POLICY PLANNING AND IMPLEMENTATION

3. Social Capital

DFID Department for International Development

The purpose of these *Key Sheets* is to provide decision-makers with an easy and up-to-date point of reference on issues relating to the provision of support for sustainable livelihoods.

The sheets are designed for those who are managing change and who are concerned to make well-informed implementation decisions. They aim to distil theoretical debate and field experience so that it becomes easily accessible and useful across a range of situations. Their purpose is to assist in the process of decision-making rather than to provide definitive answers.

The sheets address three broad sets of issues:

- Service Delivery
- Resource Management
- Policy Planning and Implementation

A list of contact details for organisations is provided for each sub-series.

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Overview of the debate

Over the past 5 years the debate relating to social capital has focused on:

- The role of different forms of social capital in achieving sustainable livelihoods.
- How social capital can be assessed and whether it can be measured.
- The distinction between different forms of social capital (some cause social exclusion).
- Whether social capital can be 'created' through externally catalysed processes.
- The role of social capital in fostering good governance and a stronger civil society (and whether these have knock-on effects on economic growth).

Key issues in decision making

The term 'social capital' captures the idea that social bonds and social norms are an important part of the basis for sustainable livelihoods. Indeed, social capital is now recognised as one of the five assets vital for sustaining people's livelihoods (together with natural, human, physical and financial capital). However, this economic metaphor has its drawbacks: relationships are not entirely oriented towards material gain. Other benefits generated through social capital may include enhanced spiritual well-being, a sense of identity and belonging, honour, social status and prestige.

There are many competing views of social capital. Here, three core elements are distinguished:

- **relations of trust, reciprocity and exchanges** between individuals which facilitate co-operation;
- **common rules, norms and sanctions** mutually agreed or handed-down within societies;
- **connectedness, networks and groups**, including access to wider institutions.

The analysis of social capital looks at the quality of various types of connectedness that affect people for better or worse. This capital is manifested in associations such as religious organisations, trade/consumer associations, resource user groups, political parties, financial services groups.

Because it lowers the costs of working together, social capital facilitates co-operation. People have the confidence to invest in collective activities, knowing that others will also do so. They are also less likely to engage in unfettered private actions that result in negative impacts such as resource degradation. The benefits conferred by social capital include:

- risk management and social insurance (social capital – for example the ability to call down support from kin – can act as a buffer against the effects of shocks and adverse trends);
- better management of common and shared resources, through group action;
- reduced costs of conducting business, including lowering transactions costs and increasing the ability to exploit economies of scale;
- increased capacity to innovate (e.g. through membership of farmers' research groups which are well connected to research agencies) and to sustain activities beyond the life of projects;
- improved access to information and services (including better overall links between external organisations and the poor, resulting in greater empowerment of the poor); and
- greater influence over policies and legislation.

Social capital is not always used for positive purposes: social relationships, networks and trust can act as a foundation for negative actions and exclusion – or even oppression – of particular social groups. Similarly, a society may be well-organised, with strong institutions and embedded reciprocal mechanisms, but be based on fear and power (think of feudal, hierarchical, racist societies). Some forms of social capital may also have adverse effects upon the sustainability of natural resources.

➤ Does membership of certain groups allow over-extraction of natural resources (e.g. irrigation or drinking water, forest products) to the detriment of non-members and the resources themselves?
➤ Do formal rules and norms trap some people within harmful social arrangements (e.g. tenancy-landlord relations that prevent tenants from investing in land improvement)?
➤ Do existing associations act as obstacles to the emergence of sustainable livelihoods (e.g. by encouraging conformity, perpetuating inequity, and allowing some individuals to coerce others)?
➤ Maintenance of social capital is costly (time, labour, etc.) – who bears the main burden?

Women often rely disproportionately on social capital to gain access to basic resources (e.g. through marriage or reliance on male kin) and often bear more of the responsibility for maintaining it.

Although it may not be possible to quantify social capital, it is possible – and important – to understand the role that social capital plays in the livelihoods of different groups. In general, informal networks are more difficult to analyse than formal ones, yet they may be more important. Key questions in relation to assessment and the different roles of social capital in livelihoods are:

➤ With what social entities do people identify themselves and for what purposes?
➤ What role does social capital play in affecting access to other types of capital?

DFID experience

- SD SCOPE project (Social development systems for co-ordinated poverty eradication) (IDPM, University of Bath, Development Initiatives – start 1998)
- Nigeria: Working with social capital (John Rowley – start 1999)
- Ghana: The role of trust in the development of vegetable marketing systems in Brong Ahafo Region (University of Durham – start 1997)

Expertise

- London School of Economics, Development Studies Institute
- Overseas Development Institute
- Oxfam
- John Rowley
- School of Oriental & African Studies
- University of Bath
- University of Durham
- University of Essex, Centre for Environment and Society
- University of Manchester, IDPM
- University of Sussex, IDS
- University of Edinburgh, Social Development Resource Centre
- The World Bank

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Social Capital *continued*

➤ How do rules and norms influence resource use?
➤ Who has access to organisations, and is any group or individual actively excluded? Is there overlapping membership? (This can reinforce patterns of social exclusion.)
➤ Who do people rely on in times of need? What is the importance of vertical linkages (e.g. unequal relations between patrons and clients) and horizontal linkages (i.e. relations of solidarity)?
➤ Have members of particular groups survived external shocks better than others?
➤ Why do people seek to become members of certain groupings? (E.g. is it to make a positive contribution to their livelihoods, or to resist injustice or the adverse effects of power relationships?)
➤ Do members of groups (e.g. pest management groups, water users' associations) perform better than those operating alone?

But knowing total numbers of groups or composition of membership is not enough to understand the extent of social capital – not all forms of social capital are equal.

To the extent that social capital is a public good, there is a tendency for individuals to under-invest in it, making it difficult to say who is at fault when it declines. On the positive side, social capital can also increase with use. The challenge is to identify means through which it can be deliberately created – or at least not damaged – by development interventions. Participatory processes of an appropriate type can play a particularly important role here:

➤ Is the participatory process empowering, or does it seek simply to consult people? If the latter, then trust and new relationships are very unlikely to emerge.
➤ Who is included in the participatory process, and does it matter if some people are excluded?
➤ Will training for key individuals (e.g. in leadership, accounting) help improve group performance?
➤ What mechanisms can be designed to encourage groups to work together (e.g. in apex organisations, farmer-to-farmer extension links)?
➤ What characteristics are required within external organisations that are trying to promote social capital? Which organisations have these characteristics?
➤ Can appropriate characteristics be developed through internal reform? Where this is likely to be difficult, what can be achieved through new forms of partnership, collaboration, etc.?

Group-based approaches that help build social and human capital are not alone sufficient for the achievement of sustainable livelihoods and vibrant local economies. It is also necessary to have in place policies conducive to group activity.

Lessons learned about development interventions working with social capital include:

i) In the local associational context:
- start on a small scale and expand when results are clear;
- use existing knowledge about local institutions from the outset;
- do not predefine the unit of association (family, clan, village, hamlet etc.);
- ensure participatory approaches are more than just passive or consultative; and
- consider that local forms of association often require supra-local structures to function effectively.

ii) At a higher, or policy level:
- conduct stakeholder analyses to identify the interests, capacities and values of different groups;
- take a nested or pluralist approach to local organisations – membership of different groups at different levels may be important; and
- pay adequate attention to the politcal environment, including the impact of decentralisation.

Key literature

Harriss, J. (ed.) (1997) 'Policy Arena: Missing Link or Analytically Missing? The Concept of Social Capital'. *Journal of International Development,* Vol. 9, No. 7, pp.919-971.

Hulme, D. (1998) 'Protecting and Strengthening Social Capital in order to Produce Desirable Development Outcomes'. *Social Development Theme Paper 4.* London: DFID.

Narayan, D. & L. Pritchett (1997) *Cents and Sociability: Household Income and Social Capital in Rural Tanzania.* Washington, D.C.: The World Bank.

Pretty, J. & H. Ward (1999) *Social Capital and the Environment.* Centre for Environment and Society, University of Essex.

Woolcock, M. (1998) Social Capital & Economic Development'. *Theory & Society,* Vol. 27, pp.151-208.

World Bank (1998) *What is Social Capital?* At http://www.worldbank.org/poverty/scapital

Key Sheets are available on the Internet at: www.odi.org.uk/keysheets/ or through the websites of DFID

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