital and community-driven development (CDD). In the last decade, the concepts of empowerment and social capital have entered the discourse on development in an important way. The literature on these topics is, however, characterized by a multitude of different, and often conflicting, definitions, which obviously makes it harder to clarify the conceptual relationships between empowerment and social capital. Community-driven development is not a concept but a way to implement development projects and programs, and thus it needs to be brought into the discussion not at the conceptual but at the operational level.

### Conceptual links

In light of the proliferation of definitions of empowerment and social capital in the literature, it is necessary to select specific definitions in order to tackle constructively the task of exploring the relationship between the two concepts. For the purposes of this note, we select definitions that have commonly been used in the World Bank. Empowerment is at the center of two recent major World Bank publications. The *World Development Report 2000/2001: Attacking Poverty* explores how empowerment is part of a multi-dimensional concept of poverty, and proposes a poverty reduction strategy based on promoting opportunity, facilitating empowerment, and enhancing security (World Bank, 2001). The tools to facilitate empowerment in practice are further explored in the *Empowerment and Poverty Reduction Sourcebook* (World Bank, 2002a).

In spite of the importance of empowerment for the strategy it proposes, the World Development Report 2000/2001 does not provide an explicit definition of empowerment. One has to derive the meaning of the term from the actions proposed by the report under the heading of facilitating empowerment. These actions fall in three categories (see box 1):

- making state institutions more responsive to poor people;
- removing social barriers; and
- building social institutions and social capital.

### **Box 1: The Three Pillars of Empowerment**

1. *Making State Institutions More Responsive to the Poor*
  - Reforming Public Administrations
  - Making the Legal System More Responsive to Poor People
  - Decentralizing Power in a Pro-Poor Manner
  - Promoting Democratic Politics
2. *Removing Social Barriers*
  - Eliminating Gender Discrimination
  - Reducing Social Stratification and Inequality
  - Reducing Social Fragmentation and Conflict
3. *Building Social Institutions and Social Capital*
  - Strengthening the capacity of local organizations
  - Supporting solidarity and innovation networks
  - Creating linking social capital to improve access to resources
  - Promoting community-driven development programs

Source: World Bank (2001).

The WDR's approach provides a first insight into the conceptual relationship between empowerment and social capital. The report clearly views empowerment as the broader of the two concepts, characterized by a number of dimensions such as the presence of a responsive state, the absence of social barriers, and well-functioning institutions and social capital. In this vision, the creation of social capital is one of three pillars towards directly bringing about empowerment. Social capital also contributes to achieving progress with the other two pillars. For example, decentralizing power in a pro-poor manner requires typically that fiscal, administrative and political decentralization occur in a coordinated fashion. Political decentralization aims to bring about local accountability and effective participation by citizens in local decision making. Such participation will often be helped greatly when people can form associations and organizations to lobby for common demands and to exercise control, in other words when there is a strong local social capital. Likewise, promoting democratic politics is not only a matter of free and fair elections but also of the presence of a strong civil society. The institutions, networks and norms that comprise social capital thus contribute directly to empowerment at the local level, and indirectly by facilitating a number of processes that make state institutions more responsive to the poor.

The Empowerment Sourcebook, which builds upon the conceptual framework of the WDR, provides the following specific definition: "Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives" (p.14, World Bank, 2002a). This definition is more narrow and associates empowerment with poor people (implying that non-poor people have adequate power and need not be empowered) and limits the range

of actions to those that involve an interaction with institutions. Indeed, the Sourcebook clarifies that "empowering poor men and women requires the removal of formal and informal institutional barriers" (p. xix).

According to the Sourcebook, the formal institutions in question include the state, markets, civil society and international agencies. Informal institutions include norms of social exclusion, exploitative relations, and corruption. The WDR 2000/2001 and the Empowerment Sourcebook both put the primary focus on state reform. Empowerment is thus not necessarily a grass-roots or bottoms-up activity, but one in which the state is a key actor. The WDR and the Sourcebook also both discuss aspects of social exclusion and discrimination as barriers to empowerment. The third element of the WDR's strategy for facilitating empowerment, the building of social institutions and social capital, is not an explicit part of the Sourcebook's definition of empowerment but it is implicit in the strategies recommended by the Sourcebook, which all aim to promote institutional reform at large.

From both the WDR and the Empowerment Sourcebook, it is clear that within the World Bank, the discourse on empowerment is solidly anchored in the discourse on poverty reduction strategies. In this context, empowerment is seen as a concept that is relevant at the macro, meso, and micro levels. State reform occurs mainly at the macro level and is the business of the national institutions of the state, such as the public administration and the legislative and judiciary branches of government. Of course, state reform does involve interaction with civil society and constituencies at the local level. Removing social barriers is both a macro and meso level activity. The state needs to remove a number of legal barriers, but many social barriers arise from local power structures and norms. Building social capital is to a large extent (although not exclusively) a local activity, involving strengthening local organizations and networks and supporting a community-based approach to development. The role of the state is one of providing an enabling environment rather than direct participation.

Social capital refers to the organizations and networks and the underlying norms and values that govern the interactions among people in society (Grootaert and van Bastelaer 2002).

The scope of this definition is a matter of debate. Some analysts confine the institutions, networks and norms to those that exist at the level of communities, i.e. at the meso level. This is conform the approach taken by one of the pioneers of the social capital literature, Robert Putnam, in his seminal book on civic associations in Italy (Putnam 1993). Others take a broader view and include in the concept institutions, networks and norms that go beyond the level of a community and exist in the form of multilevel (or vertical) associations and other structures, following the approach of, among others, James Coleman (1990). The most encompassing view of social capital includes national-level institutions and structures, and formalized norms such as the rule of law. This broad view builds on the works of Douglass North (1990) and Mancur Olson (1982).

Given the multilevel approach towards empowerment put forth by the World Development Report 2000/2001 and the Empowerment Sourcebook, it makes sense to favor a similar multilevel concept for social capital. This is not only conceptually appealing, but provides immediate links to operational applications, especially in the context of the World Bank. Indeed, the pursuit of poverty reduction strategies, the prime mission of the World Bank, is not an activity that takes place solely at the micro, meso, or macro level. It is an activity that critically depends upon an integrated approach at all three levels, as manifested, for example, in the combination of national policy reform, sectoral reform, and project activities at the community level, as frequently included in Poverty Reduction Strategy Papers.

Viewing social capital as a multilevel concept makes it possible to consider explicitly the complementarity between horizontal and hierarchical associations and macro institutions, and to recognize that their coexistence maximizes the impact of social capital on economic and social outcomes. For example, macro institutions can provide an enabling environment in which local associations can develop and flourish; local associations can sustain regional and national institutions and add a measure of stability to them. A certain degree of substitution is also inherent to the interlocking aspects of the three levels of social capital. For example, a strengthening of the rule law that results in better enforced contracts may render local interactions and reliance on reputations and informal ways of resolving conflict less critical to enterprise development. Although the resulting loosening of social ties at the local level might suggest that micro-level social capital has been weakened, this effect must be weighed against a counterbalancing effect at the national level. Thus, only a multilevel view allows us to correctly assess the net effect on social capital building and empowerment.

### Operational links

The foregoing conceptual discussion has led to two conclusions about the links between empowerment and social capital which are directly operationally relevant: First, building social capital is one way to facilitate empowerment, and, second, viewing empowerment and social capital as multilevel concepts facilitates the link with poverty reduction strategies.

This is where community-driven development enters the picture. CDD is an approach to development and to poverty reduction which "gives control of decisions and resources to community groups. CDD treats poor people as assets and partners in the development process, building on their institutions and resources." (p. 303, World Bank 2002b). This definition, taken from the World Bank's Sourcebook for Poverty Reduction Strategies, makes it immediately clear that social capital, and by implication empowerment, are preconditions for successful CDD. This is well recognized within the World Bank. In a recent interview, Mr. Ian Johnson, Vice-President ESSD, expressed the view that CDD is a "very powerful manifestation" of social capital and empowerment.

Indeed, the Sourcebook specifies that "support to CDD usually includes strengthening and financing inclusive community groups, facilitating community access to information, and promoting an enabling environment to policy and institutional reform" (p. 303). Strengthening community groups is an important ingredient of building social capital, and promoting inclusiveness is one of the three strategies for bringing about empowerment as set forth in the WDR. By the same token, facilitating access to information is one of the objectives of institutional reform as explained in the Empowerment Sourcebook.

Operationally then, empowerment and social capital and community-driven development are related to each other by a two-way process. First, empowered communities with stronger institutions and social capital will be more successful at implementing the CDD approach. Second, the nature of CDD makes it likely that the approach itself will lead to building social capital and to making communities more empowered to take charge of their own destination and development.

The way CDD empowers poor people is by devolving control and decision making to them and thus enhancing their freedom to make choices. However, for this benefit to occur, CDD needs to take place in an environment where there are clear rules, transparency and accountability to prevent corruption or the capture of community resources by elites. Furthermore, to the extent that CDD strengthens local associations that are inclusive, it can increase poor people's voice in local political processes and governance. The Poverty Reduction Sourcebook makes it clear that, ideally, this enabling environment should be in place before CDD activities are initiated. This underscores again that social capital needs to be seen as one of the foundations or preconditions for CDD.

Successful CDD, however, is not only a function of the strength of community institutions, but also of the capacity of local governments and their relation to the community. Local governments are often well positioned to facilitate coordination across communities and allocate resources. Generally speaking, local governments will be in a better position to do this when there has been effective decentralization (World Bank 2002b). Decentralization is one of the reforms which the WDR 2000/2001 recommended to make state institutions more responsive to the poor. State reform, as the first pillar of empowerment, is thus also a foundation or precondition for CDD.

Finally, to fulfill its potential of empowering poor communities, CDD needs to be responsive to the priorities of all poor groups. Since communities are typically not homogeneous, CDD needs to be designed to be socially inclusive. There is thus also a strong synergy between the removal of social barriers (the second pillar of empowerment) and the effectiveness of CDD.

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