

Social capital formation: The role of NGO rural development programs in Bangladesh

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Abstract. Social capital can be generated by the expectations of the rural poor who are victimized by government and market failures. The demands of the rural poor of Bangladesh for economic and social goods and services, for example, have been instrumental to their economic and social well-being. Cooperation based on mutual trust and norms of reciprocity contributes to the creation of other kinds of capital, especially economic and human capital, that are mutually reinforcing. Both governments and the NGOs make use of social capital as a tool for implementing poverty policies.

Introduction

Social capital can be produced by the government (GO), nongovernmental organizations (NGOs), local societal actors, and external actors in the civil society, both in combination and in isolation. In Bangladesh, the role of these actors in the process of social capital formation is little known, however.

Historically, the innovative experiments in participatory rural development in Bangladesh can be traced back to the 1960s, when the Comilla approach provided the first systematic opportunity for rural people, especially the small and marginal farmers, to participate effectively in the process of promoting rural development. It followed four basic strategies: (i) organizing the village people into primary cooperatives of their own, (ii) integrating these cooperatives into the Thana Central Cooperative Association (TCCA) for credit support, (iii) embarking on an extensive extension training system through the Thana Training and Development Centre (TTDC), and (iv) developing water resources for agricultural development through a Thana Irrigation Project (TIP). Later, this institutional mechanism was modified to include poor women and landless persons through cooperatives. In the late 1970s the Swanirvar (Self-Reliance) movement followed the Comilla approach in attempting (a) to organize different interest groups at the village level, (b) to represent them in an informal village-based organization, and (c) to link them informally with the Union Parishad (UP), the lowest local government body, and with Thana officials of the various ministries/agencies. During this period, NGOs also took part in the process of rural development.

In the 1980s the Grameen Bank had tested the hypothesis that the poor were 'bankable' (Government of the People's Republic of Bangladesh, 1998: pp. 139–140). During this period the number of NGOs increased greatly as they supple-

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mented the government's delivery system to reach the poor. Their efforts exerted indirect pressure on the government to improve the efficiency of its own delivery system.

The resultant GO-NGO competition to reach the poor at the grassroots highlights questions of the cost effectiveness, transparency, and accountability of using public fund for such purposes. Although a large number of cooperatives have been set up by the Department of Cooperatives and the Bangladesh Rural Development Boards (BRDB) over the years, only a few seem to have succeeded. To regulate credit societies, legislation was enacted to prevent misappropriation or misdirection of funds. Assigning this policing responsibility to the bureaucracy, however, only encouraged what was meant to be prevented. In recent years, when cooperatives have extended to other areas besides credit, the entire environment for development has changed, but the Act governing cooperatives has remained the same, and the bureaucracy has continued to perceive its role as regulatory and restrictive rather than enabling and promotional. Though the scope of BRDB cooperatives has been widened to include operations other than credit as well (BRDB, 1998: pp. 43–108), their formation was largely induced from above or outside rather than from within. Policies and legislation governing cooperatives do not seem to have responded to the changing needs of rural development and have remained highly regulatory and restrictive (ILO, 1988: pp. 67–68). These cooperatives have been aggregated horizontally and not vertically. A major shortcoming has been the tendency to support activities without reference to the demand for the products of the cooperatives or to the mechanism through which they could be marketed. The experience of the government-sponsored cooperatives suggests that establishment of cooperatives from above is unlikely to succeed unless the participants share the goal and see the benefit resulting therefrom.

At the initiative of the NGOs, villagers have responded to this situation by taking up a new approach to forming group-based cooperative organizations. This new effort has been based on collective agreement through which people pool their resources and invest in the organization, after which they undertake a cooperative exchange of resources. The primary incentive for people to participate in such organizations is the pursuit of personal economic benefit. The collective action is motivated not only by self-interest but also by a common interest, which involves a high degree of interdependence among members. To the extent that members derive some satisfaction from improvements in the welfare of their fellows, any advances achieved produce multiple and thus greater total satisfaction (Uphoff, 1993: pp. 607–662). Organizational activity can no longer be controlled through dyadic relationships. The task has been to reconcile the objectives of the organization with the personal desires of the individual participants in the organization, and the result has been the introduction of new organizational norms of collectivity, which demand that organization members uphold the collectively accepted agreements. The NGO rural development programs put emphasis on participatory development embodying collective effort by the very people who are the beneficiaries of development. The creation

of group-based cooperative organizations based on mutual trust strongly promotes participatory development and the empowerment of its members. Basic social values take precedence over the values of the market.

In Bangladesh, although government efforts to organize village groups to work together for a common good have often ended in failure, rural development by the NGOs have had better success in social capital formation. Profound changes in the external environment have brought about conditions necessitating new forms of cooperation. Collective awareness and mobilization strategies are being offered by the NGOs, which are creating social capital through horizontal alliances among the less privileged groups and women. Such changes have come about as a result of strong external start-up efforts and are only a passing phenomenon. But the newly emerging cooperatives utilize the social norms embedded in social relationships and social organizations of their own making. This process figures very prominently in various group activities set out by the NGOs, which serve as focal points for the mobilization and articulation of interests shared by poor rural people. With the intervention of numerous NGOs, especially Bangladesh Rural Advancement Committee (BRAC) and Proshika Manobik Unnayan Kendra (PROSHIKA), in the rural development under the umbrella of their apex body, the Association of Development Agencies in Bangladesh (ADAB), a code of community culture (i.e., a cooperative sense of values) describing the behavioral principle of the villagers has emerged. The community is defined here as a locality group in which there is a consciousness of unity, face-to-face relationships, and repeated social interactions among its members, who share common beliefs and orientations that unite the members of the collectivity and guide their conduct to create an entity greater than the sum of its individual members. The village community combines the residents' sense of unity and organizational experience from the process of group formation, thus effectively serving as an incubator of rural development. In essence, a village community is a locality group that shares the villagers' sense of integration, acquaintanceship, and social interaction. The rare failures that have afflicted the groups are caused primarily by the infiltration of village touts and by instances of latent individual conflicts.

The field survey

BRAC and PROSHIKA, the two largest and leading NGOs in the country, together represent around 65% of the NGO rural development programs in Bangladesh. Data and information regarding these organizations were obtained from published and unpublished research papers and official documents of BRAC, PROSHIKA, BRDB, ADAB, The World Bank, and the Government. Primary data were generated through a field survey with a predesigned questionnaire and personal interviews with key informants. The survey was conducted from November 1999 – January 2000 on a population of 500 responding BRAC and PROSHIKA group members in randomly selected areas of ten Thanas

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representing at least two from each of the four old Divisions of Bangladesh. The questionnaire was prepared in Bengali and included five open-ended questions in which respondents were requested to describe their experiences with their cooperatives in terms of beneficial effects, harmful effects, and failure incidents due to non-cooperation.

In contrast to conventional survey methodologies, the present technique involved eliciting descriptions of actual experience of cooperation and observed real events of non-cooperation. The merit of the technique lies in that it produces data free from restructured responses that emerge from the categories used in conventional polls. In addition, one advantage of unstructured response approaches, including the use of critical failure incidents, is that the answers can be interpreted in different ways to answer different questions. This is especially valuable for our present purpose. The questionnaire was pre-tested by distributing it to the entire BRAC group in the Matlab Area and the PROSHIKA group in the Natore Area, areas characterized by success stories of cooperative activities and the confluence of financial, human, and social capital. Trained field investigators with background in cooperative programs were posted at the survey areas to administer the questionnaire. The method was tested during the pilot phase of the research. Subsequently, the field survey was put in place. In cases where the group member or any adult member of his/her household could write, the questionnaire was explained to and completed by the respondent or family member. In other cases, the questionnaire was completed by the field investigator. The questionnaires completed by the respondents were checked by the field investigators and supervised by the author on the spot so that no information was lost.

For our purpose, social capital is defined as 'the cumulative capacity of individuals and social groups to work together for a common good' (Montgomery, 1999: p. 3). This conceptualization of social capital involves the problem of quantitative measurement. The merit of this conceptualization, however, lies in its capturing the vital elements of social capital (e.g., norms of trust and interpersonal networks) which are essentially qualitative in nature.

The norms of trust and reciprocity and the networks of repeated interaction that sustain them forces some rethinking about development. Such norms and networks operate interpersonally within communities. Without trust and community networking (Evans, 1996: pp. 1033–1037; Molinas, 1998: pp. 414–415), physical and human capital remain vulnerable to misuse or abuse. In Bangladesh, where other forms of capital are notoriously scarce, social capital formation acquires all the more importance. It is rightly argued that unlike other sorts of capital, social capital does not necessarily require investment of scarce material resources in its creation, and its stock accumulates with use instead of depreciating (Molinas, 1998: 414–415; Montgomery, 1999: p. 3).

In order to understand the role of NGO rural development programs in the process of social capital formation, it is important to consider how these programs facilitate forging community norms of trust and interpersonal networks. For analytical purposes, it may be rewarding to collate the sources of

cooperation and conflict so that a balance can be struck to neutralize the negative impact of conflict. It goes without saying that participation is a prerequisite to collective action. To explain the production of social capital, we need to account for widely varying outcomes over time, space, and social groups. One promising approach is to assess the outcome of cooperation which stimulates and reinforces collective action and works toward the prevention of conflict. Moreover, all NGO development efforts are influenced by the policy environment, pointing to the need for a review of existing policies. This would be particularly useful in thrashing out an appropriate policy intervention to step up the pace of social capital formation.

Structure and functions of the BRAC and PROSHIKA groups

BRAC commenced its targeted rural development approach through village organizations (VOs) in 1977. The target group of BRAC is the people living below the poverty line, who account for 45 to 50% of the total population of the country. As of December 1999, the total number of VOs stood at 90,250 with a membership of 3.3 million people, 97% of whom are female. With multifaceted development interventions, BRAC strives to bring about a positive change in the quality of life of the poor of Bangladesh through self-help activities. It is committed to making its programs socially, financially, and environmentally sustainable using innovative methods and appropriate technologies. It is actively involved in promoting human rights, human dignity, and gender equality and plays an important role as a catalyst for rural development. For BRAC the principles of fairness and objectivity are instrumental in building trust, strengthening communication, and fostering productive relationships within the organization as well as with its program participants (BRAC, 1999: pp. 3–26).

PROSHIKA encourages the rural poor – the landless, marginal and small farmers and other working people like fishermen, weavers and artisans – to build primary groups (PGs) and group federations (GFs) at village, Union, and Thana levels; these groups are known as Village Coordination Committees (VCCs), Union Coordination Committees (UCCs), and Thana Coordination Committees (TCCs). At each level, the formation of committees and the process of decision making are strictly participatory and democratic. As in June 1999, PROSHIKA has organized 76,061 PGs with around 1.5 million members, 54% of whom are women. Once the groups are formed and have achieved a certain degree of maturity and group cohesion, members work together not only for their economic emancipation but also for their social, political, and cultural upliftment (PROSHIKA, 1999: pp. 1–97). PROSHIKA provides a number of support services to help them improve their condition. Available evidence suggests that PROSHIKA has been able to develop democratic leadership, group solidarity, and strong networking through facilitating organization building at multiple tiers. This has increased their access to public resources and institutions and strengthened their capacity to fight against the forces of underdevelopment.

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NGO activities in Bangladesh focused initially on relief and rehabilitation works, and later on raising villager income by improving productivity (which NGOs endeavored to bring about through developing agricultural techniques as well as villagers' skills in sideline jobs) and by disseminating information on public sanitation and other social problems. The premise of the NGO efforts was that the unit of production in the village was the individual farming family. Villager organizations were to be intermediaries passing on the skills and information supplied by the NGOs.

In the 1980s, the efforts of BRAC and PROSHIKA took the same course as the Government's rural development policy, with BRAC and PROSHIKA focusing on economic assistance to the villagers. In the 1990s they began to see the importance of village culture, villager collective action, and autonomous decisionmaking and shifted their policy toward setting up organizations run by the villagers themselves through the application of community resources and the villagers' own knowledge.

Ideally, the structure of BRAC-PROSHIKA groups forms the basis for collective development activities. In practice, there was considerable regional variation in the social unity of different BRAC-PROSHIKA groups.

Rural development activities of BRAC and PROSHIKA groups

Rural development activities in which BRAC VO members participate encompass an array of savings and credit programs, poultry raising, nutrition, participatory livestock development, vegetable production, plant nurseries, social forestry, sericulture, fishery, micro-enterprise development, tissue culture, income generation for vulnerable groups, environment protection, and a host of social developments, such as village meetings, education, health services, village society, and popular theater. In addition to these activities, PROSHIKA group members participate in irrigation, apiculture, housing, health infrastructure building, and disaster management. A fund created with individual subscriptions provides revolving funds for several development works. Under the savings group scheme, villagers voluntarily deposit a small amount of money each month with the group, and the accumulated money is lent at low interest to members of the group. This program had a pivotal effect on the course of Bangladesh's rural development policy. For one thing, GO-NGO provide only the idea and knowhow for setting up and operating the savings groups; the monetary funding which is the basic resource of the groups is conducted wholly by the villagers. For another, the management and the use of the funds are left totally to the collective decisionmaking of the villagers themselves. In other words, the villagers promote economic and social development through the cooperative management of their own private resources. It was realized that savings groups would not succeed where villagers could not form relationships of mutual trust; so organizing groups at the village grassroots level proved inevitable. These collective undertakings are easy to carry out and which produce readily visible

results. Thus they became an opportunity for the villagers to recognize the benefits of communal activities. Through the micro-credit programs, BRAC and PROSHIKA are playing a leading role in spearheading the collective action led growth momentum in the rural areas.

The rural education programs of BRAC and PROSHIKA are particularly revealing. BRAC introduced informal primary education programs in 1985. In 1999, of 1.5 million children from poorer households who had dropped out of school or were not enrolled before graduating from BRAC schools, 90% have moved to formal schooling in higher classes. Since 1995, BRAC has undertaken adult literacy programs involving 201,600 students in just under five years. PROSHIKA has undertaken a universal education program to provide functional adult literacy skills to group members and to provide educational facilities for their children through formal and informal primary schools. Through June 1999 the number of persons who graduated with functional literacy skills stood at more than 534,000, and the number of students enrolled in informal primary schools reached more than 324,000. BRAC-PROSHIKA educational programs have greatly reduced illiteracy and empowered rural populations that had very little access to formal education.

One of the most innovative and effective motivational activities of PROSHIKA is the people's cultural program, which is a tool for raising awareness of collective enterprise to gain access to resources and to combat social ills. Theater troupes are organized to bring into the open the aspirations, joys, and sorrows of the rural poor. The songs, ballads, and dramas are improvised and performed by the villagers. Through these performances, audiences not only derive entertainment but also become conscious of policy issues and proposed solutions. Issues such as social injustice, dowry, gender discrimination, illiteracy, unjust possession of public resources by the power elites, superstition in health practices, degradation of natural environment and its adverse consequences, and the positive impact of various development actions on the lives of the people constitute elements for dramatic presentation. Many factors contribute to the medium's effectiveness, including the fact that the cultural troupes are formed to include villagers, who can draw lessons directly from their own life experiences. Performances take place in a familiar setting, such as the courtyard of a group member's house or a village fair; the language of the performances articulates the audiences' own life and makes it easily comprehensible. In addition to dramatic performances, people's theater also expresses popular experiences through folk songs and ballads. Such performances are generally preceded and followed by discussions of the relevant issues. PROSHIKA group members also organize folk cultural festivals every year in suitable locations; there, people from different area development centers gather by the thousands and participate in a variety of traditional but lively cultural activities. Up to June 1999, PROSHIKA had organized a total of 493 cultural troupes comprising 7,395 members, most of whom were women. In 1997-1998, these troupes staged 4,691 cultural events in 2,585 villages. The troupes made six teleplays for Bangladesh Television. Plays, songs, and theaters have also been used in voter

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education program in different constituencies and Thanas. In December 1997 local government election, 1,207 PROSHIKA group members, 703 men and 504 women, won Union Parishad seats across the country, reflecting a great improvement in the social status of the rural poor. A total of 11,824 centrally organized, grassroots training center (GTC)-based and village-based cultural training courses were organized during 1998–1999. As many as 2,267 centrally organized and GTC-based cultural workshops were also held during the reporting period. In tandem, BRAC initiated a popular theater in 1998. It too has proved to be an effective medium for communicating with the illiterate rural masses, conveying social and legal messages while providing amusement, entertainment, and education. Up to December 1999, BRAC had organized 83 popular theater groups staging 1,558 dramas, all of which were well received.

Manifestation of social capital

Sources of cooperation

BRAC and PROSHIKA play several distinct roles in the rural development of Bangladesh. They are: (i) consciousness raising or value introjection for working together, (ii) setting agendas for poverty alleviation and rural development through group formation and collective action, (iii) human resource development to have greater access to other resources, (iv) direct action to implement individual and collective commitments, and (v) regenerating and regularly monitoring individual and collective capacities for productive activities. These two NGOs contribute to the process of social capital formation by infusing in the target group the spirit of cooperation and activating the groups in cooperative activities, and by inculcating in the group members the core human competencies to enlarge the opportunities to dissipate inequality of endowments within the community in order to improve the quality of life of the common people.

In the implementation of rural development projects, BRAC and PROSHIKA work in collaboration with other NGOs, donors, and the government. Growing instances of GO-NGO collaboration are seen in education, health, environment, population, women and youth development, livestock, fishery, resettlement, and disaster management. GO-NGO collaborative projects indicate three types of arrangements. (i) The most common type is the subcontracting system in which government agencies enter into contracts with the NGOs selected on the basis of competitive bidding. (ii) Joint implementation involves NGOs either as co-financier or joint executing agency with the government; it is the least practiced of the three. (iii) In the area of micro-credit, there is an emerging trend for the national banks to finance NGOs' credit operations. Several donor-financed, multi-year, multi-component national projects have given impetus to GO-NGO collaboration. Three notable examples are the General Education Project, the Integrated Non-Formal Education Project, and the Fourth Population and Health Project.

Through cooperative ventures, the rural poor are graduating to more secure occupations, marking a gradual shift from uncertain and contingent agricultural wage employment to self-employment through skills acquisition and involvement in promotional network of cooperatives. There are several instances where social network of relations dominate other resources in helping poor people gain access to economic and financial resources.

On the other hand, there are instances where social capital has lost strength because of lack of financial capital or other physical resources. Cooperation is found easier in communities with a substantial stock of social capital. The informal social interactions, such as sport and club activities including recreational folk songs and staged dramas, and rural fairs, for example, provide an important source of social capital formation.

The BRAC-PROSHIKA training courses on organizational development and skill formation present proxy attempts to enhance the prospects for cooperation by providing economic incentives to cooperation and promoting understanding of mutual dependencies. The relationship between BRAC-PROSHIKA interventions and the cooperative performance of the groups reflects the interplay between the economic/financial capital, human capital, and social capital.

Sources of group conflict and GO-NGO tension

Group conflicts and GO-NGO tensions may originate from different sources as follows:

- (i) Competition over natural resources (waterbodies, community lands, etc.) both within and between groups, poverty and an increasing gap between rich and poor often create extensive social unrest, and environmental damage and competition over scarce resources also provide a basis for conflict.
- (ii) Periods of transition, for instance, when systems are changing from authoritarian rule to some form of majority rule where the new institutions are fragile and the control of coercive powers weak. The declining role of local power/pressure groups has given rise to several such situations, where dwindling support from one or the other of the power groups for repressive regimes has made these vulnerable to group action by long-repressed groups, particularly in a situation where the legitimacy of the regime has been eroded.
- (iii) Abuse of power, self-seeking by the ruling elite, discrimination against minorities, and gross violations of human rights, even if not coupled with ethnic, religious or other dividing lines.
- (iv) Conflicts in perception and claims between GO and NGO parties. GO-NGO collaboration seems to work better in social sectors like education and health than in efforts aimed at enhancing the poor's access to land, water, and forest resources, where special interests oppose redistribution of these assets.

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Approaches to conflict prevention

Ideally, for conflict prevention, social capital resources may be used to gain greater insight into the problems; to improve basic conditions that create fertile ground for conflict; if the causes of the conflict have not been removed or one of the parties to the conflict has not been drastically weakened, the situation may easily revert to the pre-conflict stage, though with a difference; and to encourage the government to modify policies that generate conflict.

Transparency becomes not only a virtue but a necessity for sustaining cooperation, even if the continuity of operations might be at stake. It requires a free flow of information to build the mutual trust and understanding that lays the foundation for successful cooperation. Promotion of participatory mechanisms and the rule of law are important elements in a strategy that aims at integrating individuals and groups into society.

A notable practice of conflict prevention in the self-governing cooperatives has been the active involvement of the villages' informal leaders. Using their social influence, these leaders mediate disputes between members. Especially when setting up a new cooperative for promoting rural development, there arise frequent conflicts of opinion that make the ability of informal leaders to mediate disputes all the more necessary. When a proposal is going to be presented that is likely to cause confrontation among the members over the running of a cooperative, the society executives get together with the informal leaders beforehand and come to a consensus. Then, through their explanation of the situation at group meeting, the informal leaders seek to overcome any conflict and get a consensus from the members.

At the same time, group leaders have changed the way of managing group meetings. They now seek to get the members to participate adequately in the discussions and arguments that take place at the meetings. Instead of just informing the members of the measures decided by the executive committee, the leaders present the common problems directly to the villagers and persuade them to come up with proposed solutions. Such use of the group meetings have made discussions far more vexing and complicated. Frequently, meetings take place several times a month, and argument over the issues sometimes lasts deep into the night. Finding solutions and working out agreements at the group meetings is inefficient and time-consuming, and it also brings out into the open

Table 1. Open-ended responses.

Total number of respondents	500
Total frequency of beneficial effects of cooperation	3999
Total frequency of harmful effects of cooperation	35
Incidence of beneficial effects (per respondent)	8.00
Incidence of harmful effects (per respondent)	0.07
Incidence of failure incidents (per respondent)	0.01

Source: Field survey, November 1999 – January 2000.

the conflict of opinions among members. Yet it is an indispensable part of the process of developing consensus among the villagers and giving them a chance to take part in organizational activities.

Outcome of cooperation and collective action

Positive outcomes

The field survey reveals robust positive outcomes of cooperation and collective action. Table 1 summarizes the major indicators and findings of the field survey. There were 3,999 beneficial effects of cooperation reported in the answers by 500 responding BRAC-PROSHIKA group members. A preliminary reading of the beneficial effects of cooperation produced a combined list of about 21 types that were analyzed, coded, and subsequently reclassified to capture manifestation of social capital.

Among the beneficial effects reported by group members of BRAC and PROSHIKA, improvements in economic status of the rural poor figured most prominently (500), followed by improvement in the culture of mutual trust and community networking (474), increase in skill and entrepreneurship (410), promotion of gender equality of opportunity and treatment (405), greater access to resources (398), improvements in the establishment of human rights and dignity (367), and improvements in community health (349). Improvements in the enforcement of human duties and responsibilities, community education and enlightenment, natural environment, and the social status of the poor also appeared in the responses. The incidence of beneficial effects of cooperation was a staggering high of 8 per person, in contrast with a microscopic low of 0.07 incidence of harmful effects (Table 2), reflecting a phenomenal positive impact of social capital as a resource.

It is significant that most of the beneficial effects of cooperation accrued to people in the lowest income brackets, who constitute the hardcore poor (Table 3).

A preponderance of positive outcomes occurred among female groups or those with high female participation (Table 4). None of the female members

Table 2. Beneficial and harmful effects of cooperation as experienced by BRAC-PROSHIKA group members.

Effects of cooperation on the community	BRAC (<i>n</i> = 300)	PROSHIKA (<i>n</i> = 200)	TOTAL (<i>n</i> = 500)
Total frequency of beneficial effects	2431	1568	3999
Incidence of beneficial effects per respondent	8.10	7.84	8.00
Total frequency of harmful effects	21	14	35
Incidence of harmful effects per respondent	0.07	0.07	0.07

Source: Field survey, November 1999 – January 2000.

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Table 3. Distribution of beneficial and harmful effects of cooperation according to average monthly income of the respondents.

Effects of cooperation on the community	Less than Tk. 1000 (<i>n</i> = 200)	Tk. 1000– 1999 (<i>n</i> = 197)	Tk. 2000 & above (<i>n</i> = 103)	All groups (<i>n</i> = 500)
Total frequency of beneficial effects	1788	1469	742	3999
Incidence of beneficial effects per respondent	8.94	7.46	7.20	8.00
Total frequency of harmful effects	7	10	18	35
Incidence of harmful effects per respondent	0.03	0.05	0.17	0.07

Source: Field survey, November 1999 – January 2000.

Table 4. Distribution of beneficial and harmful effects of cooperation according to gender of the respondents.

Effects of cooperation on the community	Male (<i>n</i> = 179)	Female (<i>n</i> = 321)	Both (<i>n</i> = 500)
Total frequency of beneficial effects	1127	2834	3999
Incidence of beneficial effects per respondent	6.30	8.83	8.00
Total frequency of harmful effects	19	16	35
Incidence of harmful effects per respondent	0.11	0.05	0.07

Source: Field survey, November 1999 – January 2000.

experienced any failure incident due to resistance or noncooperation. This suggests that perhaps women are more receptive to cooperation and collective action than men. These visible outcomes of cooperation largely contribute to fostering and reinforcing norms of trust and social networking among the group members.

The reported outcomes largely explain the decline in rural absolute poverty (defined nutritionally as 2122 Kcal./person/day) and rural hardcore poverty (defined by 1805 Kcal./person/day) respectively from 61.94% and 36.66% in 1983-1984 to 47.11% and 24.62% in 1995–1996 (BBS, 1998). Similarly, literacy of the population of the age 7 years and over increased from 24.8% in 1990-1991 to 32.4% in 1996-1997 and adult literacy (age 15+) increased from 24.8% in 1990-1991 to 35.32% in 1996-1997 (BBS, 1999). As the various types of capital mutually reinforce one another, more NGO cooperatives are coming up every year.

Harmful effects point to the negative externalities working to the detriment of the formation of social capital. This is particularly reflected in the observed failure incidents that took place due to noncooperation (Table 5). Failure incidents, however, are very few, which reinforces the argument that collective action is essentially beneficial with a strong redistributive impact.

NGO groups generate common resources through forms of collective action combined with communal control in such matters as construction/building,

Table 5. Failure incidents due to noncooperation experienced by BRAC-PROSHIKA group members.

Failure incidents	BRAC (<i>n</i> = 300)	PROSHIKA (<i>n</i> = 200)	Total (<i>n</i> = 500)
All failure incidents	2	3	5
Intensity of failure incidents per respondent	0.01	0.02	0.01

Source: Field survey, November 1999 – January 2000.

the maintenance of common utilities, and village defense, in which patrols are organized to protect the village from cattle stealing, robbery, and other external attacks.

Recently BRAC and PROSHIKA groups have started to own communal resources, and the need to manage them has led to the creation of local rules. For instance, when a group builds a communal fish farm, it establishes rules against fishing in the pond and penalties for those who break the rules. The practice of large-scale mobilization of NGO groups and resources is also seen in connection with the protection of a flood embankment stretching from Rowmari to Jadurchar Union in Rowmari Thana in the Kurigram district. A total of 1,000 villagers with fifty assignments were mobilized during the 1998 flood. Funds were also raised by utilizing personal connections and group initiatives. A number of vigilante teams were deployed to look after the embankment especially during night on a rotating basis so that the embankment remained intact. There have also been cases in which groups have been forced to regulate participation in rural development because the level of voluntary cooperation was insufficient. Among several rules mention can be made of the following:

- Catching fish freely in the communal pond is prohibited.
- Cutting trees in the community forest (social forestry) especially during night is prohibited.
- Failure to participate in village development activities, e.g., building or repairing a road incurs a cash payment equivalent to the wage of a worker engaged in similar work.
- Damming waterways except for agricultural purposes is prohibited.
- If a person's cattle eat another person's rice shoots or crop saplings, a fine of Tk. 5 to 10 is imposed depending on the type of cattle.

Such restrictions contribute to public morality, collective action, and communal control. They aim at making people voluntarily admit to violations of the rules and promise to obey under the penalty of social sanctions. These examples illustrate the sense of unity that is the basis for villagers' autonomous activities. Official systems alone do not motivate the villagers to undertake responsibilities voluntarily. Cooperation is most likely to be sustainable if interactions are repeated and the players are able to identify and punish the defectors.

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Limitations

Collective sanctions are not unmixed blessings. When the NGO groups define the categories of people who should enjoy collective protection, they implicitly restrict outsiders. Excluding outsiders from access to the collective's resources is a prominent source of these harmful effects (19 out of 35, according to the field survey). By definition, it widens the gap between rich and poor and exacerbates the effect of existing inequalities of wealth and power. Anticipating opportunistic behavior from a powerful minority encourages the weak to refuse to cooperate with them (Bardhan, 1993: pp. 633–639).

Another limitation of cooperation that deserves careful scrutiny is the restriction on individual freedom, which accounts for 11 out of 35 harmful effects reported by the responding group members. Human rights are best materialized at the individual, not the collective, level. There is the basic level below which treatment of human beings may never fall. The more fully rights are respected, the greater the increase in effective human freedom and maximum human welfare.

By and large, NGOs in Bangladesh demonstrate the ability to fill the institutional gap between market and government failures in social capital formation. But the observed overwhelming beneficial impact of group-based rural development programs raises two key issues: replicability and sustainability. As regards replicability, it can be seen that NGO programs are spreading significantly beyond the area of direct operations. A number of these programs are being replicated in several Asian and African countries. But there is ample room for doubting their sustainability, because almost all of them depend upon intensive and costly inputs from the NGOs, and costs are hardly ever recovered from the beneficiaries.

Social capital as a policy resource

GO-NGO policies greatly affect the creation and use of social capital in Bangladesh. Various incentives define how social capital is invested, re-invested, and consumed. Sizable public funds are used every year to elicit or supplement group members' contribution to their common pool of resources. Various government departments and NGOs are assigned to support collective activities that are found to increase the power and influence of the cooperatives. The cooperatives are offered public incentives to improve ecological and human environment and enhance the consumption of social capital (Montgomery, 1998: pp. 1–2).

Formation of social capital as a policy resource in Bangladesh is a two-way process for the NGO rural development programs. The NGOs and their groups contribute to changing government policies befitting their requirements; and in return the government makes use of the NGOs and the loyalties of their groups in implementing its other policies.

An emerging role of the NGOs has been lobbying and advocacy activities designed to change public policy rather than simply implementing rural devel-

opment projects. The Institute for Development Policy Analysis and Advocacy (IDPAA) at PROSHIKA, for example, has been making systematic advocacy interventions since its inception in July 1994 aimed at poverty eradication and promotion of sustainable development. Its advocacy seeks to influence national policy processes by identifying and analyzing existing development policies and formulating proposals for new policies enabling people's access to resources and institutions; conducting studies and action research on poverty and sustainable development issues; establishing linkages with other civil society groups that emphasize public policy changes; developing integrated communication systems for producing electronic and print media packages for different audiences; organizing dialogues, panel discussions, round tables, seminars, and workshops for raising policy awareness and generating views and options for policy reform; and carrying out issues-based advocacy campaigns at policy levels (Karim, 1997: pp. 88–99). A major achievement was the 1997–1998 pro-poor budget that surfaced as a result of NGO intervention in policymaking. The historic January 1, 1996 rally of over 200,000 representatives of people's organizations in Dhaka city pronounced a set of demands for eradicating poverty and promoting sustainable development. One of these demands impressed upon the government decisionmakers the need to create a separate poverty eradication component in the budget and allocate at least 50% of the total development budget for this component alone.

The NGO community under ADAB placed before the Finance Minister two memoranda containing some concrete recommendations. Reactions of the government to most of the recommendations have been quite positive. The Government modified its proposals to make 1997–1998 budget pro-poor, allocating Tk. 1000 million for special projects for poverty reduction and Tk. 1000 million as capital for the Palli Karma Sahayak (Rural Employment Assistance) Foundation (PKSF) for the expansion of micro-credit in the government sector. The pro-poor budget campaign so far has been able to make other significant achievements as well.

The other side of the coin is no less appealing. In the process of building democracy in the country, the Government is making use of the NGOs and their groups. A case in point is the Fair Election Monitoring Alliance (FEMA), an NGO, which was entrusted with the responsibility of submitting recommendations to reform the electoral process in order to hold free and fair elections in the country in 1997. FEMA thereafter held a series of discussions and workshops involving elections and their monitoring. Other examples are not hard to find. More and more NGO group members are being elected to local government. These newly elected office bearers tend to be poor women whose background is expected to provide a nonconventional perspective that can change the operation of these bodies to become more productive.

The expansion of collective action will inevitably require public policies that capitalize on complementary relationships between the NGOs, the public, and the private institutions that are filling in gaps between the public and the private sectors and helping each of them become more effective.

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