

**Promoting Community Participation and Capacity Building
in Post-Soviet Transition:
The Armenia Social Investment Fund**

Babken Vladimir Babajanian

**Submitted for the Degree of Doctor of Philosophy
Department of Social Policy
London School of Economics and Political Science**

2006

UMI Number: U209543

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI U209543

Published by ProQuest LLC 2014. Copyright in the Dissertation held by the Author.
Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against
unauthorized copying under Title 17, United States Code.



ProQuest LLC
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106-1346

THESES

F

8591



1094796

Abstract

The thesis examines the effectiveness and relevance of the social fund bottom-up development model in promoting community participation and enhancing local institutional capacity within the social, political and institutional context of post-Soviet Armenia. The thesis uses a case study of the World Bank supported Armenia Social Investment Fund (ASIF) project. One of the objectives of ASIF was to promote participation of local communities in their own economic and social development and to build their capacity for effectively addressing local problems. The research was conducted in seven rural communities in Armenia. The research found that ASIF was not successful in promoting community participation and institutional capacity at a community wide level. It benefited the rural elite, and hence contributed to the perpetuation of the exiting power structures and inequalities in the local communities.

The research demonstrates that the extent and nature of participation and local institutional capacity in Armenia are determined by the broader institutional, social and political context within which communities live and function. In particular, participation and local capacity are constrained by the governance environment at the macro and micro levels and high levels of material and social deprivation in local communities. The research findings question the effectiveness and relevance of the social fund bottom-up development model. The bottom-up model is based on the cultural view of institutional change, presuming that changes in the mentality, behavioural patterns and human capabilities can result in greater participation and enhanced local capacity. The research concludes that community based interventions may not be effective in fostering sustainable civic institutions without addressing the structural factors that determine the ability of individuals to realise their potential and become active agents.

Table of Contents

Abstract	2
Acknowledgements	8
Acronyms	10
Chapter One. Introduction.....	11
1.1 The Research Objective.....	11
1.2 Situating the Research: Promoting Community Driven Development in Armenia	12
1.3 Key Themes and Contributions of the Research	18
1.4 Thesis Structure and Main Arguments.....	24
Chapter Two. Theoretical Underpinnings and Conceptual Framework.....	29
2.1 Community Driven Development: Concepts and Theories.....	29
2.1.1 Community Participation	29
2.1.2 Community Participation in Service Delivery	33
2.1.3 Community Participation and Empowerment	35
2.1.4 Social Capital	39
2.1.5 Collective Action.....	42
2.2 Participation and Project Design and Implementation	44
2.2.1 External Agency's Approach	44
2.2.2 Complexity of Local Reality	46
2.3 Community Participation and Civil Society.....	51
2.4 Participation and Civil Society in the Former Soviet Union.....	54
2.4.1 Preconceptions about Post-Soviet Civil Society	54
2.4.2 Participation and Social Networks in the Soviet Union	59
2.4.3 Post-Soviet Social Networks	64
2.5 Promoting Participation and Civil Society.....	66
2.5.1 Cultural View	67
2.5.2 Institutional View	68
2.5.3 State-Society Partnership View	71
2.5.4 Structural View.....	73
2.6 Conceptual Framework of the Research.....	77
Chapter Three. Social Funds as a Development Model	81
3.1 The Growth and Evolution of Social Funds.....	81
3.2 The Design and Operating Procedures of Social Funds.....	83
3.2.1 Community Participation	83
3.2.2 Demand Orientation	87
3.2.3 Organisational Autonomy	89
3.3 Social Funds as Agents of Institutional Change.....	91
3.4 Conclusions.....	95
Chapter Four. The Armenia Social Investment Fund Project	96
4.1 ASIF's Objectives and Contribution	96
4.2 ASIF's Micro-Project Cycle and Implementing Principles.....	98
4.2.1 Micro-Project Identification	99
4.2.2 Micro-Project Preparation and Implementation	99
4.3 ASIF's Participatory Operating Procedures	102
4.3.1 Promotion and Micro-Project Initiation	102
4.3.2 Micro-Project Appraisal and Approval	105
4.3.3 Micro-Project Implementation	106
4.3.4 Micro-Project Follow-up	107
4.3.5 Evaluation and Monitoring.....	107
4.4 Conclusions	108
Chapter Five. The Research Design and Methods	111
5.1 The Research Design and Framework.....	111
5.1.1 The Research Design.....	111
5.1.2 Understanding Local Context.....	114

5.1.3 Unpacking ASIF: Project Assumptions and Impact Indicators.....	117
5.1.4 Assessing Change and Establishing Causality	125
5.2 The Research Methods	130
5.2.1 Research Sample	131
5.2.2 Selection of Respondents and Research Methods	133
5.3 The Practice of Research	136
5.3.1 Data Collection.....	136
5.3.2 Data Analysis	139
5.4 Evaluating the Research	142
5.4.1 Transferability of Research	142
5.4.2 Opportunities, Challenges and Limitations of the Research	145
5.4.3 Ethical and Moral Issues	150
5.5 Conclusions	154
Chapter Six. The Socio-Economic and Institutional Context of Armenia	156
6.1. Poverty in Armenia	156
6.1.1 Armenia's Economic Performance.....	156
6.1.2 Income Poverty in Armenia	157
6.1.3 Human Poverty in Armenia.....	160
6.1.4 Social Vulnerabilities	162
6.1.5 Psychological Dimensions of Poverty.....	163
6.2. The Institutional Context in Armenia.....	164
6.2.1 Inequality in Armenia.....	164
6.2.2 State Institutions and Governance in Armenia.....	165
6.2.3 Social Exclusion in Armenia.....	168
6.3 Local Governance and Decentralisation in Armenia.....	169
6.3.1 Local Governance Structures in Armenia	170
6.3.2 Decentralisation Reform in Armenia.....	172
6.3.3 Decentralisation of Irrigation in Armenia	174
6.4 Conclusions	176
Chapter Seven. Local Institutions, Community Participation and Social Capital in Rural Armenia.....	178
7.1 Poverty and Community Participation	179
7.1.1 Fiscal Constraints	179
7.1.2 Poverty and Social Vulnerabilities	181
7.1.3 Access to Services.....	187
7.1.4 Impact of Poverty on Community Participation and Local Capacity.....	188
7.1.5 Citizens' Welfare and State 'Duties': Local Perceptions	190
7.2 National Governance and Community Participation.....	193
7.3 Local Governance and Community Participation	200
7.4 Community Leaders and Local Development.....	207
7.4.1 Developmental Community Leaders.....	208
7.4.2 Predatory Community Leaders.....	212
7.4.3 Alternative Leaders: Schools Directors.....	214
7.4.4 Maintaining and Defying Social Justice.....	215
7.4.5 Generating and Destroying Social Capital	216
7.4.6 Inter-Community Relations	219
7.5 Community Members and Local Development	220
7.5.1 Social Capital	221
7.5.2 Participation in Social Life.....	227
7.5.3 Participation in Communal Initiatives.....	228
7.5.4 Gender Participation.....	230
7.6 Conclusions	232
Chapter Eight. ASIF's Service Delivery Outcomes and Micro-Project Processes	235
8.1 The ASIF Micro-Project Service Delivery Outcomes.....	236
8.1.1 Positive Service Delivery Outcomes	237

8.1.2 Negative Service Delivery Outcomes	238
8.2 The ASIF Micro-Project Processes	242
8.2.1 Participation in the Micro-Project Initiation and Identification	243
8.2.2 Demand Orientation of Micro-Projects	248
8.2.3 Participation in the Implementing Agency (IA)	249
8.2.4 Participation in the Micro-Project Implementation	252
8.2.5 Gender Aspects of Participation	256
8.2.6 Involvement in Community Contribution	258
8.2.7 Contractor Selection	261
8.2.8 Supervision and the Quality of Works	261
8.3 Conclusions	265
Chapter Nine. ASIF's Impact on Community Participation and Local Institutional Capacity in Rural Armenia	268
9.1 Social Capital Impact	269
9.2 'Learning by Doing' Effects	273
9.3 Empowerment and Participation Impact	276
9.4 Participation in the Operation and Maintenance (O&M)	280
9.5 Water User Associations (WUAs)	285
9.6 Governing Local Irrigation	289
9.7 Conclusions	295
Chapter Ten. Conclusions: Key Findings and Reflections on Theory and Practice	298
10.1 Key Findings	298
10.2 Interpreting the Key Findings	300
10.2.1 Promoting Participation and Capacity Building: Changing Culture or Structure?	301
10.2.2 Participation and Poverty	304
10.2.3 Conceptualising Participation	305
10.2.4 Participation, Social Capital and Collective Action	308
10.2.5 Social Inclusion	311
10.2.6 ASIF's Implementation Methods	313
10.2.7 Conclusions	316
10.3 Promoting Participation and Capacity Building: Implications and Challenges	317
10.3.1 Implications for Local Development: Developmental or Predatory Capture?	317
10.3.2 Implications for Development Policy and Practice	320
10.4 Conclusions	327
Bibliography	329
Annexes	355
Annex 1. Background Interviews	355
Annex 2. Interview Guides	356
Annex 3. Poverty in Armenia	365
Annex 4. Composition of Local Budgets in Sample Communities: Selected Indicators	366
Annex 5. Community Asset Mapping	368
Annex 6. Glossary	377
Annex 7: Interview Codes	379
Annex 8: Map of Armenia	380

List of Figures, Boxes and Tables

Figures

Figure 2.1: Conceptualisation of Local Institutions in CDD Projects and Programmes in ECA	58
Figure 5.1: Research Framework 1: Community Assets	115
Figure 5.2: Research Framework 1: Community Participation, Social Capital, Local Institutions and Governance	116
Figure 5.3: Research Framework 2: ASIF's Impact on Community Participation and Local Institutional Capacity	123
Figure 7.1: The Poor and Their Assets in Rural Armenia - Synthesis of Findings	186
Figure 7.2: The Intensity of Empowerment and Nature of Participation in the Sample Communities	201
Figure 7.3: Local Leaders in the Sample Communities	220
Figure 7.4: Community Participation and Empowerment in Armenia	231
Figure 8.1: Factors Influencing Service Delivery Outcomes in 2002	239
Figure 8.2: Micro-Project Initiation and Identification	245
Figure 8.3: The Micro-Project Cycle in the Sample Communities	247
Figure 8.4: Formal Involvement of Local Mayors in the IAs	250
Figure 8.5: Forms and Nature of Participation in the Micro-Project Cycle	256
Figure 8.6: Participation of Women in the Micro-Projects	258
Figure 8.7: The Amount, Form, Source and Impact of Community Contribution	260
Figure 9.1: Social Capital Impact	272
Figure 9.2: Learning by Doing Effect	275
Figure 9.3: Empowerment and Participation Impacts	279
Figure 9.4: Participation in the Operation and Maintenance (O&M)	284
Figure 9.5: WUAs in the Sample Communities	289
Figure 9.6: Water Allocation and Distribution in the Sample Communities	294
Figure 10.1: 'Spaces' for Participation in the Sample Communities	306
Figure 10.2: Objectives of Participation	307

Boxes

Box 2.1: Ways of Getting Things Done in the Soviet Union	64
Box 2.2: Attributes of Civic Participation	78
Box 3.1: Social Funds as Service Delivery Instruments	83
Box 3.2: Social Fund Micro-Project Implementing Principles	86
Box 4.1: ASIF's Poverty Targeting	97
Box 4.2: ASIF's Participatory Micro-Project Implementing Principles	102
Box 4.3: ASIF's Status and Structure	105
Box 4.4: ASIF's Appraisal Criteria for Participation	106
Box 4.5: ASIF's Indicators for Monitoring Community and Gender Participation	108
Box 5.1: Key Indicators Used in the 'Before and After' Comparison	127
Box 5.2: Establishing ASIF Effects: 'Tracing Forward' (Example)	128
Box 5.3: Assessing ASIF's Impact through Micro-Project Processes and Outcomes	129
Box 5.4: Individual Assessment of Change	130
Box 5.5: Main Respondents and Research Methods Used	134
Box 6.1: Growing Social Polarisation in Armenia	165
Box 7.1: Poverty Related Constraints to Participation	190
Box 7.2: Macro Level Constraints to Participation in Armenia	199
Box 7.3: Factors Conditioning Weak Horizontal, Vertical and Social Accountability	205
Box 7.4: The Intensity of Empowerment and Nature of Participation in the Sample Communities	207
Box 7.5: Elite Alliance in a Refugee Community	211

Box 7.6: Features of Social Capital in Rural Armenia.....	225
Box 7.7: The Pre-Soviet Armenian Community	227
Box 8.1: Factors Affecting the Effectiveness of Community's Supervision	264
Box 10.1: Training and Capacity Building Assistance Delivered by ASIF	315

Tables

Table 5.1: ASIF Micro-Projects in the Sample Communities.....	132
Table 5.2: Number of Respondents in the Sample Communities	135
Table 6.1: Real GDP Growth in Armenia, 1994-2004	157
Table 6.2: Selected Health Status Indicators	161
Table 7.1: Local Budget Revenues in the Sample Communities	180
Table 7.2 : State Transfers to Local Government Budgets	180
Table 7.3 : Tax Income in the Sample Communities	181

Acknowledgements

I am grateful to a large number of persons who supported me in the preparation and completion of this thesis. I am very fortunate to have had the guidance of my supervisor Prof. Jane Falkingham. Jane helped me develop my research and analytical skills, provided tremendous intellectual stimulus and greatly encouraged me throughout all stages of my research. It was an honour and a pleasure to be one of her students. I am grateful to academic convenors Prof. Julian Le Grand and Prof. Anne West and research tutor Dr Gail Wilson, who helped me with research advice and practical insights on the process of preparing a thesis. It is with gratitude that I acknowledge the Richard Titmuss award of the Department of Social Policy at the LSE that made this research possible and the financial support of the Open Society Institute and The Benlian Trust.

This thesis is based on the case study of the Armenia Social Investment Fund (ASIF) project, and it would not have been possible without the support of the ASIF team. I would like to express my gratitude to Ashot Kirakossian, Amalia Poghosyan, Aram Grigorian, Levon Dulyan, Albert Stepanyan and the entire team of ASIF for their co-operation, invaluable advice, and warm and welcoming attitude. I immensely appreciate their hard work and their genuine commitment to help revive Armenian communities.

I am indebted to my research assistant Arusik Grigoryan and driver Arsen Grigoryan, who helped me during the fieldwork. I greatly benefited from the opportunity to discuss the fieldwork findings and share impressions with Arusik. Working in a team helped me retain my sense of confidence and my energy levels all the way throughout the fieldwork in the hot summer days of 2002.

My decision to undertake this research was inspired by a number of people. I am grateful to Alexandre Marc, Sector Manager for Social Development in Europe and Central Asia region of the World Bank, for introducing me to social development and for his wise guidance during my work at the World Bank. I would like to express my special thanks to Caroline Mascarell, Team Leader at the World Bank, for sharing her knowledge and insights about community development and social funds and for her warm friendship. I would like to mention Dr Jo Ritzen, former Vice President of the World Bank, who gave me invaluable advice on that memorable summer evening in a

café at the pond in Yerevan. Anna Bertmar, an amazing friend and a truly inspirational person, has left a lifelong impact on me. I am grateful to Anna for sharing with me her passion for human rights and social justice, and for encouraging me with her faith in me.

The unwavering support of my dear parents Ira and Vladimir encouraged me at every stage of this thesis and my life. Their immense love and dedication provided the motivation and strength to complete this thesis. I cannot thank them enough for teaching me the values of humanity, personal responsibility and hard work, and for helping me realise my dreams and aspirations.

I would like to thank my lovely friends, who shared with me their love, provided advice, enlivened my social life, and who were always there for me at both fun and difficult times. My special thanks go to Hendrik Kraetzschmar, Stuart Tooke, Chiara Vascotto, Tom Dyson, Mateja Živeć, Nick Tobin, Erika Zorko, Naná Karslian, Armen Ayunts, Karen Grigorian and Nvard Manasian. Sabine Freizer and Sam Yates shared their warm friendship and offered hours full of stimulating discussion. Fellow research students Sabine Bernabé, Natalia Leshchenko, Silla Sigurgeirsdottir, Nikki Barber, Prakash Fernandes, Carmen Huerta, Paola Grenier, Nisrine Mansour and Athina Vlachantoni made the long hours of work at school interesting and enjoyable.

Last, but not least, this work would not have been possible without the individuals in the Armenian communities who spent their valuable time with me and shared their experiences, views and perspectives. By telling their stories in this thesis I would like to give a tribute to these men and women, who struggle hard for the survival of their families and keep their human face in harsh and ‘unhuman’ circumstances of post-Soviet transition in Armenia.

Acronyms

AAA	Armenian Assembly of America
ADF	Armenian Democratic Forum
ASIF	Armenia Social Investment Fund
BA	Beneficiary Assessment
CBO	Community Based Organisation
CDD	Community Driven Development
CIS	Commonwealth of Independent States
DFID	Department for International Development
DWCs	District Water Committees
ECA	Europe and Central Asia
FY	Fiscal Year
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICG	International Crisis Group
IA	Implementing Agency
IADB	Inter-American Development Bank
IDPs	Internally Displaced Persons
IFAD	International Fund for Agricultural Development
IGR	Institutional and Governance Review
ILCS	Integrated Living Conditions Survey
IOM	International Organisation for Migration
MIS	Management Information System
NGO	Non-Governmental Organisation
NIE	New Institutional Economics
NRC	Norwegian Refugee Council
NSS	Armenian National Statistical Service
OECD	Organisation for Economic Co-operation and Development
OED	Operations Evaluation Department
O&M	Operation and Maintenance
OSI	Open Society Institute
P Sevak	Paruyr Sevak
PRSP	Poverty Reduction Strategy Paper
SAW	Statement of Accomplished Works
SCWM	State Committee for Water Management
SF	Social Fund
SIF	Social Investment Fund
UNDP	United Nations Development Program
UNIFEM	United Nations Development Fund for Women
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VO	Village Organisation
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WUCCs	Water Users Consumers Co-operatives
WUA	Water Users Association

Chapter One. Introduction

This chapter sets out the rationale for the study and provides an overview of the thesis. It consists of four sections. The first section presents the objective of this research. The second section provides the essential contextual background to the study. In particular, it describes the objectives and principles of community-driven development initiatives and the economic and social conditions of post-Soviet transition in Armenia. The third section defines the contribution of the research and introduces the reader to the key themes of the thesis. The final section provides an overview of the structure and main arguments of the thesis.

1.1 The Research Objective

This research examines the effectiveness and relevance of the World Bank supported Armenia Social Investment Fund project (ASIF) in promoting community participation and enhancing local institutional capacity within the social, political and institutional context of post-Soviet rural Armenia. The ASIF project supported small-scale projects (micro-projects) for the rehabilitation of schools, potable water supply networks, irrigation systems, health care facilities and other small-scale social infrastructure. One of the objectives of the ASIF project was to promote participation of local communities in their own economic and social development and to build their capacity in order to enable them to effectively solve local problems. In assessing the success of meeting this objective, I assessed micro-project service delivery outcomes and the nature of institutional responses and social processes stimulated by the ASIF micro-project interventions at various stages of the micro-project cycle. I then examined how the ASIF micro-projects influenced the existing levels of community participation and local institutional capacity in the sample communities.

The central focus of this research is upon the interface between the ASIF's developmental interventions and the specific socio-economic, institutional and political environment of local communities in post-Soviet Armenia. Thus the research identifies broader socio-economic, institutional and political factors that influence community participation and institutional capacity in rural communities in Armenia and examines how ASIF's bottom-up development model addressed these socio-economic,

institutional and political factors. The detailed exploration of the interplay between the ASIF interventions and the local context helped me assess the effectiveness of ASIF interventions in promoting participation and capacity building in Armenian and distil specific contextual factors that affected the ASIF micro-project processes, service delivery outcomes, and participation and capacity building impacts.

In addition to contextual factors, the research identifies broader conceptual issues that accounted for the specific participation and capacity building impacts of the ASIF micro-projects. Thus the thesis examines how the key variables of the social fund model, such as community participation, empowerment, social capital and social inclusion were understood, conceptualised and operationalised in the ASIF project. The thesis also focuses on project implementation related issues. In particular, it examines the extent to which ASIF's implementation methodologies supported the objectives of participation and capacity building.

1.2 Situating the Research: Promoting Community Driven Development in Armenia

Since the mid-1990s, international aid agencies have been advocating and supporting various decentralised and participatory programmes and projects as a means to improve service delivery, enhance local self-reliance and empower the poor. At the World Bank, these programmes and projects are often promoted under the Community Driven Development (CDD) paradigm. Most commonly, CDD refers to development interventions that provide local community groups with resources and decision-making responsibility in order to enable them to pursue their immediate priority needs. CDD is viewed as a mechanism to support local community groups in delivery of local goods and services, promote citizen participation and empowerment, and enhance local governance and local institution building (Dongier *et al* 2003). CDD encompasses a broad range of development projects and initiatives, including social investment funds and similar demand-driven projects, community based natural resource management schemes, group-based micro-credit programmes and social safety net targeting initiatives.¹ CDD initiatives are often intended to complement state reforms to

¹ The CDD paradigm originated within the World Bank, at the same time, 'community-driven', 'community-based' or 'community-linked' development has also been actively supported by other development agencies such as the UNDP, IADB and USAID and many international and national NGOs.

decentralise the delivery of public services to the lower levels of government. CDD has become a cornerstone of the World Bank's Comprehensive Development Framework and poverty reduction policies.

As of date, the main model designed and used by development agencies, such as the World Bank and the Inter-American Development Bank (IADB), to promote local development in many transition and developing countries have been represented by social investment funds or social funds. Social funds are intermediary institutions that provide grant financing for small-scale projects (micro-projects) generated and managed by local agents, including community groups, local governments, non-governmental organisations (NGOs), local offices of line ministries and other local actors. Social funds pursue multiple objectives that vary from country to country. Most commonly, social funds provide finance for construction and rehabilitation of essential social and economic infrastructure, including schools, clinics, irrigation systems, water supply and sanitation, roads and communal areas. Social funds have been increasingly seen as important instruments for strengthening local social capital and institutional capacity and empowering the poor. In the last decade, the World Bank has financed 108 social funds and similar demand-driven, multi-sectoral projects in 57 countries. Total World Bank financing to FY05 (planned) is \$3.716 billion; with donor and government co-financing included, the total is estimated at \$8.9 billion.² In the Europe and Central Asia (ECA) region alone, the World Bank has supported sixteen social fund projects in eleven countries. Social funds represent "one of the first large-scale attempts to implement a bottom-up model based on locally generated initiatives" (Rawlings *et al* 2004: 2).

CDD projects and programmes, including social funds, have become popular in the ECA region since the mid-1990s. In 2000, the World Bank developed a strategy to 'scale up' CDD in the ECA region as part of its poverty reduction and good governance agenda.³ CDD activities in the ECA region pursue several objectives.⁴ Firstly, CDD is

All these programmes and projects share similar bottom-up, community-based institutional arrangements for service delivery and capacity building.

² Available from < www.worldbank.org/socialfunds > [Accessed on 10 June 2005].

³ The pilot countries and a pilot sub-region chosen for scaling up CDD include Armenia, Albania, Romania, Russia, and Central Asia.

⁴ This section synthesises CDD objectives laid out in the World Bank's CDD Strategy Notes (World Bank 2000a; 2001a; 2001b) and official publications (World Bank 2000b; 2001c; 2001d).

promoted to build local institutional capacity, increase local self-reliance and improve people's living standards. The administratively and financially weak state institutions in the region, especially in the low income countries of the South Caucasus and Central Asia, have been unable to effectively deliver essential services and provide adequate social protection for the newly impoverished population. Participation of communities in development efforts is promoted to reduce dependence on central or local governments and to ensure the delivery of essential services. It is thought that community-driven service delivery can contribute to local economic and social development by "filling a gap in poverty reduction efforts that market-driven operations and national public sector programs alone cannot cover" (World Bank 2001c: 1). Secondly, it is thought that community participation can reduce the cost of service provision and improve the quality and sustainability of local services. Finally, CDD is promoted in the ECA region for empowering individuals and vulnerable groups, for building inclusive institutions and for improving local and national governance.

A commonplace assumption behind CDD initiatives is that most post-Soviet countries lack genuine civic participation and that post-Soviet local institutions are weak and underdeveloped (World Bank 2000a; 2000b; 2001b, 2001d). It is thought that ideological restrictions and public sector domination in Soviet times enforced 'citizen passivity' and expectations that authorities should be responsible for the community welfare. Implicit in this assumption is the idea that the cultural and normative orientations of citizens, i.e. the 'Soviet mentality' factor, present a serious obstacle to developing active, self-organising communities. Thus, generally assuming that community level institutions and social capital are weak, CDD initiatives are aimed at building new community institutions, strengthening social capital and promoting greater community involvement in local development. This objective of CDD is believed to be achieved through bottom-up interventions at the local level. It is believed that by devolving resources and decision-making responsibility to local communities and supporting their participation in development projects, CDD interventions can enhance their capacity and willingness to act collectively to pursue their common interests.

In Armenia, the need for poverty reduction policies and effective service delivery and capacity building institutional arrangements became pertinent after the break-up of the Soviet Union in 1991. With the dissolution of the Soviet Union, Armenia experienced a

virtual collapse of its economy, which has had a serious long-lasting effect on the living standards of the population. Between 1990 and 1993, the country lost about 60 percent of its GDP (World Bank 2003c: 20). The collapse of the socialist economy resulted in the fall in real wages and widespread unemployment. At the end of 1993, real average wages had fallen to about 6 percent of their 1991 level (World Bank 1996b: 2). The economic growth resumed in Armenia in 1994 at an average GDP growth rate at about 7.5 percent. Although positive growth has allowed a slight economic recovery, real wages in Armenia are very low and unemployment is widespread. Between 1998 and 2001, the actual unemployment increased from 27 percent to 30 percent of the labour force (World Bank 2003c: 44). Material poverty in Armenia is severe and persistent, with about 50 percent of population below the official income poverty line.⁵ The poor governance environment and social exclusion contribute to the widening of income inequality and further impoverishment of households and individuals unable to adjust to the conditions of the market economy (Babajanian 2004). Some of the manifestations of poverty in Armenia include deteriorating health, decline in fertility and marriage rates, decreasing school attendance, psychological stress, social dislocation due to economic migration and human trafficking.

As part of the Soviet Union, Armenia had a highly centralised state dominated by the Communist Party. The socialist state took full responsibility for the provision of public welfare.⁶ The foundations of social welfare policy were based upon Marxist-Leninist ideology. The system of socialist welfare was supposed to be the practical expression of class solidarity (Dixon and Kim 1992: 4). The promotion of the well-being of the nation was officially seen as the primary objective of the socialist state, and social security was a guaranteed ‘constitutional’ right for all Soviet citizens (Wiktorow 1992: 184). Financial security was provided to all individuals equally through employment, which was guaranteed to all citizens by the state. An important role in supporting people’s welfare was played by the pricing structure that subsidised housing, essential public utilities, and food. The Constitution provided citizens with the rights for free education and health care. In addition, the Soviet state provided an extensive web of cash transfers and in-kind benefits, including social assistance for mothers and children, old age and

⁵ This refers to the *overall or general poverty line* defined by the National Statistical Agency of Armenia and the World Bank. More discussion on poverty lines follows in Chapter Six.

⁶ For discussion of the socialist welfare system see McAuley (1979; 1981; 1991); Deacon (1983); Dixon and Kim (1992); and Andrews and Ringold (1999).

disability pensions, and preferential benefits and services for privileged groups (e.g., Party members, model workers, etc.). Despite inefficiencies inherent in the socialist planned economy,⁷ the Soviet welfare system achieved substantial progress in the alleviation of poverty and the reduction of inequality (McAuley 1991: 207).⁸

The break-up of the Soviet Union has had important political, economic and social repercussions for Armenia. It has brought an end to the authoritarian Communist regime and offered an opportunity to form political institutions based on principles of democratic pluralism. At the same time, the collapse of the socialist economy resulted in the decline in official income and living standards of the population (World Bank 1999b: 3). Many of the functions of the socialist welfare state stopped or were reduced 'by default'. The end of open-ended subsidisation of enterprises and the emerging competition as a result of privatisation meant an end to life-long guaranteed employment. A wide array of benefits and services that were channelled through state enterprises and farms were abandoned. The decline in government revenues resulted in massive cuts in social transfers and the inability of the public sector to sustain essential social services and infrastructure (World Bank 1999b: 3). The inadequate capacity of the state to ensure operation and maintenance of important economic and social infrastructure led to the deterioration of the physical condition of many schools, health facilities, potable water and irrigation networks throughout the country. This in turn had disastrous effects with regard to the quality of the services delivered by these infrastructures and access to these services by the population.

In addition to the 'natural' break-down of the socialist welfare state, the stabilisation and structural adjustment reform programme introduced in 1994 further dismantled the existing welfare institutions. One of the objectives of the programme was to remove the inefficiencies of the Soviet planning system and adjust the Armenian economy to the needs of the market. These reforms entailed reduction in the amount and coverage of social assistance benefits, rapid removal of subsidies on prices, housing and utilities,

⁷ See, for example, Kornai's (1992) comprehensive analysis of the socialist planned economy.

⁸ It is difficult to assess the extent of real poverty in the Soviet Union because of restrictions on data. There are estimates suggesting that poverty did exist in the Soviet Union (McAuley 1979; Matthew 1986; Atkinson and Micklewright 1992). For example, using family budget survey data, Atkinson and Micklewright (1992: 241) estimate that 14 percent of the population of Armenia fell below the official minimum consumption basket in 1989 (this estimate may not capture income from informal economic activities). They also point out that social and regional inequalities of varying degree existed in all Soviet Republics.

privatisation and decentralisation of important public services and introduction of user charges for many public services and utilities. It is likely that such measures exacerbated social problems and further eroded living standards in Armenia (World Bank 1996b: 2-3; Babajanian 2004).⁹

A number of external shocks have also induced high social cost for the population and created an enormous social and economic strain on the Armenian state. The devastating earthquake of 1988 left one fourth of the country in ruins and 100,000 people homeless.¹⁰ The continuing effects of the earthquake still present a major challenge to the economic and social recovery of Armenia. Currently, 14,000 households still live in temporary housing (*domiks*) in the earthquake area. The 1988-94 military conflict with Azerbaijan over Nagorno Karabakh induced more than 300,000 ethnic Armenian refugees from Azerbaijan and an estimated 60-70,000 internally displaced people from border areas. More than 10,000 refugees still live in temporary shelters and experience extreme material and social deprivation. Many important infrastructure facilities, such as schools, clinics, hospitals, potable water networks and irrigation systems in the earthquake area and the bordering areas with Azerbaijan suffered significant damages.

It was against this backdrop of extreme material, human and social deprivation, that the World Bank supported the Armenia Social Investment Fund (ASIF) project. The ASIF project provided grant finance for small-scale micro-projects for the rehabilitation of schools, potable water supply networks, irrigation systems, health care facilities, village access roads and other local infrastructure. In 1996-2000, ASIF supported 300 urban and rural communities in Armenia. The ASIF project was financed through a \$20 million World Bank concessional credit. In January 2001, it was followed on by the \$30 million ASIFII project. The key mission of ASIF was to help local communities quickly and effectively rehabilitate important local infrastructure and gain or improve access to essential services. Another important objective of ASIF was to promote local self-reliance through promoting community participation, building the capacity of local communities and strengthening partnerships between local governments and community

⁹ There is currently little literature documenting the social impact of structural adjustment reforms in Armenia. See Babajanian (2004) on the impacts of cost recovery measures in health and utilities sectors.

¹⁰ According to the October 10, 2001 population census, Armenia's permanent population is 3.2 million and the present population is 3 million. The census suggests that more than 700,000 Armenians emigrated between 1993 and 2000 (NSS 2002: 115).

groups. ASIF was conceived to serve as a 'vehicle' for community development in Armenia. Armenia was the first country in the former Soviet Union to introduce a social fund, and it served as a model for other social funds in the region. The ASIF project was considered one of the 'success stories' of the World Bank, and it was one of the ten 'flagship' projects, the status of which was directly reported to World Bank President James Wolfensohn.

1.3 Key Themes and Contributions of the Research

This research makes a number of original contributions to knowledge. Thus, it specifically contributes to the existing knowledge about the ASIF project and expands the empirical and theoretical knowledge about social funds and other community-driven projects generally.

This research contributes to expanding the knowledge base about the ASIF project. It examines the processes of community participation in the ASIF micro-project cycle, micro-project service delivery outcomes and the impacts of the ASIF micro-projects on community participation and institutional capacity. ASIF's impact on community participation and institutional capacity has not been sufficiently explored and understood. ASIF has carried out two beneficiary impact assessments (ASIF 1997, 2000). These assessments mostly focus on ASIF's contribution to improving quality of and access to essential social and economic services. These assessments do not provide rigorous evidence for making definitive conclusions about the specific effects of the ASIF micro-projects. It is not clear from these *how* ASIF micro-projects exactly affected community participation, social organisation and local institutions in beneficiary communities. In addition, these studies do not identify important contextual factors that account for the specific micro-project outcomes. They do not contain in-depth analysis of local social relations, power dynamics and institutional structures of local communities in Armenia. Thus this thesis fills that gap.

More generally, this research allows theoretical generalisations and 'lesson-drawing' about the effectiveness and relevance of social funds for inducing institutional change in particular development contexts. Lewis and Ritchie (2003: 267) suggest that there are various interpretations of theoretical generalisations. Some researchers believe that such

generalisations must be truly universal and context-free, others stress the importance of contextually bound theories. Careful context-specific studies that establish patterns of success and failure in particular social, political and cultural settings can help building theoretical generalisations and drawing lessons for more general application. This research generalises to theories of social funds and of other community-driven projects and contributes to theory building in the field of social development. In particular, the research distils types of impacts, patterns and processes, which social funds and similar community-driven interventions can incur within specific contextual settings. These theoretical generalisations have immediate relevance for policy and practice.

This research expands the existing empirical and theoretical knowledge base about the participation and capacity building effects of social funds. There has been little research carried out to understand the participation and capacity building effects of social funds. In particular, the long-term impact of social funds on existing forms and nature of participation, social organisation and local institutions has not been sufficiently explored. The main instrument for assessing the impact of social funds is beneficiary impact assessments (BAs). BAs are commissioned by most social funds as part of their on-going project monitoring and evaluation efforts. Social fund BAs are mostly concerned with the assessment of micro-project processes and beneficiary perceptions of micro-project benefits, and have limited focus on long-term social and institutional impacts. Many BAs are based on quantitative surveys, and do not reveal the complexity of institutional and social relations at the local level. BAs are normally conducted during the life of the social fund project and/or shortly after its completion, and they are most likely to document the most immediate effects of social funds. The World Bank's review of social fund BAs did not generate much information about the participation and capacity building effects of social funds. It suggests that "the longer-term effects of social fund projects on community capacity are little understood and deserve further research" (Owen and Van Domelen 1998: 32).

The World Bank has conducted two major cross-country evaluations of social funds, which have limited focus on participation and capacity building effects of social funds. The World Bank's 2001 cross-country evaluation of six social funds (Rawlings *et al* 2004) mostly concentrates on social fund impacts on infrastructure sustainability, poverty targeting, cost-efficiency and human welfare. As of date, the evaluation of

social funds by the World Bank's Operations Evaluations Department (OED) (OED 2002) is the main study that explicitly discusses the effect of social funds on local social capital and organisational capacity. The OED evaluation is based on the results of household surveys, and a synthesis of findings of qualitative assessments of several social funds, including OED's evaluation of FOPAR in Argentina and the study of the Jamaica Social Investment Fund (Rao and Ibáñez 2003). The OED evaluation provides some interesting indications about the impacts of social funds on social capital and organisational capacity. The findings of the OED evaluation are discussed in this thesis.

This research contributes to our understanding of participation and capacity building impacts of CDD and other community-driven projects. In particular, many of the research findings can be relevant to other types of community-driven initiatives that share the social fund bottom-up model for promoting participation and capacity building. Participation and capacity building effects of CDD and other community-driven projects have not been sufficiently researched and understood. Cleaver (2001: 36) argues that "there is little evidence of the long-term effectiveness of participation in materially improving the conditions of the most vulnerable people or as a strategy for social change". She concludes that while there is some evidence for efficiency, the evidence with regard to empowerment is rather "reliant on assertions of the rightness of the approach and process rather than convincing evidence of outcomes".

The World Bank's review (World Bank 2002a) of CDD in Central Asia concludes that the types of impact of these projects are not clear, and there is no evidence to indicate whether the CDD approach is more effective than traditional approaches. One of the reasons for the lack of clarity is the lack of systematic and rigorous impact evaluation. The review maintains, "Neither documents nor interviews yield many lessons regarding what works, what does not work, and what was the result of an activity or series of activities. Analysis seems to be limited to descriptions of field challenges as they emerge, it is not clear that there has been much effort made to understand the social origins of the challenges or their implications, or to articulate insights gained from the experience of dealing with them" (World Bank 2002a: 9). Mansuri and Rao (2003: 22) in their review of the evidence on CDD activities for the World Bank conclude that "few studies have attempted a rigorous and credible evaluation of the social impact of

CDD projects”, and that there is little evidence available on the propensity of CDD to enhance sustainability and improve social capital.

The central focus of this research is upon the contextual setting of rural communities in post-Soviet Armenia. Thus, the research assesses the impacts of the ASIF micro-projects on participation and capacity building within the specific institutional, social and political context of Armenia. Williams (2004: 95) argues that there is a need to research the institutional impact of participatory techniques and programmes within a broader contextual environment. He goes on to say, “Both proponents and critics alike have perhaps focused too much on the minutiae of participatory methods and events, and too little on their wider context”. Donor evaluations of CDD and other community-driven projects are often preoccupied with technical issues concerning design, planning and implementation methods. They tend to explain project outcomes by shortcomings in the design and implementation, with little focus on the specific interface between the design and implementation issues and the existing contextual environment.

This study adopts an institutional approach. It presumes that in order to promote participation, development interventions must induce institutional change. Thus, in order to become a ‘normal’ way of getting things done, participation must be institutionalised. This implies that development interventions must promote a change in the existing institutional and organisational arrangements for service delivery, problem-solving and decision-making in the contexts where participation is not an accepted or usual way of getting things done. This research challenges the cultural theory of institutional change. In particular, it finds that the bottom-up development model alone may not be an effective policy instrument for promoting institutional change to support meaningful participation and enhance local institutional capacity. The bottom-up model is based on the cultural theory, which presumes that changes in the mentality, behavioural patterns, social norms, and technical and organisational skills and abilities can translate into greater community participation and self-reliance. The research concludes that other factors, such as the institutional environment and socio-economic conditions, play an important role in affecting participation and shaping local social relations.

The thesis critically reviews the current conceptualisation and application of the notion of social capital in development practice. The thesis argues that the 'social capital' framework used by development agencies is not adequate for analysing conditions affecting participation, but mainly suggests a framework for analysing co-operation. In particular, the research shows that the availability of social capital (i.e., relations of trust and reciprocity and social networks) in a community may not necessarily translate into community participation. The thesis suggests that development interventions that focus on building social capital as a means to promote participation may not be effective without addressing broader structural factors affecting participation.

This research contributes to expanding the existing knowledge base and theories on civil society and community participation in Armenia and in other post-Soviet countries. The dominance of the Western model of civil society and the compartmentalisation of the study of civil society and community participation have contributed to the rigid and superficial understanding of the concept and the substance of civil society and participation in post-Soviet countries. Western views and perceptions, which often significantly influence local views and perceptions, dominate the academic and professional spheres.¹¹ The prevailing opinion is that civil society was subjugated by the Soviet regime, which suppressed any civic activism and initiative in its citizens. As a result, the regime produced passive citizens, reliant on the state and unable to undertake independent action to solve their problems. This thesis demonstrates that community participation in Armenia exists, although its forms and manifestation are different from the Western model of citizen participation and civil society. This thesis provides explanations for the specific forms, nature and limitations of participation in Armenia. It disproves the cultural argument, and asserts that the limits to civil society are rooted in the post-Soviet institutions.

¹¹ Thus, there are 'parallel' narratives about community participation in Armenia. Many Armenian civil society and community development practitioners repeat the Western assertions about the lack of civil society in Armenia, either because they find the logic behind the Western argument compelling, or because advancing the 'local' understanding of the concept with their foreign counterparts can be difficult. When I asked an experienced Armenian community development specialist whether there is such a thing as 'community participation' in Armenia, he replied: "Well, if you were asking me this question as a foreign consultant, I would have said 'no'. As you are Armenian, I can tell you that there *is* community participation in Armenia, and it has various manifestations in different communities, but foreigners would not really understand it".

This research provides rich description and analysis of institutional and social relations in rural communities in post-Soviet Armenia. What are the existing forms and nature of community participation, social capital and local institutions in Armenia? How do people pursue their interests and identities and influence important decisions that affect their lives? How do people get things done in local communities? What are the norms and values that govern relations among community members and between community members and their leaders? Local institutions in Central Asia historically have been more visible and discernible than those in Armenia. This is perhaps one of the reasons that local institutions and communal practices in Central Asia have received some international attention (Roy 1999, 2000; Kandiyoti 1998a; Freizer 2004; Earle 2004) and have been explicitly recognised by development agencies. The locally existing ethnographic knowledge about Armenian communities has not been adequately systematised and framed so as to be useful for informing development projects and policies. This study unpacks the notion of the Armenian community from the institutional social development perspective. Thus, it views communal practices not as traditional legacies, cultural attributes or coping mechanisms, but rather as local institutions that perform important social, economic and political functions.

This study adopts an in-depth qualitative approach. In her review of the analytic approaches to the study of post-socialist Central Asia, Kandiyoti (2002) argues that ethnographic approaches to post-socialism can provide especially valuable information about pathways of transition. In particular, studies of how local practices and institutions respond to macro level institutions and policies can reveal a nuanced picture of the strains and complexities of post-socialist reality. By documenting the existing institutional and social relations in post-Soviet Armenian this thesis contributes to the understanding of the governance system in the country and the effects it has on the local communities' functioning and livelihoods.

This thesis has drawn upon a number of various literatures to develop the theoretical bases and conceptual framework for the research. It uses literature produced within various disciplines, including development studies, transitology, new institutional economics, and political science. This study places the theories of post-socialist 'social networks' within the social development framework of 'livelihoods' and 'participation'. In particular, it considers informal social networks not simply as Soviet legacies, but as

part of the civic sphere that provides citizens with a means to sustain livelihoods and pursue their objectives. This thesis also builds on global theories of social development and political science in order to locate the research. In particular, its conceptual framework is based on the synthesis of current debates on participation, empowerment, social capital, civil society and institutional change.

1.4 Thesis Structure and Main Arguments

Chapter One situates the research question and describes the objectives and key foci and contributions of the research.

Chapter Two outlines the theoretical and conceptual foundations of the research. Drawing on global literature, it focuses on theories of participation, empowerment, social capital and collective action. The chapter discusses a number of agency related and structural factors that can influence the design and implementation of community-driven projects. It argues that a key factor affecting the outcomes of community-driven projects is associated with the specific understanding and interpretation of participation by a donor agency and methodologies employed for promoting participation and capacity building.

Based on the review of theories and concepts, this chapter constructs a conceptual framework for situating this research. This thesis adopts the wider definition of participation as empowerment, which can be understood as a state of social and institutional organisation in which citizens are enabled to influence and control decisions that affect their lives. This conceptualisation of participation is based on the notions of citizen rights, inclusiveness and democratic accountability. I use the term ‘civic participation’ to refer to empowered participation, and use it as a normative benchmark in analysing and interpreting the research data. Having set a broader conceptual framework in this chapter, the thesis then examines how the key variables of the social fund model, such as community participation, empowerment, social capital and social inclusion were understood, conceptualised and operationalised in the ASIF project.

The chapter examines the commonplace assumptions by Western donors and scholars about civil society and community participation in post-Soviet countries, and reviews evidence on the existing forms and manifestations of civil society in the region. The chapter demonstrates that despite the existing misconceptions, both associational and communal forms of civil society indeed existed in the Soviet Union, although their substance and manifestations were different from the commonly accepted Western notions of civil society and participation. The research then tests the existing preconceptions about the post-Soviet civil society and community participation by exploring the nature of institutional and social relations and patterns and nature of community participation in the sample communities.

Finally, the chapter examines theories of institutional change and their implications for promoting community participation and civil society. It suggests that the cultural view of institutional change, which underpins community-driven projects, including social funds, does not attach importance to broader political and governance issues that affect local participation. The chapter maintains that the governance environment, the quality of public institutions and strong state-society linkages are crucial for fostering civic institutions. This raises questions about the effectiveness and relevance of social fund projects based on the cultural view of institutional change. The thesis then investigates whether the ASIF project based on the cultural model of institutional change promoted change in the existing institutions and local social organisation in the sample communities.

Chapter Three reviews the key design features and operating procedures that most social funds share. Based on agency and project literature, this chapter deconstructs the key hypotheses and assumptions underlying World Bank supported social fund projects. In particular, it presents the main hypotheses and assumptions behind the social fund bottom-up model for promoting participation and capacity building. This model assumes that participation in the micro-project activities can improve knowledge, skills and abilities of community members, contribute to individual empowerment, and enhance local social capital, which will translate into increased participation and institutional capacity of local communities. I use these assumptions to construct the research framework and define the key indicators for assessing the processes and impacts of the ASIF micro-projects in the sample communities.

Chapter Four reviews the objectives, design, micro-project implementing principles and operational procedures of the ASIF project. Based on project documents and interviews with the ASIF staff, this chapter provides an overview of ASIF's participatory mechanisms, appraisal criteria and performance indicators. The chapter shows that participation and capacity building were among the stated objectives of the ASIF project. ASIF required beneficiary participation throughout the micro-project initiation and identification, planning and preparation, implementation, and evaluation and monitoring. ASIF developed a number of participatory implementing principles and operating procedures to ensure the involvement of community residents on the micro-project cycle.

Chapter Five provides an account of the research design, key methods and the process of this research. The chapter presents the central research question, and how I set about answering it. Based on Chapters Three and Four, this chapter distils the main hypotheses and assumptions underlying ASIF as a development model for promoting community participation and capacity building, and identifies indicators for measuring the impact of the ASIF micro-projects in the sample communities. It presents the methodological, ethical and moral challenges that I faced during my research.

Chapter Six examines the socio-economic, institutional and policy context of the research. Using documentary sources, it highlights the existing poverty situation and the general institutional and governance environment in Armenia. The chapter provides an overview of decentralisation in Armenia, with a particular emphasis on the irrigation decentralisation reform. The chapter argues that in addition to the low economic productivity, other factors such as poor governance, structural inequalities and social exclusion are key determinants of poverty and income inequality in Armenia. It maintains that the weak financial and institutional capacity of the Armenian state prohibit it from designing and financing effective social policy measures that would enhance people's welfare. The chapter shows that decentralisation of local management and service delivery tasks to local governments in Armenia was not accompanied with delegation of full discretionary power over local development, sufficient administrative capacity and financial resources.

Chapters Seven, Eight and Nine present the analysis of the main empirical findings of this research and form the core of this thesis. Chapter Seven examines socio-economic conditions, patterns of national, regional and local governance, the existing local institutions, forms and nature of participation, the intensity of empowerment of local residents, social capital, and institutional capacity in rural Armenia. It concludes that 'participation' in the sample communities was not accepted as a 'normal' or 'usual' method for service delivery, problem-solving and decision-making. The prevailing institutional arrangements for getting things done in the sample communities were reliance on authorities, social networks and informal payments. The chapter demonstrates that the limited community participation in the sample communities was not conditioned by the weakness of social capital and/or attitudinal factors. It suggests that the nature of governance both at the macro and micro levels largely affects the existing local institutions, the forms and nature of community participation and the intensity of empowerment in Armenia.

Chapter Eight discusses the service delivery outcomes and processes of the ASIF micro-projects in the sample communities. This chapter shows that the ASIF interventions did not alter the existing local institutions, which determined the existing forms and nature of participation and problem-solving mechanisms in the sample communities. The existing local institutions themselves determined the processes and service delivery outcomes of the ASIF micro-projects.

Chapter Nine provides analysis of the impact of the ASIF micro-projects on community participation and local institutional capacity in the sample communities. The research findings presented in this chapter indicate that the intensity of empowerment and the existing forms and nature of participation of community members in development activities remained unchanged after the ASIF micro-projects. This chapter shows that the ASIF interventions did not induce a change in the existing institutional service delivery, problem-solving and decision-making mechanisms in the sample communities. The ASIF micro-projects helped strengthen and reinforce the existing local institutions and social relations in the sample communities.

Chapter Ten provides interpretations and explanations of the research findings and implications for policy and practice. The chapter discusses the relevance and

effectiveness of the social fund bottom-up model in promoting community participation and capacity building within the specific contextual setting of the sample communities. It presents the key factors that accounted for the specific participation and capacity building impacts of the ASIF micro-projects. Firstly, the chapter argues that the design of the ASIF project did not adequately address the local institutional, political and socio-economic context of Armenia. Thus, ASIF's bottom-up development model overlooked the importance of the broader structural and institutional constraints that shaped local institutions and affected people's decisions to participate. Secondly, the chapter argues that the concepts of participation, empowerment, social capital and social exclusion were not adequately understood and operationalised in the ASIF project. Thirdly, ASIF's implementation methodologies did not adequately support the objectives of participation and capacity building. The chapter then discusses the implications of the specific participation and capacity building impacts of the ASIF micro-projects for local development in Armenia. Finally, it draws implications and challenges for development policies and practices.

Chapter Two. Theoretical Underpinnings and Conceptual Framework

This chapter provides the conceptual framework and theoretical foundations for the research question. It comprises five sections. The first section reviews the key concepts and theoretical assumptions that underpin community-driven initiatives. In particular, it reviews theoretical debates around the notions of participation, empowerment, social capital and collective action. The second section discusses some of key agency and context related factors that influence the design, implementation and outcomes of community-driven projects. The third section discusses the concept of civil society and its current application by Western donors, and examines the existing overlap between the concepts of community participation and civil society. The fourth section examines how civil society and community participation in the former Soviet Union have been conceptualised and understood in the existing literature and development projects. It provides a review of empirical evidence about the existing forms of social organisation and participation in the Soviet and post-Soviet periods. The fifth section reviews theories of institutional change and their implications for promoting community participation and civil society. Finally, based on the review of theories and concepts, this chapter constructs a conceptual framework for situating this research.

2.1 Community Driven Development: Concepts and Theories

This section reviews the existing theoretical debates around the notions of participation, empowerment, social capital and collective action. The particular understanding and conceptualisation of these terms have immediate relevance for the design, implementation and outcomes of development projects supported by donor agencies and governments. These debates have formed the theoretical and conceptual foundations of this research, and have helped me conceptualise and operationalise the main variables of the research. Chapter Ten revisits the main debates presented in this chapter in the light of the fieldwork findings.

2.1.1 Community Participation

The World Bank's CDD as well as other community-driven or community-based development initiatives are based on the theories of community participation. The

notion of participation stems from Western political theories and reflects the notion of democratic governance, in which ordinary citizens can participate in decision-making. According to the Western model of pluralist democracy, formal democratic institutions, such as multi-party systems, parliamentary structures and mechanisms of representative democracy, should also be supplemented by strong civil society, a network of participatory institutions at all levels and vertical consultation mechanisms. Midgley (1986a: 15) suggests that the notion of 'community participation' was originally influenced by the theory of 'neighbourhood democracy' (Dahl and Tufts 1974) in its advocacy for the creation of small-scale institutions for the realisation of political aspirations in the villages and urban neighbourhoods in developing countries. Community participation was also influenced by the populist ideas stating that virtues reside in the simple people, who are often neglected or suppressed. In particular, the community-based approach to development was influenced by the work of populist radicals Saul Alinsky (1971) and Paulo Freire (1970; 1972; 1974) in the early 1970s. The work of Robert Chambers (1983; 1997) was crucial in promoting the participation agenda in the 1980s and 1990s.

Community participation became a mainstream development tool with the 'community development' movement in the 1950s and 1960s. These programmes and projects, which were administered by national governments and regional authorities, were heavily criticised for their top-down approach and the lack of sensitivity to local needs (Korten 1980: 482; Hall and Midgley 2004: 74-75). The criticism of community development initiatives and the recognition of state failures to address the needs of the poor, resulted in the emergence of a 'community participation' approach, which placed a greater emphasis on the 'bottom-up' or grassroots-driven development. This approach was largely influenced by international NGOs, which argued that generating local self-sufficiency and self-reliance would allow people to look after their own welfare rather than to rely on the state (Nelson and Wright 1995: 3). Throughout the 1970s and 1980s, international donor agencies supported infrastructure and social services projects with 'community participation' components. This approach delegated tasks for project design and delivery to local community groups or NGOs. These projects too were criticised for their superficial conceptualisation and usage of participation. In particular, critics claimed that participation in these projects was restricted to the execution phase of projects and took the form of voluntary labour contribution and resource mobilisation

(Oakley 1991). In the mid-1990s, the notion of participation was revamped and reintroduced as a major development paradigm under the CDD agenda.

The theories and practices of community participation have traditionally made a distinction between social and political *forms* of participation. In its emphasis on the local affairs, community participation is considered different from the notion of 'popular participation', advocating involvement in the political and socio-economic affairs of the nation (Midgley 1986a: 23). Gaventa and Valderrama (1999: 2) distinguish between two forms of participation: community or social participation and political participation. The notion of community or social participation refers to direct beneficiary participation in development, mostly outside the political and governance sphere.¹² Political participation focuses on the interactions of citizens with the state through the mechanisms of indirect participation (for example, through voting, political parties, campaigning, contacting power holders, lobbying, attending meetings, group action and protest movements).

The concept of community participation by itself has historically accumulated various meanings, which are imbued with different ideologies and influenced by people and organisations. In terms of its *origin*, one can classify participation as 'spontaneous' and 'induced' (Oakley and Marsden 1984: 18), or as 'voluntary' and 'coerced' (Cohen and Uphoff 1980: 224). Spontaneous participation is grassroots-driven, and it is based on local initiative and voluntary action. It occurs when people organise without the involvement of external agents. The induced form of participation is sustained due to the project requirements and funding support of donor agencies.

One can distinguish between participation in development projects and programmes, and participation in local development. The latter extends beyond the boundaries of development projects and programmes. I refer to it as 'institutionalised' participation, as it represents a feature of social and institutional organisation of a society. These two types of participation can overlap as individuals can participate in development projects and programmes as part of institutionalised participation in local development. At the same time, community members may be given full control over resources and decision-

¹² In this form of participation, beneficiaries may also be represented by a group or a person selected to act on their behalf.

making through donor intermediation over the period of a project's duration. This, however, does not necessarily imply that the extent and nature of their participation would remain the same after the completion of the project. In this case, participation tends to have short-term 'donor or project-driven' character.

According to the *nature* of people's involvement in development projects, participation can be classified as 'passive' and 'active' (Oakley and Marsden 1984: 22). The passive form refers to the involvement of local people in the contribution of resources and labour (Oakley 1991: 8). It is often described as 'pseudo-participation', as community involvement is limited to implementation or ratification of decisions already taken by external bodies (Midgley 1986a: 26). Active participation refers to community group authority and control over decisions and resources (Narayan and Pritchett 2000: 285). Midgley (1986a: 26) describes such participation as 'authentic'. According to the World Bank's definition (World Bank 1996a), participation is the ability of people to influence decisions that affect their lives. In this definition, participation by its intensity can vary from 'listening' and 'consultation' (weak intensity) to 'collaborative decision-making' (high intensity) (World Bank 1996a: 11).

According to its *objectives*, participation in development projects has been classified as a 'means' and as an 'end' in itself (Oakley and Marsden 1984: 27; Nelson and Wright 1995: 1; UNDP 1997: 4). Participation as a means is viewed as an input to a development activity. For example, participation can be a means to accomplish the aims of a project more efficiently, effectively and cheaply (Nelson and Wright 1995: 1). According to Midgley (1986b: 9), such participation is 'instrumental', as its goals are limited to identification of people's needs and mobilisation of local resources. Participation as an end denotes "a process, the outcome of which is meaningful participation" (Oakley and Marsden 1984: 27). In this approach participation in projects has a 'developmental' objective (Midgley 1986b: 9). It is promoted to empower people to participate in local development.

There are three main stated objectives for which community participation in local development is currently promoted through the World Bank's CDD initiatives. Firstly, participation in local development is often viewed as a tool for effective and efficient service delivery (Dongier *et al* 2003: 6). It is thought that participation of community

groups in the delivery of certain goods and services can lead to successful development outcomes (more detailed discussions follows further in this chapter). Secondly, participation is promoted to increase local self-reliance and self-sufficiency and promote local development. It is believed that community-based development can effectively compliment market and public sector activities and contribute to poverty reduction (Dongier *et al* 2003: 4). These objectives of participation are often associated with the neo-liberal strategies of international development agencies to “roll back the state” and promote alternative solutions to service provision and delivery based on the private market and voluntary sectors (Mayo and Craig 1995: 4). Finally, participation is promoted for enabling people to exercise voice and control their own development and for making development more inclusive (Dongier *et al* 2003: 7). Participation in this view is seen as the ability of individuals to be involved in the social, economic and political life of their communities and have long-term access to resources and decision-making. This definition of participation is often equated with the concept of empowerment (discussed in detail in section 2.1.3).

2.1.2 Community Participation in Service Delivery

Participation is often viewed as a tool to improve service delivery outcomes. The growing interest among development professionals, academics and government officials in alternative service delivery and poverty reduction mechanisms has been triggered by the renewed awareness of the failure of centralised state methods and traditional top-down development approaches to effectively deliver essential services and respond to the problems and needs of individuals and communities. Local communities are thought to be in a better position than the markets and central governments in providing certain goods and services and delivering economic benefits to the poor (Dongier *et al* 2003: 4-5). The potential of local communities is thought to be especially great for the delivery of goods and services that are small-scale and that require local co-operation, such as many common pool goods and public goods. For example, there is evidence that participation of community groups and organisations in delivering and managing local potable water, sanitation and irrigation services can lead to successful development outcomes, such as more customised results, greater cost effectiveness and enhanced sustainability (Narayan 1995a; Isham *et al* 1995; Katz 1997; Lam 1998; Uphoff 1996; Subramanian *et al* 1997).

A number of arguments have been put forward as to why communities can be more advantageous in delivering certain local goods and services (Esman and Uphoff 1984: 24-26; Ostrom, 1990, 1992; Bardhan 1996: 140-141; Dongier *et al* 2003: 5). It is argued that due to their on the ground presence communities may enjoy informational advantage that outsiders lack. Firstly, local communities are assumed to have far more complete knowledge regarding local conditions and needs than a bureaucratic agency. Such knowledge is necessary for the customised design and planning of services, the effective and efficient conservation of natural resources and the maintenance of local infrastructure. Secondly, in community-based delivery systems, the local agents who make key decisions and carry out decentralised tasks are often the users themselves, or they are selected and are held accountable by the users. Therefore, there is a higher likelihood that goods and services delivered reflect local priorities and preferences. Thirdly, the involvement of beneficiaries in the design, planning and management of local investments can also help to ensure local ownership and enhance sustainability of investments. Finally, the availability of local social capital (defined as relations of trust and reciprocity) can help effectively resolve collective action problems and successfully perform decentralised tasks.

In community-based development, the task of *delivery* (production) of goods and services can often be combined with the *provision* (financing) responsibilities (Ostrom *et al* 1993: 74-75). Decentralisation of provision responsibilities to local communities through user charges and contributions of voluntary labour, cash or materials has been especially encouraged by aid agencies and governments in potable water and irrigation sectors. It is believed that local co-financing and cost-sharing can improve the quality and sustainability of services. Community contributions are thought to ensure that investments are responsive to the local demand; the fact that people have a financial stake in a project will result in appropriate cost and service level choices being made - all of which can enhance community ownership and the commitment to provide necessary operation and maintenance (Dongier *et al* 2003: 20; Binswanger and Aiyar 2003: 13).

A significant motive for decentralisation of service provision is to diminish fiscal burden of central governments and increase public sector efficiency (Rondinelli *et al*

1989: 70-71; Mayo and Craig 1995: 4). Co-financing arrangements are seen as a mechanism to “stretch scarce public financial resources over a greater number of communities and subprojects” (Dongier *et al* 2003: 19). Binswanger and Aiyar (2003: 29), for example, suggest that in order to reduce the fiscal costs when scaling up CDD, communities can be asked to contribute 15-40 percent of subproject costs. On the other hand, it is believed that cost-sharing arrangements can ensure the delivery of local services by mobilising the necessary resources for operation and maintenance and reducing dependence on central, regional or local governments that are often unable to meet these costs (Dongier *et al* 2003: 20).

2.1.3 Community Participation and Empowerment

The World Bank’s Empowerment and Poverty Reduction Sourcebook (World Bank 2002b: 11) defines empowerment as “the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives”. The key elements of empowerment are access to information, inclusion and participation, accountability and local organisational capacity (World Bank 2002b: 14). The World Bank (2003a: 6-7) defines four sequential forms of empowerment, ranging from weak to intense. These include: (a) *passive access* defined as the capacity to be present (but not necessarily exercise voice), (b) *active participation*, in which people can exercise voice (but not necessarily exercise influence), (c) *influence*, defined as the capacity to influence an agenda, and (d) *control*, a position of ‘ultimate power’, when people are free to make choices and transform them into desired actions and outcomes. The extent to which actors are empowered is thought to depend on their asset base (agency) and the institutional context (opportunity structure) at the local, regional and national levels (World Bank 2003a: 3; Holland and Brook 2004: 94). Assets include skills, education, information, local organisational capacity, psychological resources, and financial and material resources of individuals or groups. The institutional context refers to formal and informal rules that determine access to assets and the use of those assets.

Development agencies in their rhetoric have been actively advocating empowerment as a poverty reduction instrument. The new approach to poverty outlined in the World Development Report 2000/2001 (World Bank 2000c) is based on promoting

opportunity, facilitating empowerment, and enhancing security. This approach is based on the acknowledgement by the World Bank of the multidimensional nature and structural causes of poverty. In particular, this view assumes that poverty is not just a lack of material resources, but powerlessness or the inability to influence the forces that shape people's livelihoods. It is argued that by devolving resources and decision-making responsibility to communities and supporting their participation in development projects, community-based approaches can enable the poor and socially excluded with greater voice and more opportunities to more actively participate in and control their own development (Dongier *et al* 2003: 7). It is also believed that enhancing citizen participation and strengthening local associations can increase people's voice and their engagement in the public sphere, and improve the responsiveness and accountability of authorities and the overall governance environment (World Bank 2003b: 2).

The notion of empowerment is linked with the issue of citizenship and rights. The concept of citizenship has been fundamental to understanding and justifying the functioning of the modern welfare state in Europe.¹³ The work of T.H. Marshall (1950) linked fulfilment of social rights with the obligation of the state towards its citizens. The growing acceptance of the rights-based approach to poverty reduction has been largely influenced by the works of Amartya Sen. Sen's (1981) work on entitlements and capabilities stresses that what counts is not what (poor) people possess, but what it enables them to do. The entitlement concept draws attention away from the mere possession of certain goods, towards rights, the command people have over goods, using various economic, political, and social opportunities within the legal system. In his *Development as Freedom* work, Sen (1999) argues that freedom is the major precondition for enhancing the well-being of the poor, and views expansion of freedom as both the end and means of development.

The 'rights-based approach' to development emphasises the importance of human, political and social rights and the commitment by states to ensure those rights (Moser 2004: 35).¹⁴ This approach demonstrates a shift from a needs-based approach to poverty reduction, in which provision of support was justified by the needs and not entitlements

¹³ For a comprehensive review of the concept of citizenship in development see Jones and Gaventa (2002) and Kabeer (2002); and for a discussion of citizenship from a feminist perspective see Lister (1997).

¹⁴ The conceptual foundation for the rights-based approach was laid in UNDP (2000a) and DFID (2000).

(Nyamu-Musembi and Cornwall 2004: 2). The rights-based approach has a political nature. Lister (1997: 38) conceptualises citizenship through the idea of ‘human agency’, which views individuals “as autonomous, purposive and creative actors, capable of choice”. For Lister, citizenship is a dynamic process, which embraces individual rights and political participation. Being an active citizen implies not only carrying certain rights, but also using these rights to express human agency in the political sphere in order to obtain new rights. Gaventa (2004: 34) goes on to argue that as citizenship in this approach is understood as participation in political, social and economic life, the “right to participation”, or “participation as freedom”, becomes a pre-condition for claiming and fulfilling citizenship rights. Rights in this approach are understood not simply as formal laws and regulations, but as a “political tool for use in the dynamic process of claiming resources and ensuring justice” (Veneklasen *et al* 2004: 10). Thus participation in this approach is conceptualised as a process in which individuals are empowered to take part in decision-making over resources, claim their rights and hold the authorities responsible for ensuring their rights.

Central in the concept of participation as empowerment is the notion of *power*. Oakley and Marsden (1984: 25) describe participation as a process of ‘achieving power’, in which power refers to “access to, and control of, the resources necessary to protect livelihood”. The concept of power has been extensively discussed in social and political theory.¹⁵ The notion of power can be conceptualised in different ways,¹⁶ and it can be applied in relation to an individual, household, community and a wider economy. Power is about “access to resources, control of the elements and processes of production, and rights to dispose of products” (Nelson and Wright 1995: 7). Power can be experienced in face to face relations, for example, within a household, and also as part of systemic relations. One of the conceptions of power is the idea of ‘power as structure’. According to Mosse (2004: 54), the concept of power structure denotes the distribution or balance of power in a society. Power relations become institutionalised when they repeat themselves and form a pattern (Eyben 2004: 23). Individuals can have different degrees of power at a household, community, regional and national levels. Power structures determine how resources are distributed in a society, and determine the extent to which individuals can access decision-making and opportunities.

¹⁵ See, for example, Lukes (1974), Foucault (1980), Bourdieu (1989), and Giddens (1984).

¹⁶ Mosse (2004), for example, distinguishes between six different conceptions of power.

Power structures determine how and on what basis people participate. The interrelation between power and participation can be conceptualised within the framework of *spaces* for citizen participation (Cornwall 2002; Gaventa 2004). Participation is concerned with establishing spaces or arenas for community functioning. There are differences between the closed, invited, and claimed/created spaces of participation. *Closed* spaces refer to decision-making made by elite, without or with limited inclusion of citizens; *invited* spaces, where citizens are invited to participate in by donors, governments and other authorities; and *claimed* or *created* spaces, which claimed by civil society groups from or against powerful actors through grassroots mobilisation. In order to understand the nature of people's participation, it is important to examine the features of power relations that surround and operate within these spaces. Thus the boundaries and scope of public participation would largely depend on by whom these spaces are opened and filled. In other words, the framework of 'spaces' can help determine who is involved, how, and on whose terms. Cornwall (2004: 9) maintains that the spaces for public engagement "need to be understood as embedded in the particular cultural understandings and political configurations that constitute governance in any give context".

There are criticisms of the current understanding and conceptualisation of empowerment by donors. In particular, it is suggested that although since the 1990s empowerment is no longer viewed as a 'radical' strategy, participation is not operationalised and implemented by donors in its wider, empowerment sense. Cleaver (2001: 37) concludes that since the radical empowerment discourse has become a 'buzzword' in development, "its radical, challenging and transformatory edge has been lost". Development projects do not associate the term with structural changes and political action. Eyben (2004: 18) argues that the World Bank's approach to empowerment still derives from a neo-liberal position, in which participation is understood in instrumental terms, as a means of enhancing efficiency in service delivery. According to VeneKlasen *et al* (2004: 5), "[P]articipation is often framed narrowly as a methodology to improve project performance, rather than a process of fostering critical consciousness and decision-making as the basis for active citizenship. Rarely is participation implemented as a mutual decision-making process, where different actors share power and set agendas jointly". Nyamu-Musembi and Cornwall (2004: 24-26) in

their review of donor programmes and policies assert that the World Bank's efforts to pursue a rights-based agenda are half-hearted and incomplete.

There is some, albeit limited empirical evidence about the existing operational practices of donor agencies that support CDD projects and programmes. The World Bank's review (World Bank 2002a: 12) of sixty community-based and community-driven projects supported by various agencies in Kyrgyzstan, Tajikistan and Uzbekistan concludes that "few projects are designed to promote increased participation over time, either by a broader group or more increasing the level of involvement, such as moving from a stage of collaboration to empowerment". The study then goes on to argue that "[T]hese findings reflect a pattern found in CDD projects Bank-wide, that is, CDD tends to be top-down driven development when it comes to budgets, management, monitoring and evaluation, and bottom-up when it comes to the construction and maintenance phases, especially when physical labor is involved" (World Bank 2002a: 12).

There is evidence that participatory projects and programmes often have a shallow understanding of the complexity of gender issues, fail to take into account women's needs and promote meaningful involvement of women in development processes (Guijt and Kaul Shah 1998; Cornwall 2000). It is argued that participatory research practices, such as participatory rural appraisal (PRA), often fail to include voices of marginal actors and incorporate 'local knowledge' into planning (Mosse 1995; 2001), neglect 'structural' issues (Francis 2001), and that they can often be patronising and subjugated by power relations between the 'insiders' and the 'outsiders' (Mohan 2001).

2.1.4 Social Capital

Since the mid-1990s, the concept of social capital entered mainstream development thinking and practice. The term social capital commonly refers to norms and networks that facilitate collective action (Woolcock and Narayan 2000: 226). It is believed that social networks based on shared norms, values, beliefs, knowledge and understanding can significantly enhance people's capacity to organise in their own collective interest, co-operate to perform collective tasks and achieve mutual benefits. There are multiple levels at which social capital can be identified and measured. Thus one can talk about

the degree of social capital of an individual or household, of a community or other socially defined group; or of a geographically or politically defined society (Narayan and Pritchett 2000: 279). Social capital provides an alternative framework for conceptualising participation in development projects and programmes. On the one hand, the availability of social capital is thought to be a necessary precondition for successful project outcomes. Thus many initiatives, such as group-based micro-finance schemes, community based infrastructure delivery projects or safety net targeting programmes, draw on existing stocks of social capital in order to enhance their development effectiveness. On the other hand, development interventions seek to build and strengthen networks of trust and reciprocity within and across communities as a means to improve poor people's access to resources and services.¹⁷

The literature on social capital is multifaceted, and the concept of social capital itself has been imbued with multiple meanings and connotations. This thesis does not intend to provide a comprehensive review of social capital theories and their critiques, but rather highlights specific conceptual understanding of social capital underpinning many community-driven projects. Social capital can denote resource that individuals have at their disposal for achieving their personal objectives. Thus social networks analysts (Burt 1992) equate social capital with individual connections and access to favourable personal networks. Other researchers such as Loury (1977), Bourdieu (1983) and Coleman (1988; 1990) refer to social capital as a set of resources and endowments inherent in families and communities that facilitate access to jobs, education and communal interaction. Coleman's analysis of social capital bridges this concept of social capital as a personal resource with the current understanding of social capital as a public good. Thus according to Coleman (1990), diverse forms of social capital (trust and norms inherent in social structures) help individuals achieve not only their personal gains but also collective objectives. In his *Making Democracy Work* study Putnam (1993) further developed the concept of social capital as a public good. Putnam argues that high levels of social capital in the form of intermediary groups and associations can improve levels of democratic governance and economic prosperity.

¹⁷ Available from: < www.worldbank.org/poverty/scapital > [Accessed on 3 March 2001].

Putnam's (1993) analysis has greatly influenced the commonly accepted operationalisation of social capital in terms of norms of trust and reciprocity and 'networks of civic engagement', measured as membership in and density of voluntary organisations, clubs, co-operatives and political parties. For Putnam, interpersonal trust is the key variable that facilitates societal co-operation, and hence it is the key element of social capital. The definition of trust used by Putnam stems from game theoretical assumptions, in which trust is an assessment by an individual of whether or not the behaviour of other individuals is trustworthy.¹⁸ This definition is based on the belief that expectations about other people's behaviour influence how individuals choose to behave in a given situation (Gambetta 1988: 217; Krishna 2000: 75). Overlapping positive expectations about other individuals' actions can lead to co-operation and collective action. According to Putnam, interpersonal relations based on norms of reciprocal exchange increase the level of trust and the likelihood of co-operation. Membership in 'horizontal' voluntary associations fosters norms of reciprocity and trust and promotes the transference of trust from one domain to another, hence increasing the level of generalised trust in a society.

There are considerable overlaps between the terms social capital and social exclusion. Narayan (1999: 5) suggests that "social groups and networks only work by including some and excluding others". In analysing the 'excluding' aspects of social capital, many theorists of social capital draw upon Granovetter's (1973) concept of the 'strength of weak ties'. According to this theory, 'strong ties' within a group are important for the group's cohesion and survival, but they may produce social fragmentation at a wider community level. It is the 'weak ties' linking different groups in a society that are indispensable for accessing opportunities and integration into a wider community. According to Putnam (1993), social networks created in horizontal associations produce 'weak' ties that cut across social cleavages and foster wider co-operation. Following Gittel and Vidal (1998), Narayan (1999: 2) refers to primary social group solidarity as 'bonding' social capital, and to the linkages between social groups as 'bridging' social capital. Narayan suggests that social inclusion requires "dense, though not necessarily strong, cross-cutting ties among groups" that would help them access resources, information and opportunities. This framework was further developed with the

¹⁸ Seminar with Robert Putnam organised by the LSE Social Capital Working Group, LSE, 19 May 2003.

introduction of the notion of 'linking' social capital, which refers to ties of individuals to people in the position of authority, such as government representatives and private institutions (Grootaert *et al* 2004). In addition to the horizontal dimension of social capital, this concept introduces a vertical dimension, which refers to linkages to political resources and economic institutions across power differentials (Grootaert *et al* 2004: 4).

The conceptualisation and usage of social capital by development agencies has been much criticised. Fine (2001), for example, criticises the World Bank's 'romanticised' view of social capital as the 'missing link'. Thus social capital "fails to address properly either capital or the social; it tends to set aside issues of power and conflict; it compartmentalises capital into its economic and social components; and it places emphasis on civil society at the expense of state and politics" (137). Fine asserts that the introduction of the concept, which was meant to bring about engagement between economists and social scientists within the World Bank, does not seriously challenge the World Bank's 'economistic' approach to development. Harriss (2002) argues that social capital 'de-politicises development' by obscuring issues of class politics, existing power relations and property rights. Harriss maintains that the current usage of the term by development agencies helps "represent problems that are rooted in differences of power and in class relations as purely technical matters that can be resolved outside the political arena" (Harriss 2002: 2). He contends that without focusing on political and redistributional issues, social capital is not a useful tool for making development policies more effective.

2.1.5 Collective Action

Community participation in mutually beneficial activities requires a concerted effort – a collective action. The literature on collective action draws on public choice and game theories, and is often described as institutional rational choice approach (Olson 1965; Hardin 1982, 1995; Ostrom 1990, 1992; Ostrom *et al* 1993). It has primarily developed in the context of common pool resources, which include irrigation systems, grazing areas, inshore fisheries, forests and conservation parks. Decisions to co-operate in irrigation systems depend on a series of collective action problems determining who will share in the costs (for example, material and time costs related to construction and operation and maintenance (O&M)), how the benefits will be distributed, and the

activities will be monitored and sanctioned to avoid opportunistic behaviour, such as free-riding, shirking and corruption (Ostrom 1990, 1992). It is possible to overcome collective action problems by developing operating strategies, rules and constitutions, i.e., by establishing local governance procedures. These 'self-governance rules' can help farmers effectively govern the use and O&M of the irrigation system. In particular, these rules are important for determining access to and allocation of water (who, when, where, and how can withdraw water); O&M responsibilities (who, when, where and how maintains the system); monitoring arrangements (who monitors the actions of irrigators and how); and sanctions (what rewards or sanctions will be assigned to those who obey or disobey the rules) (Ostrom 1990, 1992; Kähkönen 1999).

Drawing on Coleman's theoretical elaboration, Ostrom and other collective action theorists incorporated the notion of social capital in the framework of collective action (Ostrom 2000; Ostrom and Ahn 2001). It is thought that social capital can determine community capacity to effectively resolve collective action problems and successfully perform decentralised tasks. Social capital (defined in this literature in broad terms as shared knowledge, norms, rules and expectations about patterns of interactions) can facilitate co-ordination of activities, information sharing and collective decision-making and help diminish opportunistic behaviour and free-riding, reduce conflicts and maximise joint utility. Drawing on the existing social networks, conventions and norms of reciprocal relationships, local knowledge and practices, groups can be in a better position than government officials in developing and enforcing effective self-governance rules and complying with those rules in local projects. A number of studies in irrigation demonstrate that farmers can establish and enforce fair water allocation systems, effectively monitor service delivery, create mechanisms to prevent illegal use, share responsibility for the future O&M of project investments, and identify appropriate institutional arrangements to reduce local conflicts (Ostrom 1990, 1992; Tang 1992; Lam 1996, 1998; Uphoff 1996; Kähkönen 1999).

The collective action literature is mostly concerned with the understanding of institutional foundations of self-governance, i.e., determining conditions that affect community capacities for self-governance. In addition to the Putnamian operationalisation of social capital in terms of trust/norms of reciprocity and networks/civic engagement, it advances the importance of formal and informal rules or

institutions as a third dimension of social capital (Ostrom and Ahn 2001: 6-10). Although this approach recognises the importance of macro level structures and patterns of governance, its main stress is on the institutional arrangements that establish rules, incentives systems and co-operation mechanisms within users' organisations and communities. Being "mechanistic" in its essence (Shepherd 1998: 63), the collective action approach tends to neglect broader underlying social, economic and political factors in its analysis of collective action problems. Thus this approach often fails to explain when and how specific institutional arrangements can emerge and persist.

This section has reviewed the key concepts and theoretical debates that underpin community-driven initiatives. In particular, it has examined various meanings of participation and their implications for development projects and development outcomes. It has also discussed conceptual assumptions behind the notions of social capital and collective action. The next section reviews some of the key factors that affect design, implementation and outcomes of community-driven projects.

2.2 Participation and Project Design and Implementation

This section discusses key agency related factors and structural complexities that influence the design and implementation of community-driven projects. I reflect on these issues later when analysing the processes and outcomes of the ASIF micro-projects in Chapter Eight and when interpreting and explaining the research findings in Chapter Ten.

2.2.1 External Agency's Approach

This section examines factors associated with an external agency's interpretation of the concept of participation and methodologies used for promoting community participation and capacity building.

Participation. Oakley (1991) emphasises two aspects that can have an impact on the outcomes of community-based projects. One is the agency's understanding and operationalisation of the meaning of the term participation and the basic objective of the agency's support for participation. The second is the methodology of participation,

which stems from the specific interpretation of the concept of participation. This relates both to the formal methodologies employed by agencies and to the approach and style of work of the agency.

Whilst there is a “fairly broad consensus” around the concept of participation in donor rhetoric, the division appears when the concept is put into practice. Thus there are “two worlds of practice” (Oakley 1991: 269). There can often be a mismatch between the stated objectives and actual design and implementation. A project may appear to be participatory in the empowerment sense in its stated objectives, but it may not be systematic and rigorous because of the shallow conceptualisation of the term and the methodologies employed. Thus, participation in practice is often conceptualised in its narrow definition and employs limited methodologies for its promotion, and projects are largely task-based and functional in nature. In such projects, participation is limited to information sharing and consultation, rather than participation in decision-making or management.

Documented evidence suggests that many participatory projects achieved success when supporting agencies adopted a ‘learning process’ planning approach (Korten 1980; Krishna *et al* 1998: 20-22). In the learning process approach, planning evolves from the specific experience, needs and preferences of the local community (Korten 1980). This approach aims at building continuous dialogues between planners and beneficiaries and promoting shared understanding and consensus in the search of most appropriate strategy. It is contrasted with the ‘blueprint approach’, in which development action is driven by specified project goals, tasks and inputs, definite time-frame and order, and which assumes that development outcomes are “terminal” (Korten 1980: 497).

Capacity Building. Some of the key ingredients required for effective organisational capacity are resources, technical knowledge and social capital (World Bank 2002b: 18). The capacity of various groups to engage in community-driven activities can be highly variable. ‘Higher levels’ of participation such as decision-making and management require adequate level of skills, knowledge, experience and managerial capabilities (Gaventa and Valderrama 1999: 8). Thus some communities may lack the adequate organisational, managerial, proposal writing, fund raising, and accounting skills for complying with funding agency requirements and for effectively carrying out project

design, implementation and evaluation related tasks. Different groups within communities may also be endowed with varying stocks of social capital, which can determine the degree and forms of co-operation and collective action. As part of their capacity building objective, many external interventions establish formal or informal organisational structures, which are believed to facilitate co-ordination of activities and serve as a vehicle for promoting community interests and objectives (Esman and Uphoff 1984; Oakley 1991: 189; Uphoff 1996). Development projects typically offer specific training to local community groups and their leaders to enhance their skills and technical knowledge.

Community capacity building is an educational process. Oakley (1991: 194) distinguishes between two types of education: 'education as information' and 'education as awareness'. Education as information refers to informing people about a project and preparing them to participate in it within already defined parameters. Education as awareness seeks to involve people in a process of *conscientisation*, in which they are encouraged to understand, analyse, critically interpret issues that affect their lives and design their own solutions to their problems. This method builds upon the work of Paulo Freire (1970; 1974), which postulates that awareness created in the process of education can help poor people break patterns of dependency and become subjects of their own development. In current development practice, the educational and capacity building role of external agents is often referred to as 'outreach'. Narayan (1995b) distinguishes between the 'extension' approach and the 'empowerment' approach to outreach. In the extension approach, field agents serve as channels of information and technical advice. In the empowerment approach, field agents serve as "facilitators, catalysts, and organizers for empowerment", who can motivate and strengthen local groups to achieve self-reliance (Narayan 1995b: 21).

2.2.2 Complexity of Local Reality

There are challenges to the successful design and implementation of community-driven projects that are associated with structural and institutional relationships at the national and local level. For example, it is often difficult to cater to diverse interests and needs within a community, prevent elite capture, ensure inclusion of all social groups in

development processes and create incentives and conditions for meaningful and sustainable community participation.

Defining Community. Many development projects tend to idealise communities as groups of people that are homogenous, lack conflict, and have similar beliefs, needs and preferences. Typically, this is not the case. Communities are composed of diverse individuals, with different degree of control over and access to economic resources and modes of production as well as possessing different social status, religious and cultural characteristics. Despite the commonalties in interests, different groups, households and individuals within a geographic community have a variety of criteria, preferences and priorities (Friedmann 1992: 7; Chambers 1997: 183-187; Cleaver 2001: 44-45). This heterogeneity of communities makes it difficult to reconcile various interests and increases the likelihood of social exclusion, conflicts, oppression or violence. Friedmann (1992: 7) argues that the scarcity of resources reinforces tension and conflicts within communities, “Each of the several social groups within a territorial community is likely to see its situation from its own perspective and contend over the same and always limited resources. Territorial communities are thus necessarily also political communities, rife with the potential for conflict”.

This poses difficulties for identifying project beneficiaries and allocating development resources. How can then the heterogeneity of community interests and preferences be taken into account? Should we involve all groups in a geographic community, including the well-to-do members? Who can be able to represent the whole community so as each group's interests are taken into account? Should the local community be considered to be formal village councils, school boards and water users, or perhaps ethnic groups and traditional or religious leaders? Whaites (2002: 124), for example, suggests that the only community groups that should be supported by external donors are those that “span primordial identities” and “promote the idea of association in a way which cuts across any continuing divisions, such as local geography, gender, and even political loyalty”. One can argue that most communities are defined by their members within specific geographic, socio-economic and political boundaries, and resource allocation based on the criteria of inclusiveness may leave out many needy communities.

Another important question is who defines the community. A World Bank review of sixty CDD projects in Central Asia (World Bank 2002a: 10) distinguishes between the 'project concept' of community and 'demand-driven concept' of community. The study concludes that the view of community adopted in most studied projects was largely driven by donors and reflected the needs of the project (e.g., community was defined as users of infrastructure or services). The study suggests that the concept of community must emerge from the community itself and reflect the actual social, political and governance structures and boundaries of the community.

Local Accountability. Community participation requires a representative process, i.e. community interests and preferences need to be represented by an agency, which may include local government officials, other formal and informal leaders or development committees. This raises the issue of accountability. Accountability is defined as "the obligation of power holders to account for or take responsibility for their actions" (World Bank 2003b: 1).¹⁹ Due to the lack of close monitoring over the local processes, local communities may have little accountability to central authorities; there may also be little accountability of the local leaders/elites towards the public (Paul 1992; Ostrom *et al* 1993: 65-67, 96; Litvack *et al* 1998; Manor 1999; Conning and Kevane 1999). There are no automatic guarantees that local leaders who live and interacts with the local population will be any more or less accountable to or representative of local community interests than a central government official.

Weak accountability can give rise to the possibility of 'capture', in which local leaders/elites can misuse public resources, appropriate project or service benefits and engage in rent-seeking. Decisions about the allocation of local goods and services can be made without much regard for the desires of the powerless and disadvantaged community members. The local elite/leaders may represent narrow interests and exclude individuals and households who do not belong to the elite or dominant groups from participation in development processes and accessing development benefits. Thus, a local agent may express the preferences and act in the interests of the elite and powerful community members, the dominant caste, ethnic or religious group. The possibility of capture is equally pertinent with regard to formal authorities as well as informal

¹⁹ Newell and Bellour (2002) provide a comprehensive overview of the uses and applications of the term accountability in development discourses and practices.

community leaders and development committees elected by community members as their representatives. The extent of local accountability largely depends on the community heterogeneity, the degree of inequality and social stratification, and the strength of democratic orientation of the representative institutions.

Social Exclusion. Societal institutions (including state, law, religion, kinship and family), social structures and norms and policies shape the power structures in a society and thus play crucial role in excluding individuals from full participation in the social, economic, cultural and political life of the societies (Gore and Figueiredo 1997: 10-11). Given differences in resources and power, people do not participate in development decision-making equally, nor do they automatically benefit from development initiatives. Chambers (1995: 39) notes that participatory projects and programmes often fail to identify and involve the poorest of the poor and other marginalised social groups in participatory processes. He warns that these people often live far from centre, may not be easily reached, they are often weak, voiceless, and can be easily left out of empowering processes. Such projects can end up reinforcing the *status quo* through stratification by ethnicity, gender, sexual orientation, religion, cultural traditions, as those with the power may continue to maintain it by influencing the decisions that are made. Thus, one of the challenging questions in development projects is how to ensure that the poorest and marginalised participate in development processes and have access to development benefits.

Participation Costs and Incentives. Participation incurs specific costs and may not be affordable to the poor. Oakley (1991: 13) notes that the preoccupation with their survival consumes most of the time of the poor people and does not leave any time for participation. Many community-driven projects require mandatory community cash or in-kind contributions which may prohibit poor communities or community members from participation. In some cases, the poorest do not possess enough information on how specific projects or activities can benefit them. It is thought that for community action to take place, the perceived benefits of a collective action must be greater than the perceived costs (Rondinelli 1991: 419-421; Ostrom *et al* 1993). Immediate material benefits are thought to be instrumental in driving local participation in projects. Some of the incentives include benefits from project activities (cash and time savings, improved access to services, increased production and income), moral satisfaction, position of

influence and leadership, and reduced conflicts (Narayan 1997: 10). Cleaver (2001: 48) argues that personal psychological motivations, for example, the need for recognition, respect or purpose, may be equally important as material benefits.

Sustainability of Participation. The question of sustainability of participation over time is important. Project-driven participation may only work in the short term. A critical factor for sustaining local participation is the availability of resources and assets. Oakley (1991: 18) suggests that “the externally motivated development projects frequently fail to sustain themselves once the initial level of project support or inputs either diminish or are withdrawn”. Community groups and organisations may not be able to secure access to financial resources in order to carry out local initiatives and pursue organisational objectives. Binswanger and Aiyar (2003) maintain that in order to ensure true empowerment and to scale-up CDD, communities and local governments must have stable and continuous flow of funds from central government and a local revenue base. They go on to argue that “short-lived donor programs and ad hoc central grants cannot lead to empowerment” (Binswanger and Aiyar 2003: 11).

Another question concerns what the realistic scope of authentic participation should be. It is questionable whether there can be a total control of local people over local affairs and equally active involvement of all members of the community. Hardiman (1986: 65) maintains, “It is a myth to assume that everybody wants to be actively involved in decision-making, or even in the hard work of implementation. The majority of people are usually content to accept the decisions and actions of others so long as their interests are served”. Midgley (1986a: 36) asserts that achieving ‘permanent activism’, i.e., indefinite and total involvement of communities in political affairs is unrealistic. Oakley and Marsden (1984: 18) argue that achieving a “totally participatory society” is not possible. In my view, participation as empowerment does not necessarily imply permanent participation of all individuals, but rather it must be understood as the creation of structural opportunities that enable the poor to exercise effective influence over the issues that affect their lives and benefit from development.

This section has focused on some of the key agency and context related factors that influence the design, implementation and outcomes of community-driven projects. The following two sections of this chapter discuss how civil society and community

participation in the former Soviet Union have been understood and operationalised in the existing literature and development projects.

2.3 Community Participation and Civil Society

This section discusses the concept of civil society and its current application by Western donors. It demonstrates the existing normative and organisational bias of the concept that has translated into domination of the Western model of civil society in development thinking and practices. Section 2.4 of this chapter discusses how this has contributed to the conceptual rigidity and misperceptions about the existing forms and manifestations of civil society and community participation in the former Soviet Union. This section suggests that the study of civil society and participation has been compartmentalised between disciplines, and the concepts themselves have been stripped of their key ingredients.

Civil society is defined in this study as the autonomous social sphere in which individuals and social groups can articulate and pursue their individual and collective interests and express their identities. The theories of civil society are rooted in the writings of such political philosophers as Adam Ferguson, Antonio Gramsci, G W F Hegel, John Locke, Thomas Paine and Alexis de Tocqueville. Civil society has been predominantly a subject of scrutiny for political theorists.²⁰ The concept of civil society was re-invigorated and became an inseparable part of the contemporary reality and public discourse with the East European revolutions of 1989. It is not accidental that the term civil society re-emerged at that time as an antidote to the totalitarian communist state. The intellectuals and activists in Eastern Europe who nurtured the idea of civil society were concerned about changing the relationship between the society and the state, calling for the creation of an autonomous and self-organising society that could counterbalance the totalitarian state.²¹ In its theoretical underpinnings, civil society is conceived as a form of political and social organisation that has the potential to limit the power of the state, refine its actions and enhance individual freedoms and interests.

²⁰ See, for example, Seligman (1992), Cohen and Arato (1992), Gellner (1994), and Keane (1988).

²¹ See, for example, Michnik (1985), Havel (1985), and Konrad (1984).

Since the mid 1990s, the concept of civil society has acquired new strength when used by development agencies and donors. Thus a so called 'mainstream' (Howell and Pearce 2001) or 'neo-liberal' (Freizer 2004) concept of civil society was advanced by development agencies and donors as a major developmental paradigm. In its practical, organisational form, this idea is represented by the Tocquevillian model of civil society based on the idea of civic engagement and independent associational life (Howell and Pearce 2001: 42-44). Alexis de Tocqueville was the first to describe and praise the U.S. model of civic engagement in the public arena through free associations of citizens as a defence against despotism of the state and a guarantee of individual freedoms and interests. The 'mainstream' notion of civil society has both political and social objectives (Van Rooy and Robinson 1998). The political mission aims to promote good governance and democratic culture, and foster the rule of law and human rights through supporting local NGOs, civic associations, think tanks, advocacy and human rights groups, media and research and educational institutions. The social objective has been promoted by development agencies in order to enhance social and economic development and poverty reduction. Given the weak state capacity in many transition countries, NGOs have been seen as alternative mechanisms for channelling development assistance and delivering public goods and services that the state could no longer supply in an efficient and effective manner (Mandel 2001: 281).

Theories of civil society have a normative bias, and "tend to be used in moral and normative ways, confusing what is with what should be" (Van Rooy 1998: 29). Such "normative lenses" often impede identification of "all relevant events, actors and process because we are not looking for them". In addition, theories of civil society have an organisational bias (Van Rooy 1998: 29). They are often preoccupied with organisations, without taking into account the broader context within which they develop and function. As a consequence, the mainstream approach prescribes the Western or the U.S. model of civil society, and it often rejects or ignores other forms of social life and social organisation that exist in various ethnic, cultural and regional contexts. This view overlooks the 'alternative' (Howell and Pearce 2001), 'communal' (Freizer 2004) or 'post-modern' (Kaldor 2003) forms of civil society - important ways in which people in non-Western societies organise and pursue their interests. Howell and Pearce (2001: 118-199) maintain that the mainstream model assumes that there is

only one civil society in the world, and that it is represented by the U.S. or Tocquevillian vision of civil society with its idea of self-association.

Values and networks of mutual support and solidarity and informal associations have historically played an important social function in non-Western societies. Hann (1996), for example, suggests that ethnographic studies of social networks and interpersonal practices can reveal that civil society was always present in socialist societies of Eastern Europe. He argues against narrow preoccupation with the dominant Western model of civil society, and warns against using the Western models of civil society as “universal templates” (Hann 1996: 24). There is a growing literature documenting various communal forms of social organisation and processes of civic life in Central Asia, Africa, India and the Islamic world.²²

There has been very little experience sharing and cross-fertilisation between political scientists, development specialists, economists and anthropologists, who have studied the issues of civil society and participation in the former Soviet Union (Babajanian *et al* 2005). This separation reflects the divide between political and social conceptions of participation that exists in theory and practice globally.²³ This has contributed to the rigid and superficial understanding of the concept and the substance of civil society in the region. The term civil society used by political scientists and transitologists overlooks important ways in which people at the local level organise and pursue their interests. It ignores the importance of the community and household as forms of social organisation. The dominant focus of political scientists specialising in post-Soviet countries has been to study processes of ‘democratisation’, political institutions and formal organisations. At the same time, development specialists have been reluctant to employ the concept of civil society with its emphasis on political participation in designing projects and programmes in the region. They have preferred to talk about ‘community development’ and ‘social capital’, and conceived the concept of

²² See, for example, Roy (2000), and Earle (2004) on civil society in Central Asia; Varshney (2002) on civil society in India; Bayart (1993), and Comaroff and Comaroff (1999) on civil society in Africa; Kamali (1998) and Sajoo (2002) on civil society in Islamic societies.

²³ See, for example, Gaventa and Valderrama (1999) and Gaventa (2002). Gaventa (2002: 4) notes that political issues such as accountability, legitimate representation, rights education and political mobilisation have been “underplayed” in the community participation literature. Conversely, the political participation literature has insufficiently addressed issues of local knowledge, participatory processes and forms of engagement by marginalised groups.

participation in neutral terms as participation in social and economic development.²⁴ This has translated into the compartmentalisation of development objectives in practice.²⁵

2.4 Participation and Civil Society in the Former Soviet Union

This section discusses how civil society and community participation in the former Soviet Union have been conceptualised and understood in the existing literature and development projects. It then provides a review of the literature on the existing forms of social organisation and participation in the Soviet and post-Soviet periods. The section maintains that the existing forms of participation and civic life in post-Soviet countries are often ignored or considered ‘uncivil’. It offers explanations for why the existing forms of participation, often studied as ‘social networks’, are not normally classified as part of civil society. Conceptual clarity and accurate understanding about local institutions in the former Soviet Union have immediate repercussions for the design and implementation of development policies and projects. In Chapter Seven, the thesis tests the existing preconceptions about community participation in the former Soviet Union through the examination of the fieldwork data, and provides analysis on the substance, origins and limits of the existing forms of participation and local institutions in post-Soviet Armenia.

2.4.1 Preconceptions about Post-Soviet Civil Society

Most of the existing literature studying post-socialist and post-Soviet civil society is concerned with the mainstream or Western model. The predominant view is that civil society in post-Soviet countries is weak and underdeveloped as the realm of voluntary associations remains limited. Civil society in post-Soviet countries is usually operationalised in terms of two indicators: levels of civic engagement and interpersonal trust.²⁶ It is most common to measure social capital and civil society by studying

²⁴ The reluctance to explicitly engage with political issues has partly to do with the World Bank’s obligation stipulated in its Articles of Agreement to maintain a politically neutral stance.

²⁵ For example, Earle (2005a) based on her research in Kyrgyzstan notes the duality of objectives of USAID, which on one hand supports democratisation and political agenda through civil society strengthening programmes, but remains highly apolitical in its community development projects.

²⁶ See, for example, Marsh (2000), Raiser *et al* (2001), Badescu (2003), Uslaner (2003), and Howard (2003).

membership and participation in associations and groups and measuring levels of generalised trust (as opposed to particularised trust). The World Values Survey (conducted in 1990-93 and in 1995-97) measured participation in voluntary organisations, people's interest in politics and levels of generalised trust.²⁷ According to its results, total associational membership and levels of generalised trust in transition countries are almost half those in the OECD countries.²⁸ Using statistical data on organisational membership, Howard (2003) concludes that the low rate of participation in voluntary organisations indicates the 'weakness' of civil society in post-socialist countries.

The 'cultural' legacies of the repressive communism regime, such as attitudinal norms and behaviour patterns, are often cited as one of the main obstacles to civic participation in post-communism transition. Smolar (1996: 33), for example, concludes that "the shakiness of independent organizations, including political parties [in Central and Eastern Europe], suggests the lack of a culture of free collective activity". He argues that "communism actually bred atomized, amoral cynics good at doubletalk and "working the system," but not at effective enterprise" (33). It is thought that the repression of independent organisations by the communist regime created 'distrust' of people in representative institutions, which impedes the development of new democratic institutions in post-communist era. Raiser *et al* (2001: 4) argue that that communism created distrust in public institutions and "left as legacy the perception that while each individual might profit from informal social capital, private returns to civic participation and other forms of "formal social capital" would be low". Howard (2003) explains the low levels of organisational activity in terms of people's mistrust of organisations in communist times that was carried over into the post-socialist period, by the 'persistence of private friendship networks' and by the 'increased passivity' and 'disengagement' of the population disappointed in post-communist reality.

As civil society is equated with NGOs and formal associations, any indigenous forms of social organisation that have a different nature and manifestation are either rejected as

²⁷ The World Values Survey measured generalised trust by asking a question: "Generally speaking, would you say most people can be trusted or that you can't be too careful in dealing with people?"

²⁸ Cited in Raiser *et al* (2001). It is notable that despite the divergence in these indicators, the indices of 'civic-mindedness' and altruism in transition and OECD countries were not found to be significantly different (a fact that has passed unnoticed by most analysts of civil society).

‘uncivic’ or ignored. Huttenbach (1995), for example, asserts that the countries of the South Caucasus lack any traditions of civic engagement and associational activity, and the prospects for a genuine civil society there are rather bleak. Analysing the rise of nationalism and ethnic conflict in the South Caucasus, he concludes that the civic dimension is subdued by ‘ethno-nationalistic’ politics. He asserts that “even in Armenia, where there is a slightly more mature political and social sphere...society tends to be generally passive, unless whipped up by demagogic means” (Huttenbach 1995: 364). He views the principles of communal organisation in these countries in negative terms as based on “kinship, religious communalism, clan loyalty, ethnicity and paternalistic politics” (Huttenbach 1995: 339). Huttenbach argues that civil society is an intrinsically European phenomenon, and he rejects the “so-called Asian civil society based on non-European traditions and values’ as a ‘non-category’” (Huttenbach 1995: 330). Similarly, Carley (1995: 292) applies the Western notion of civil society to the Central Asian countries and argues that the Soviet legacies have resulted in the “effective non-existence of civil society” in Central Asia. Howard (2003) in his study of civil societies in East Germany and Russia argues against broadening the definition of civil society to include various forms of social organisation and practices in non-Western countries. He maintains that this will only “dilute” and “confuse” the concept of civil society (Howard 2003: 49).

CDD initiatives apply the Western normative framework in their analysis of post-Soviet communities. There are a number of preconceptions about the existing ‘communal’ manifestations of post-Soviet civil society that are prevalent among development professionals working in post-Soviet countries, and they often serve as a basis for designing CDD and other community-driven projects. These assumptions also frequently come up in discussions at conferences. A commonplace assumption is that due to Soviet legacies, local institutions in post-Soviet countries are weak and underdeveloped, and that post-Soviet citizens are distrustful and atomised. Implicit in this assumption is the idea that the cultural and normative orientations of citizens, i.e. the ‘Soviet mentality’ factor, present a serious obstacle to developing active self-organising communities. Hence there is a need to build new institutions in the region. CDD initiatives aim to design (or redesign) the existing communal institutions according to the Western model of citizen participation (Figure 2.1). Some of the main assumptions in the current thinking can be summarised as follows:

- Ideological restrictions and domination by the Communist party enforced citizen passivity and an expectation that authorities should be responsible for community welfare. Paternalistic attitudes still prevail and prohibit people from taking initiatives and formulating collective solutions to problems. People expect the state to deliver important services and provide jobs to the population.
- People do not like collective action. The rhetoric of participation and collective action was embedded in the communist ideological and moral context, and most people resent it. People participate in collective action *only* when ‘they do not have any other means’ to solve their problems.
- People are only interested in their narrow issues and are not concerned about the common or community good. There is very little altruism and solidarity in post-socialist communities.
- There are very few formal groups and associations. When people take part in the economic and social life of their communities, their participation is mostly informal. This informal nature of participation is regarded as a constraint.

The World Bank’s CDD Strategy Note on ECA countries (World Bank 2000a: 2) suggests that the legacy of the authoritarianism and centralised planning system negatively affected “the attitude of the population towards collective action”. A World Bank presentation²⁹ (World Bank 2000b: 18) on community development in the ECA region maintains that “successful examples of autonomous local action are few” and that “people still depend on the state for resources and guidance”. It goes on to argue that in most ECA countries “people lack the trust in one another that is needed to foster community action groups” (World Bank 2000b: 18). This is how an agenda setting World Bank study on poverty and inequality in the ECA region (World Bank 2001d: 199) describes post-socialist communities,

²⁹ This power point presentation posted on the World Bank’s official website summarises opportunities and challenges for CDD in the ECA region.

In fact, the existence of communities in transition economies is questionable given the deliberate and often heavy-handed attempts by the state to crush local identities and solidarities. Numerous qualitative studies undertaken in ECA countries suggest that while people are members of many intersecting and locally based social networks (of work colleagues, neighbours, and kin), few identify with an abstract ‘community’ or demonstrate much commitment to furthering the good of this community. In fact, many people view with deep suspicion appeals to support the ‘collective good’.

The World Bank’s CDD Strategy Note for Armenia (World Bank 2001b) maintains that the Soviet rule enforced “citizen passivity” and an expectation that authorities or external donors should be responsible for community welfare in Armenia. The Strategy Note argues that the notion of community in post-Soviet countries, and in Armenia, in particular, is “ambiguous, even misleading” (World Bank 2001b: 2):

Decades of central planning, top-down, authoritarian political rule, and the atomization of society weakened broader solidarities. At the same time, endemic shortages of goods and services encouraged an ‘economy of favours’ within strong social networks of relatives, colleagues, neighbours, and friends. Beyond their loyalty to these networks, people demonstrated relatively little concern to the welfare of ‘society’ in the abstract.

Figure 2.1: Conceptualisation of Local Institutions in CDD Projects and Programmes in ECA

Post-Soviet Institutions	Civic Institutions
Trust is limited to family, friendship and relatives (bonding social capital) and does not extend to the society as a whole (no ‘weak’ ties or bridging social capital).	Trust extends beyond the limits of family and kin relationships to the whole community/ society (bridging social capital); and family/ kinship ties do not preclude community-wide ties.
Social capital mostly serves individual/private interests and rarely public interests.	Social capital serves not only narrow individual but also collective/public goals.
People are distrustful and opportunistic, and achieving collective action is difficult.	High levels of generalised trust make collective action and co-operation possible.
Limited citizen participation in formal and informal groups and associations.	Citizens participate in formal and informal groups and associations to pursue their objectives and obtain goods and services.
Reliance on the state, informal social networks and often illegal practices in solving individual and collective goals.	Co-operation and partnerships with authorities (linking social capital) instead of reliance on authorities.
	Practices are based on the rule of law; and the existing informal practices are not illegal or exploitative.

Thus one of the objectives of CDD is seen as promoting institutional change through bottom-up interventions at the local level. In particular, based on the assumption that community level institutions and social capital are weak, CDD initiatives are aimed at building community institutions and strengthening interpersonal relations, as part of their empowerment and capacity-building objective. The World Bank's CDD Strategy Note on ECA countries (World Bank 2000a: 2) maintains that there is "an urgent need to find new [social] organisation and new forms of interaction between citizens". Thus the task set out by CDD in post-Soviet countries is to change the 'Soviet mentality' of 'passive and apathetic' communities, promote active and engaged citizens and 'civic' forms of participation in the post-Soviet countries (Figure 2.1).

2.4.2 Participation and Social Networks in the Soviet Union

There is extensive evidence that both associational and communal forms of civil society existed in the Soviet Union and Eastern Europe, although their forms and manifestations did not resemble the Western model of civil society. Associational civil society in the Soviet Union existed but it was "illegal or semilegal" (Shlapentokh 1989: 9). The existing formal organisations and associations (such as the party, the trade unions, the Young Communist League (*Komsomol*) and others) were controlled by the authoritarian state and were part of the Soviet political structure. Any independent civic associations or activities were seen as a threat to the power of the state. This contributed to the decline of formal associational civil society. At the same time, as Shlapentokh suggests, there were a number of informal ways through which citizens participated in public domain – for example, protest letters, dissemination of suppressed literature (*samizdat*), organised actions and political gatherings, *bard* movements, informal or dissident movements and support for political activists and dissidents. Shlapentokh (2001: 40) maintains that the Soviet state and the party actively encouraged 'collectivism' through collective units (*kollektivi*) at work places (factories, collective farms, schools, and hospitals). State propaganda reinforced the importance of altruism, friendship, solidarity and collective interests over individualist values through media and popular culture. Shlapentokh argues that 'collectivism' remains an important social value for most Russians, and many people are nostalgic for the past times when collectivism was much appreciated by most members of society.

It is thought that the state domination did not stop public organisations from serving civic functions. Rigby (1991; 1992) suggests that civil society in the Soviet Union existed even during Stalinism, and the domination of the communist state did not preclude development of civic associations and civic culture. Rigby notes that although the voluntary or public organisations (*obshchestvennye organizatsii*) officially followed the party policies and belonged to the state, they represented alternative social forms to state organisations. Through these organisations people often articulated their own interests and often contradicted the official line. According to Rigby (1992: 19), the state was unable to fully control people's opinions and behaviours and "a covert market of ideas" flourished in the Soviet Union. Earle (2005b) examines different types of public organisations and associations, such as trade unions, consumer co-operatives, women's committees, foundations, and various professional associations, established during the Soviet period in Central Asia. She maintains that despite the control of the authoritarian state, these associations had a significant impact upon social relations and served important welfare functions. Some of these associations continue to be influential in today's Central Asia, by performing many civil society functions whilst part of the state in Uzbekistan and Turkmenistan, or having established themselves as independent organisations in Kazakhstan, Kyrgyzstan and Tajikistan.

In addition to the unofficial associational civil society, civic life in the Soviet Union concentrated in informal social networks (Box 2.1). Both Shlapentokh and Rigby explicitly include in their definition of Soviet civil society the whole sphere of interpersonal and social relations and the so-called 'shadow economy'. Informal social networks based on relations of trust and reciprocity were an important social space through which individuals and groups could pursue their concerns in the absence of other legitimate avenues. Lomnitz (1988) maintains that informal social networks in the Soviet Union were an important power base for the allocation of scarce resources, the opening up of new economic and social opportunities and collective pooling against social risks.³⁰ Informal networks also provided citizens with collective security against possible threats from the formal structure of the state. Lomnitz argues that the informal networks in the Soviet Union were a result of the malfunctioning of the Soviet

³⁰ The official wages in the public sector were rather low and could not provide households with a sufficient income to cover all basic needs (Atkinson and Micklewright 1992: 241). The socialist planning system, described as 'shortage economy' by Kornai (1992: 233), produced chronic shortages of essential goods and services and was unable to fully meet consumer demand.

bureaucratic systems that failed to satisfy social requirements. Thus these networks were an 'adaptive mechanism' that attempted to compensate for the inefficiencies of the formal system.³¹

The literature on social networks distinguishes between friendship and solidarity groups and the so called *blat* networks. Shlapentokh (1989) describes the important role the relations of friendship and social connections played in sharing information, providing psychological and emotional support, solving problems and helping in obtaining goods and services that were not easily accessible. Ledeneva (1998) describes in detail the 'economy of favours' – informal *blat* networks in the Soviet Union used by people to gain access to institutional resources, obtain goods and services, secure their civil rights and influence decision-making. These networks extended friendship and kinship ties, and were based on loose social connections and reciprocal ties through which people could obtain benefits.

Officially, private sector activities were not allowed in the Soviet Union, however, a private sector was established and nourished in the civic sphere. The illegal private sector, the 'shadow' or 'second' economy included provision of technical and professional services to private individuals and organisations (for example, through private construction teams), and underground production of consumer goods (Grossman 1977). Katsenelinboigen (1977) describes six types of 'coloured' markets of varying degrees of legality, which complimented each other and provided Soviet citizens with supplementary income and essential goods and services. Various forms of bribery are commonly associated with the Soviet informal economy (Grossman 1977; Simis 1982). Informal payments, gifts and bribes were frequently used by Soviet citizens as a means to pursue both legitimate and illegitimate objectives. The shadow economy was especially well developed in the Caucasus and Central Asia.

³¹ Similar arguments have been made in relation to developing countries. For example, De Soto (1989: 133) argues that the emergence of a massive informal sector in Peru is due to the inefficiency of public institutions. He maintains that "Peruvians' decisions to conduct their activities informally are in large measure the result of a rational... evaluation of the cost of formality". This high 'cost of formality' is determined by the weakness of the rule of law, and is manifested in difficulties for ordinary people to establish businesses, engage in trade and access formal housing, land, and transport.

The informal or shadow economy was not simply a sphere of illegal economic activity. Mars and Altman (1983; 1987) in their study of the informal economy in Georgia maintain that the shadow economy in Georgia was deeply entrenched in the Georgian cultural and social structures and value system. Strong networks based on trust, reciprocity and obligation, together with existing traditional Georgian values such as a sense of competition and risk-taking, formed the basis upon which informal activities were organised in Georgia. On the other hand, the opportunity to engage in entrepreneurial activities and achieve material prosperity was an important way of reasserting social and cultural values (e.g., social status and prestige) and expressing gender identities (e.g., masculinity).

There are several studies documenting the communal forms of civic organisation in Central Asia. Roy (2000) argues that the communist territorial and administrative structure and ideology did not uproot the existing solidarity groups and social organisation in Central Asia. The traditional structures were co-opted into the new social structure. Roy maintains that the existing solidarity groupings translated and recomposed into the Soviet *kolkhoz* (collective farms) structures. The *kolkhoz* became the sphere which mediated social needs and interests of its members, helped them to resolve problems and protect against risks. According to Roy (2000: 90-91), the *kolkhoz* was a “socio-economic community”, and “a place of residence, a society”.

Earle (2004) describes various pre-Soviet and Soviet practices and forms of social organisation in Kyrgyzstan, including *ashar* (community voluntary labour), *aksakals* (community elderly), and *domkoms* (home committees) that continue to be influential social institutions during the transition period. Perhaps the most prominent civic institution in Central Asia is *mahalla* in Tajikistan. Mahallas have existed in Tajikistan from the pre-Soviet times, and they are considered “a historical example of effective Tajik local self-governance” (Freizer 2004: 17). Mahallas are voluntary structures that bring together people living on the same territory to pursue their common interests. Mahallas perform various functions such as provision of support to the vulnerable, delivery of local law and services, mobilisation of people and resources for voluntary community works (*hashar*) and organisation of ceremonial and social events.

In pre-Soviet rural Armenia, the main social institutions were centred around the family, the village and the Armenian Church. Kilbourne Matossian (1962) maintains that the Soviet regime regarded the traditional Armenian family as a potential source of resistance to the regime and as a 'backward' institution. The state policies were designed to transform the traditional family and to develop loyalties outside the family. Collectivisation and the new *kolkhoz* village organisation contributed to the fragmentation of the extended Armenian family. The large landholdings, which were necessary to maintain the extended family, were fragmented and distributed as household plots among the collective farmers. The *kolkhoz* replaced the traditional village organisation. The regime encouraged participation in *Komsomol*, trade unions and various public associations, such as professional associations, women's committees (*kinbazhin*) and sports clubs.

These policies, however, did not completely destroy the extended family as a social institution in Soviet Armenia. Kilbourne Matossian (1962: 183) suggests that sometimes "the collective farm family only pretended to split up, but continued in fact to function as a unit". She also suggests that family solidarity in Armenia remained strong, and members of extended families continued to support each other and pursue common objectives by pooling resources. The role of the Church, however, was significantly weakened, and most of its political, social, economic and educational functions were suspended by the Soviet regime. Platz (1995) suggests that kinship (*azg*) as a social institution remains strong in post-Soviet Armenia. She describes the so called 'Armenian way' (*haykakan dzev*) of getting things done, in which kinship provides a powerful means for obtaining benefits and expressing Armenian national identity. According to Platz, kinship and the state in post-Soviet Armenia are often interrelated and overlapping, and that "[K]inship pervades state structure, as much as the state has pervaded the family" (Platz 1995: 4).

Box 2.1: Ways of Getting Things Done in the Soviet Union

- Reliance on the state: based on universal welfare rights.
- Mutual help and exchange networks: based on kinship, affection and friendship.
- *Blat* exchange and reciprocity: based on diffuse social connections, friendship and reciprocal exchange.
- Informal or shadow economy: participation in unofficial private sector economic activities; bribery and informal payments; and appropriation of state property.

2.4.3 Post-Soviet Social Networks

Most Soviet informal social networks continued their existence in the post-Soviet era, although in modified and reconfigured shape and forms.³² However, these networks are not usually considered to be part of the post-Soviet civil society or civic space. One can think of two explanations for why post-Soviet networks are not normally classified as civil. The first is linked with the conceptual dominance of the mainstream model of civil society. Soviet networks emerged as a form of social organisation against the inefficiencies of the Soviet state. It is believed that after the collapse of the Soviet Union and the democratisation of the public sphere, reliance on formal groups and associations should be the natural state of organisation of a democratic society. In his study of social capital in Russia, Rose (1998; 2000) maintains that the distinguishing feature of a ‘modern’ society (in the Weberian sense) is the dominance of formal organisations and institutionalised collective action. Rose (2000: 42) argues that modern networks are characterised by a “generic reliance on the market, belonging to a formal organisation, turning to the government for help in dealing with a family problem, or being an opinion leader”. Rose considers informal networks, i.e., personalised face-to-face associations of people in villages or urban neighbourhoods as an attribute of a ‘pre-modern’ society. Furthermore, Rose describes the reliance of most Russians on *blat*, connections, and corruption in ‘getting things done’ as ‘anti-modern’ tactics. He maintains that “what is *normal* in Russia is not what is normal in a modern society” (Rose 2000: 52). Similarly, Raiser (1998) argues that developing a ‘modern’ market

³² The ‘path-dependency’ and continuity of socialist networks was first examined by Grabher and Stark (1997); and Bruszt and Stark (1998) with regard to the issue of restructuring of state-owned property and the formation of new business networks. For more discussion on the continuity of Soviet institutional legacies in Russia see Segbers (2001).

economy in post-socialist countries requires transcending beyond the existing networks based on family and kinship ties and strengthening generalised trust.

The second argument is that there is an implicit contradiction between the negative ‘uncivic’ nature of socialist networks and the ethical idea of *civility*,³³ which continues to be a core normative component of the mainstream notion of civil society and an important objective of democratic institution building in post-Soviet states. The Soviet social networks have been mostly described and characterised in relation to the means and strategies they employed for achieving their ends, for example, reliance on personalised relations, bribery and breaking the law. These networks often act in their individual interest or self-interest at the expense of the public or common good. They undermine the legitimacy of the state, as they do not constructively engage with it, but subvert and co-opt it. According to Ledeneva (1998), the distinguishing feature of *blat* networks was that they were highly personalised, regulated by unwritten rules, parasitic and exploitative of the state resources. Ledeneva (2001: 73) does not consider these as spheres of public action, “The networks of mutual help and informal exchange developed under the Soviet regime could hardly be considered as embryos of ‘civil society’ due to their state-dependency and exploitative use of the state”.

There has been growing literature describing the negative nature and impact of post-socialist informal networks on democratic institution building and economic development. Skapska (1997: 154) uses the term “familial egoism” in her description of informal networks in Poland. She argues that these networks are “narrow and egoistic” and pursue private interests at the expense of common public interests. Sajo (1998) maintains that the clientelistic social networks remaining from socialist times are responsible for the existing structural corruption in Central and Eastern Europe. The literature on business networks describes the initial dominance of business organisations based on ‘old boys networks’ of managers of old state enterprise and members of socialist *nomenklatura*.³⁴ A lot of attention has been devoted to elite or power networks, for example, to particularistic and often parochial relations between bureaucratic and political elites with oligarchic business and economic interests and even criminal

³³ See, for example, Shils (1991).

³⁴ See, for example, a collection of articles in Grabher and Stark (1997), and Raiser (1998).

groups.³⁵ These networks pursue narrow self-interests at the expense of wider public interests, for example, in cases where political elite makes important economic decisions on the basis of clientelistic or corrupt motivations.

There is a need for improved conceptual clarity of post-Soviet networks. Although ultimately all types of networks are interdependent and mutually reinforcing, it is important to distinguish types of networks according to their role and objectives. Hayoz and Sergeyev (2003), for example, differentiate between ‘top-down’ and ‘bottom-up’ perspectives of post-socialist networks. Thus the top-down perspective is concerned with the analysis of ‘power’ networks of the political and economic elite. The bottom-up perspective is a “look through the eyes of citizens and voters”, and it looks at networks that have a “problem solving” and “social” function (Hayoz and Sergeyev 2003: 50). One also needs to distinguish between networks that serve parochial interests, or have anti-social or oppressive natures, and those that serve public or communal benefits. Nuanced studies of local social organisation may reveal that both negative and positive facets of interpersonal and social relations often co-exist. The ‘social networks’ theories are not adequate for explaining the complexity of social relations in the post-Soviet space. It is crucial to understand the processes through which people live their lives, relate to each other and organise to articulate their needs and identities within specific social, cultural and political environments.

2.5 Promoting Participation and Civil Society

This chapter has discussed the rationale, objectives and some of the agency related and structural complexities in promoting participation and civil society. The central question is *how* to effectively promote participation of citizens and build the institutional capacity of communities to contribute to local development. There are different views on the types of institutional arrangements and policies required for fostering civil society and citizen activism. Based on the review of literature, I have distilled four different approaches to the issue of promoting participation and civil society. In this thesis, I refer to these approaches as theories of institutional change.

³⁵ See, for example, Raiser (1997), Hedlund and Sundstrom (1996), Levin and Satarov (2000), and Handelman (1998; 2001).

2.5.1 Cultural View

The social fund bottom-up development model for promoting participation and capacity building is primarily rooted in cultural explanations of institutional change (Putnam 1993; Fukuyama 1995; Inglehart 1997; Uphoff 2000). The ‘cultural’ view is based on the assumption that cognitive and behavioural patterns are the main obstacles to institutional change. In particular, it holds that attitudinal and psychological characteristics, weak social capital and inadequate institutional capacity are the main factors restricting local participation.

Attitudinal characteristics of community residents, such as apathy, passivity and paternalistic expectations, are often discussed as a challenge to participation. Oakley (1991: 13) notes that the ‘mentality of dependence’ can be a strong obstacle to participation, “In many Third World countries rural people for generations have been dominated by and dependent upon local elite groups. In practice this meant that the rural poor have become accustomed to leaving decisions and initiatives to their “leaders”. Friedmann (1992: 33) distinguishes ‘psychological power’ as an important precondition to meaningful participation. He refers to psychological empowerment in Freirian terms, as increased self-confidence, sense of self-worth and ability to make a difference.

This cultural view has adopted Putnam’s conceptualisation of social capital. As described in section 2.1.4, Putnam (1993) describes social capital as a set of social networks (networks of civic engagement) and associated norms of trust and reciprocity. This view implies that the absence of *trusting culture* is the main obstacle to achieving collective action. It holds that norms of trust and reciprocity predispose people towards co-operation and cause social networks to form. It is assumed that social capital can be developed by changing existing cultural and cognitive patterns. Individual trust and co-operative values can be fostered through a process of social learning. As a result of positive learning interactions, people would be more willing to co-operate and engage in civic networks. In addition to psychological empowerment and social capital, this view stresses the importance of enhancing local knowledge, skills and abilities.

This model presumes that interventions at the local level can change social and institutional relations. In particular, it is believed that decentralisation of responsibilities and resources directly to local communities can increase interpersonal trust, build local capacity, empower individuals and promote collective action as a means to solve local problems and enhance local development. Organisations of civil society in their turn would make governmental institutions more accountable and effective and improve governance. A more detailed discussion on how this view has been incorporated in the social fund bottom-up development model follows in Chapter Three.

2.5.2 Institutional View

In the institutional approach, the role of the state is believed to be crucial in inducing institutional change. The importance of state institutions has been especially eminent in the New Institutional Economics (NIE) literature. The NIE arguments are mostly logically and analytically derived rather than based on rigorous empirical evidence. Nevertheless, they offer important analytical tools for analysing institutional relations, and constructing frameworks for testing through empirical data. The presence of efficient government institutions has been argued by Douglass North (1990) as a necessary precondition to economic and societal change. North (1990: 3) defines institutions as “the rules of the game in a society” or as “the humanly devised constraints that shape human interaction”. Institutions consist of formal rules (laws and regulations), informal rules (conventions, norms, codes of conduct, traditions and values), and arrangements through which these rules are enforced in a society.

The ‘efficiency’ of institutions is associated with the quality and competence of the government, political freedoms and the rule of law. Efficient institutions can induce successful development outcomes by affecting individual and social behaviour. North (1990) maintains that the effectiveness of the state in enforcing economic contracts (rights and rules) can largely determine the efficiency of markets. Levi and Sherman (1997) argue that effective public institutions are in a better position than corrupt ones to secure co-operation and compliance of citizens and hence promote economic development and democratic institution building. They stress the importance of ‘rationalised’ bureaucracy, which is close to the Weberian description of politically

neutral and relatively competent system, based on impartial treatment of clients and promotion by merit. They believe that the quality of public institutions, especially their “freedom from corruption”, increases incentives for citizens to comply with state policies and participate in the construction of effective institutions (Levi and Sherman 1997: 322).

A number of analytical studies explore the relationship between the state institutions and levels of trust and co-operation in a society (Levi 1998; Hardin 1998; Rothstein 2000). Levi (1998) argues that the ‘trustworthiness’ of the state influences its capacity to generate interpersonal trust and social cohesion. Thus the attitudes and behaviour of citizens depend on their perceptions (trust) of the state’s commitment and competence to enforce the laws in a fair and predictable manner. The trustworthy states can potentially influence the construction and maintenance of both familial and generalised trust. Thus by increasing social rights and providing important services, a government can reduce personal reliance on a family or community to provide those services and thus reduce the likelihood of conflicts. By effectively enforcing contracts associated with economic, social and human rights, states can create confidence that individual interests can be protected and increase generalised trust and co-operation. Similarly, Rothstein (2000) argues that the efficiency of state institutions can positively affect the level of generalised trust and social capital of a society. Thus, the strength of generalised trust is determined by the trust in the ‘universalism’ or impartiality of the government institutions responsible for implementing laws and policies (Rothstein 2000: 26). Individuals who trust in the impartiality of government institutions would refrain from corrupting them. Hence not only government officials but also most people will be trusted to play by the rules.

Institutional theories provide an important tool for the analysis and understanding of the social and political context in post-Soviet countries. Rose (1998) applies institutional theories to explain the presence of Soviet style informal networks in post-Soviet Russia. He criticises the cultural view of social capital, and claims that forms of social capital are largely influenced by the specific institutional context. Following Weber’s theory (1968) on the role of bureaucratic organisations in a society, Rose argues that the society in Russia is permeated by ‘organisational failure’, where formal organisations are unable to effectively deliver goods and services and “fail to operate impersonally,

predictably, and in accordance with the rule of law” (Rose 1998: 1). Confronted with this organisational failure, the population largely relies in ‘getting things done’ on informal alternatives (e.g., growing own food and borrowing), personalised relationships and connections, or breaking or bending rules. Conditions of ‘anti-modern’ society in Russia affect expectations and experience about how ‘things can be done’ and determine the choice of social capital networks that individuals rely upon. Rose suggests that in order to reverse the ‘anti-modern’ practices in Russia, “the immediate need is not to change the values and attitudes of the mass of the population; it is to change the way the country is governed” (Rose 1998: 20).

Mishler and Rose (2001) support institutional explanations of the origins of political trust in transition countries. Cultural interpretations mostly attribute people’s distrust of political institutions to cultural norms and beliefs, holding that “authoritarian values learned through socialization into an undemocratic regime are likely to persist for a generation or more beyond the collapse of the old regime” (Mishler and Rose 2001: 32). Based on their analysis of survey data in ten transition countries, Mishler and Rose argue that the legacies of the communist past and political socialisation have only indirect effect on the level of institutional distrust. They suggest that individual evaluation of the actual economic and political performance of institutions directly affects people’s current attitude towards political institutions. Thus according to the institutional theories, behavioural patterns and social attitudes are a consequence, not a cause of institutional performance.

Institutions which do not produce effective social or economic outcomes, need to evolve or be replaced with new, efficient ones, to become developmentally effective. In order to achieve institutional change, it is important to change both formal rules and informal belief systems (North 1990; 1995). Institutional change requires not only the establishment of new formal institutions such as rules, laws and organisational structures, but also a change in the normative orientation, traditions and values to support these new structures. According to North (1995), even with a change in formal rules, the informal rules and values may persist and reinforce the perpetuation of old rules of the game. North (1995: 25) maintains that whilst a change in formal institutions can happen quickly, informal institutions change gradually. The survival of informal institutional constraints in the face of alterations in the formal institutions is coined by

North as 'path dependence.' One implication of such path dependence is that the specific patterns of history and local context can play an important role in shaping policy outcomes. North (1995: 25) maintains,

Since it is the [informal] norms that provide the essential 'legitimacy' to any set of formal rules, revolutionary change is never as revolutionary as its supporters desire, and performance will be different than anticipated. More than that, societies that adopt formal rules of another society... will have very different performance characteristics than the original country because both the informal norms and the enforcement characteristics will be different. The implication is that transferring the formal political and economic rules of successful Western market economies to Third World and Eastern European economies is not a sufficient condition for good economic performance.

Institutional change requires not only establishing progressive organisational structures and legislation, but also changing the informal constraints – i.e., nurture belief systems, norms of behaviour and codes of conduct that are supportive of new institutions. Thus, in order to promote participation, a number of changes must happen. These changes refer to the establishment of formal institutions – laws and regulations that support decentralisation and citizen participation, organisational structures and channels of accountability through which people at the local level can express and protect their interests. It also implies a change in the informal institutions – the norms of behaviour and values must support the principles of democratic participation and citizen activism.

2.5.3 State-Society Partnership View

This view suggests that state-society partnerships and effective governance procedures are key to fostering civil society. There is increasing body of empirical evidence based on case studies about the importance of macro-level structures and institutions in affecting development outcomes at the local level.³⁶ On the example of her case study in Northeast Brazil, Tandler (1997) demonstrates the crucial role that institutions of the state government played in building civil society by actively encouraging relations of trust and co-operation between civil servants and local communities. Tandler warns against heavy reliance on civil society and local government under the 'decentralisation and participation' schemes and neglecting central government's key role in making decentralised programmes work. She dismisses the hypothesis about 'one-way causality', where good civil society leads to better government. She suggests that there

³⁶ See, for example, collection of articles in Evans (1997).

is a 'two-way causality', where government causes civil society to form, then the civil society is acting 'independently' from outside government to challenge its actions and demand better services.

Drawing on several empirical studies, Evans (1997) advances a framework for analysing state-civil society linkages based on the notions of good governance and state-society partnerships. The concept of 'state-society synergy' refers to mutually reinforcing relations between state and civil society. In synergistic relations, state action mobilises local communities and fosters social capital; and strong local institutions enhance the efficacy of the government. Evans believes that "[T]he limits to [state-society] synergy are located in government rather than in civil society" (Evans 1997: 193). Evans argues that social networks based on trust and co-operation exist in all developing countries, and that only with the support of state institutions can they turn into developmentally effective civic organisations. The presence of competent, lawful and dependable public institutions is crucial for creating an enabling environment for local institutions to emerge and strengthen. The establishment of such a 'rule-governed environment' is important for fostering the rule of law, providing and enforcing citizen rights and civil and political liberties (Evans 1997: 180). The state must also support local institutions by providing various tangible inputs that local people cannot provide for themselves, as for example infrastructure, agricultural extension and other public goods and services. In addition, the committed attitude of public sector officials and direct engagement of the state with civil society can produce and strengthen bonds that bind together the state and civil society. In this 'embedded relationship', public officials are enmeshed in local social relations and become part of local communities they serve. They not only support local institutions by providing an enabling environment, but also work closely with them to achieve shared objectives.

Governance is increasingly becoming part of the formal discourse on participation by development agencies. Frameworks incorporating linkages to governance and state institutions in CDD and poverty reduction strategies have been adopted by World Bank based scholars (Woolcock 1998: 18, 26; Woolcock and Narayan 2000: 238; Das Gupta *et al* 2003). The analytical framework of social capital developed by the World Bank researchers incorporates the governance sphere by introducing a 'vertical' dimension to social capital (defined as functioning of the state and institutional environment) and

political participation (Narayan 1999; Grootaert *et al* 2004). The World Bank has explicitly accepted the importance of establishing an enabling environment to encourage linkages and collaboration between communities, local and central governments (World Bank 2002b; World Bank 2004). A World Bank paper on the role of the state in community development (Das Gupta *et al* 2003), for example, views state-community synergy as a catalyst for institutional change. The paper suggests that local capture and patron-client relations at the local level are the main obstacles to local development. By drawing out lessons from several case studies, it argues that the “government can potentially bypass local vested interests and make local agencies more responsive to local citizens” (Das Gupta *et al* 2003: 2).

Institutional change in this view has been primarily conceptualised by development agencies in terms of ‘partnerships’ and ‘reforms’. It is assumed that community participation and civil society can be promoted through institutional arrangements encouraging collaboration and partnerships between the state, local governments, service providers and local community groups, and through improvements in the legal and regulatory framework and sectoral policies.

2.5.4 Structural View

This view conceptualises the issue of institutional change through the framework of power relations. It suggests that individual behaviour and actions are largely determined by the existing structural constraints. Migdal (1988: 27), for example, argues that choices about the specific ‘strategy of survival’ of an individual are driven by “available resources, ideas and organizational means”. Individual strategies, such as reliance on patronage networks, are determined by “the existing resources and the control over access to resources” (27). Oakley and Marsden (1984: 31) maintain that structural constraints represent a major obstacle to achieving participation,

The structure disseminates to the regional and local level and pervades all forms of formal and informal institutions and relationships. The structure dictates the terms of participation and reacts oppressively if those terms are refined; its aim is to keep the rural people in their place, as labour power and possibly as consumers. Participation initiatives emanating from below, therefore, are faced with the dilemma of attempting to flourish within the context of the existing structure or of seeking to positively influence the structure.

The relationship between power structures and psychological barriers to participation has been scrutinised by a number of feminist scholars. Drawing on Lukes's (1974) discussion of power, Kabeer (1994: 228) emphasises the importance of the 'power within'. The lack of the 'power within' indicates a state of powerlessness, in which individuals accept the existing inequalities and their role in existing order. Kabeer notes that the lack of resistance may not necessarily indicate 'false consciousness' on the part of women.³⁷ Thus, women may be aware of the restricted nature of their lives without knowing what to do about it. The acceptance of subordinate positions can be also driven by strategic choices of women (as well as men), who recognise the prevailing 'rules of the game' and realise that confrontation can be costly and can jeopardise their security and personal well-being. Kandiyoti (1988) maintains that women in patriarchal societies are rational actors, and that their livelihoods strategies, life choices and forms of resistance are determined by existing institutional constraints, which she calls 'patriarchal bargains'. Kandiyoti argues that these constraints are not static and they are subject to historical transformations, in which gender relations are re-negotiated and re-defined. At the same time, Kandiyoti (1998b: 142) stresses that the scope of resistance of subordinates is normally restricted by existing power relations, and that "the powerful are much better placed to change the rules of the game unilaterally".

It is thought that promotion of participation (or empowerment) implies a redistribution of power. Nelson and Wright (1995: 6-7) note that adopting a 'structural view' to empowerment would require a structural transformation, and not simply behavioural changes. Eyben (2004: 21) maintains that institutional change entails challenging the existing power hegemony in a society. This brings in an important political dimension that has been ignored in other views of institutional change. The attempt to change existing power relations is an inherently politicised task, and hence building the political agency or 'political capital' of the poor is as important as strengthening social capital. It is thought that in order to become an effective tool for poverty reduction, empowerment must be viewed as a combination of social and political participation. Gaventa (2004) suggests that effective political rights are necessary for people to claim their social and economic rights. He argues for the need to extend the concept of participation to 'citizen

³⁷ One interpretation of 'passivity' is based on the 'false consciousness' argument, which rests on the assumption that "elites are able to impose their own image of a just social order, not simply on the behaviour of non-elites, but on their consciousness as well" (Scott 1985: 39). It assumes that marginalised people accept their situation "as normal, even justifiable part of social order" (Scott 1985: 39).

participation' to encompass not only direct forms of participation in communal life and social spheres, but also indirect forms of political participation. Such 'citizenship' approaches directly link micro-level processes and institutions to broader issues of politics and governance (Gaventa and Valderrama 1999: 4).

The structural view suggests that effective societal transformation depends on poor people's political capabilities and their capacity to mobilise for political action to tackle the wider structural causes to local problems. Friedmann (1992: 33; 67-68) in his "(dis)empowerment model of poverty" argues that in addition to economic and psychological empowerment, effective political power is required for people to be able to engage in polity, and control their "life space". Hickey and Mohan (2004: 168) based on a review of a selection of participatory initiatives and programmes, conclude that the success of development policies and practices largely depends on "being part of a broader project that is at once political and radical". Mosse (2004: 56-57) suggests that the capacity building and bottom-up approaches to empowerment employed by development agencies are not adequate for changing the existing power structures and the institutions through which they are expressed. In fact, development interventions, even those with explicit goals of participation and empowerment, tend to affirm or reproduce the existing power relations. Mosse believes that power relations are shaped by wider political systems, and successful empowerment depends on the political representation of poor people.

In terms of policy prescriptions, this view suggests that empowerment should imply increasing people's political capabilities, i.e., support their ability to mobilise politically and influence public policy. Moore and Putzel (1999) argue that participation in community based organisations can help certain groups promote their interests; however, what matters for effective anti-poverty policies is the ability of the poor to influence the political system. Moore (2001: 324) goes on to argue that effective empowerment is about taking a direct political action of a "major collective dimension". A measure of empowerment is whether the poor are organised politically and whether local organisations are integrated at regional and national levels. In most donor programmes and policies, the idea of empowerment is closely linked with the notion of community. According to Moore, this by definition emphasises the 'local' dimension and limits the 'collective dimension' of political action. Moore argues that the state

capacity can have a significant impact on the scope and nature of civic engagement. Thus the propensity of “social groups to organize to influence the state depends on whether they believe the state has the authority and capacity to meet their demands” (Moore 2001: 326). He maintains that in order to increase political capabilities of the poor, donors should contribute to enhancing the capacity of the state, designing effective public policies and establishing an enabling environment, in which people would have the incentives to organise.

The main agents of change for these scholars are local citizens, who claim and negotiate their rights ‘from below’. At the same time, this view advocates the need for the state and donors to empower the poor by supporting an enabling environment in which the poor can organise politically. It considers participation as a politicised arena, in which citizens form partnerships with progressive state and societal agents in order to function in opposition to the oppressive institutions of the state. According to Fox (2004: 71), empowerment represents “institutionally recognised opportunities”. In order to trigger institutional change, both formal and informal institutions of the state need to encourage opportunities for participation, and the civil society actors should be willing and capable to engage with these opportunities. The change in the existing power structures can be induced through “cross-sectoral coalitions”, which would exercise pressures from both above and below (‘sandwich strategy’) (Fox 2004: 70). Similarly, Mohan and Hickey (2004: 69) see the change agent in coalitions that emerge between the state and society around “certain forms of exclusion and subordination”, and that transcend local communities to forge alliances with regional, national or global movements.

This approach is critical of the ‘reformist’ view of institutional linkages and policy improvements of the state-society partnership approach. Mohan and Hickey (2004: 69), for example, view state-citizen alliances in more radical terms than the state-society partnership view, “This is not in the sanitized and simplistic sense of state-civic synergies as promoted under the rubric of partnership (Evans 1997), but in the more political sense of party-social movement dynamics and within the context of a shared socialist-inspired project”. Thus whilst the state-society partnership view advocates building the asset base of the poor and removing institutional and structural constraints to participation through reforms and improvements, scholars of the structural approach propagate a direct action by the poor as a means to overcome the existing power barriers.

Conceptualised within the context of structure and power, this view attributes the transformatory power of citizens to their political capital and the ability to mobilise for a radical political action.

2.6 Conceptual Framework of the Research

This chapter reviewed various meanings of participation and their implications for development projects and development outcomes. Participation in development projects can be conceptualised, operationalised and promoted in different ways and for different objectives. Participation in development projects is often conceptualised narrowly, and it is often restricted to contribution of cash, materials and labour. Such participation is different from authentic or empowered participation, where local people assume important decision-making roles and responsibilities. In terms of its objectives, community participation is often promoted for improving project and/or service delivery outcomes and promoting local self-reliance. Participation in development projects can also be promoted as a means to local empowerment. The concept of participation as empowerment is radical, and is concerned with promoting structural change to enable citizens exercise and claim their rights and benefit from existing development opportunities.

This thesis adopts the wider definition of participation as empowerment. Following the wider definition of participation presented in this chapter, this study conceptualises participation as a state of social and institutional organisation in which citizens are empowered to influence and control decisions that affect their lives. Such conceptualisation is different from the narrow definition of participation, in which participation of citizens in local development is constrained to the provision of voluntary labour and resources. Thus, it implies that community members become active agents not only in terms of their physical and material contribution. It refers to the ability of individuals to take part in decision-making, hold officials accountable and claim citizenship rights. This view implies that participation is broad-based - not dominated by local leaders and elites; bottom-up - driven by the community members themselves and not by top-down directives; and inclusive – whereby all members have equal opportunities to take part in development processes. This conceptualisation of participation is based on the notions of citizen rights, inclusiveness and democratic

accountability. I use the term ‘civic participation’ to refer to empowered participation, and use it as a normative benchmark in analysing and interpreting the research data (Box 2.2).

Civic participation effectively implies institutionalisation of participation, in which citizens’ involvement in local development becomes the “normal way of conducting community affairs” (Midgley 1986a: 29). In other words, this implies that participation becomes not only “role-based” but also “norm-based” behaviour (Uphoff 1997: 9). As discussed in section 2.5.2 of this chapter, institutions are ‘the rules of the game’ that provide the overarching framework for political, social, and economic exchange in a society. In order to institutionalise participation, development interventions must induce institutional change, i.e., alter the nature of the existing institutions so as they support participation. In particular, development interventions must promote a change in the existing institutional and organisational arrangements for service delivery, problem-solving and decision-making in the contexts where participation is not an accepted or usual way of getting things done.

Box 2.2: Attributes of Civic Participation

- Participation in collective initiatives and networks is broad-based (not dominated or driven by leaders and elites) and inclusive (with non-priority groups).
- All members have equal opportunities to take part in development processes.
- Community members have the discretionary authority to convey their voice, influence important decision-making, and hold their leaders accountable.
- The role of leaders is important; at the same time, decision-making usually involves public participation, including prior dissemination of information, opportunity for debate and dissemination of results.

In the post-Soviet context, this implies that the existing Soviet-type institutions or networks must be replaced with ‘civic’ institutions. Thus, the prevailing institutional arrangements for getting things done, such as the reliance on the state, informal social networks and illegal activities (Box 2.1), must be replaced with a different, ‘civic’ forms of social and institutional organisation (Box 2.2). In this new institutional arrangement, participation in formal and informal groups and community activism become a legitimate and effective means for obtaining goods and services and governing local

development. Participation in the post-Soviet context can become institutionalised when both formal and informal rules and values support it.

In this thesis, I examine the effectiveness of the social fund model in promoting participation and capacity building from an institutional perspective. Thus, I investigate whether the ASIF micro-projects promoted change in the existing institutions and local social organisation in the sample communities to support meaningful participation and enhance local institutional capacity.

This chapter reviewed different approaches to promoting participation and civil society. The cultural view, which underpins many CDD and community-driven projects, implies that constraints to citizen participation are rooted in behavioural patterns, human abilities and social attitudes. It stresses the importance of strengthening social capital (defined as interpersonal trust and norms of co-operation), enhancing local knowledge and skills, and reducing psychological barriers to participation, such as the 'mentality of dependence' and paternalistic expectations. The institutional and state-society partnership views hold that the governance environment, the quality of public institutions and strong state-society linkages are crucial for fostering civil society. Depending on the character of the regime, the shape of public policy and the nature of governance, states can enhance or prohibit opportunities for individuals to participate. The structural view suggests that the promotion of participation as empowerment implies redistribution of power. It holds that changing the existing power relations is an inherently political task, and hence building the political agency or 'political capital' of the poor is as important as strengthening their social capital. These views raise important questions about the effectiveness and relevance of development interventions based on the cultural model. This research examines the effectiveness of ASIF's bottom-up development model, which it will be argued is based on the cultural view of institutional change.

This chapter argued that a key factor affecting the outcomes of community-driven projects is associated with the specific understanding and interpretation of participation by a donor agency and methodologies employed for promoting participation and capacity building. There are also complexities associated with existing structural and institutional relationships at the national and local level. Some difficult questions that

development professionals face are how to define ‘community’ in development projects so as to reflect the heterogeneity of local needs and preferences, how to counter the possibility of elite capture of development benefits, how to ensure the inclusion of all social groups in development processes and how to create incentives and conditions for meaningful and sustainable community participation. Some of these complexities are discussed in this thesis with regard to the ASIF project. In particular, this thesis examines ASIF’s conceptualisation of participation and the effectiveness of ASIF’s outreach and social mobilisation methodologies and operating procedures in promoting participation and capacity building. It explores how the ASIF micro-projects addressed the issues of diversity of local interests, inclusion, local capture, and accountability.

This chapter discussed the existing preconceptions and understanding about the Soviet and post-Soviet civil society and community participation. The weak associational life in most Soviet countries has been interpreted as reflecting the weakness of civil society in general. The existing communal forms of social organisation in post-Soviet society have been either overlooked or considered ‘uncivic’. It is a commonplace belief that the ‘Soviet mentality’ and weak social capital prevent community members from initiating solutions to local problems and actively managing local development. This chapter demonstrated that both associational and communal forms of civil society indeed existed in the Soviet Union, although their substance and manifestations were different from the commonly accepted Western notion of civil society. This research tests the existing preconceptions about the post-Soviet civil society and community by exploring the nature of institutional and social relations and patterns and nature of community participation in the sample communities.

The next chapter, Chapter Three, reviews the key objectives, design features and operating procedures that most social funds share. The chapter presents the main assumptions behind the social fund bottom-up model for promoting participation and capacity building.

Chapter Three. Social Funds as a Development Model

This chapter reviews the key objectives, design features and operating procedures that most social funds share. Based on agency and project literature, this chapter deconstructs the main hypotheses and assumptions underlying World Bank supported social fund projects. In particular, it presents the main hypotheses and assumptions behind the social fund bottom-up model for promoting participation and capacity building. These hypotheses and assumptions have been used to construct the research framework and define the key indicators for assessing the processes and impacts of the ASIF micro-projects in the sample communities (Figure 5.3).

3.1 The Growth and Evolution of Social Funds

One of the main models of community-driven development are social funds or social investment funds. Social funds are perceived to be more effective than traditional government instruments in improving local service delivery and promoting participation (Rawlings *et al* 2004; Jørgensen and Van Domelen 1999; Narayan and Ebbe 1997; Schmidt and Marc 1995). First, social funds are thought to be effective and efficient providers of essential social and economic infrastructure to the poor (Box 3.1). They have a reputation for fast disbursements and low costs and low overheads in delivering infrastructure. Second, social funds are considered flexible and adaptable instruments that can be applied in a variety of circumstances and for various objectives. Thus, it is thought that they can provide temporary safety nets during crises and natural disasters as well as longer term social protection and policy support; serve as effective procurement agents for construction of local infrastructure and act as catalysts for community development. Finally, as bottom-up and decentralised delivery instruments, social funds are thought to be in a better position to promote community participation, empower the poor and vulnerable, generate trust and strengthen local institutions and community groups.

The objectives and strategies of social funds have evolved over time. Social funds originated as temporary emergency mechanisms to reduce the negative impact of the economic crises and structural adjustment programmes of the late 1980s in Bolivia,

Honduras, Ghana, Zimbabwe and some other countries.³⁸ A common characteristic of the early emergency funds was that they were “supposed to disappear” once the crisis situation was over (Schmidt and Marc 1995: 5). Over time, however, the mandate of social funds as providers of temporary social safety nets has changed. Since the mid-1990s, social funds have been increasingly aspiring to achieve more sustainable developmental effects. Today, social funds place greater emphasis on long-run improvements in living conditions and institutional development. It is thought that social funds can be important instruments in social risk management strategies (Jørgensen and Van Domelen 1999). It is believed that in addition to their risk coping function, social funds can be “potentially important vehicles for risk reduction and mitigation” (Jørgensen and Van Domelen 1999: 21).

Social funds pursue diverse mandates adapted to different country circumstances. Development of social and economic infrastructure is the core activity of most social funds. In about 80 percent of their projects world-wide, social funds provide grant funding to local communities, local governments and other local agents for improving priority infrastructure (Rawlings *et al* 2004: 1). Social funds finance social and economic infrastructure in various sectors, including education, health, irrigation, water supply and sanitation. Besides infrastructure projects, some social funds provide financing for improving the delivery of important social care services, including support for persons with disabilities (Egypt, Yemen and Honduras), school feeding programmes (Panama), programmes for youth and the elderly (Chile), family counselling (Jamaica), teacher training (Moldova) and targeted interventions for vulnerable groups (Panama). In several countries (Chile, Honduras, Bolivia and Zambia) social funds provide support to local governments in order to build their capacity to effectively identify and manage local level investments. Many social funds (Chile, Yemen, Egypt and Albania) support income generating activities by facilitating access of the poor and disadvantaged to financial services and providing technical assistance to encourage development of micro-finance institutions. Empowerment, social capital and capacity building are increasingly becoming the explicit goal of many social funds. In the OED review of social funds, about one third of social funds (21 of 66) included capacity building among their objectives (OED 2002: 41). Community empowerment was stated among

³⁸ The first, ‘emergency’ social fund was established in Bolivia in 1987.

social fund objectives in twelve percent of funds. Five percent of relatively recent funds mention social capital and social cohesion among their objectives.

Box 3.1: Social Funds as Service Delivery Instruments

The primary impact of social funds on human welfare has been in terms of improved quality of social infrastructure and the level of service provision. Social funds have been successful in construction of infrastructure in health, education, water, irrigation and other important sectors. The findings of the World Bank's cross-country evaluations (Rawlings *et al* 2004, OED 2002) suggest that creation of facilities by social funds increased access to essential services and improved welfare outcomes. How sustainable are social fund benefits? The existing evaluations point out that infrastructure sustainability remains a key challenge for most social funds (IADB 1998: 6; Carvahlo *et al* 2002; Rawlings *et al* 2004). Some of the key issues that have been found to affect the probability of sustaining the infrastructure benefits include inadequate arrangements for ensuring technical quality of micro-project facilities (e.g., inadequate standards and designs and poor supervision); lack of clarity and awareness of maintenance roles and responsibilities of different parties; and inadequate local financial and technical capacity to undertake O&M (Carvahlo *et al* 2002: 8).

3.2 The Design and Operating Procedures of Social Funds

It is difficult to make generalisations about social funds as they all have different organisational models and methods of operation. Based on the review of the literature on social funds, I have identified a number of important design features and operational characteristics that most social funds share. These characteristics make social funds different from and allegedly superior than traditional service delivery instruments. These include decentralised and participatory micro-project implementing principles, demand orientation and organisational autonomy.

3.2.1 Community Participation

Social funds operate in a decentralised and participatory fashion as distinct from over-centralised public sector programmes. The tasks of investment selection, design, and construction are carried out by community groups and/or local governments, NGOs and private firms, and not by a specialised public agency. Social fund micro-projects are implemented through a project implementing agency (or implementing committee). Such implementing agencies (IAs) can be a locally elected community committee authorised by the beneficiary community to act on its behalf (Armenia, Peru and Zambia). In many social funds (Honduras and Nicaragua), beneficiaries may be

represented by a variety of local intermediary agents, including local representatives of national and regional authorities, local governments, and NGOs and CBOs. In others (Bolivia), funding requests are primarily channelled through municipal governments. Of 60 social funds reviewed in the World Bank's OED study, 23 percent worked only with communities, 8 percent worked exclusively with local governments, and 60 percent allowed participation of both communities and local governments (Carvahlo *et al* 2002: 17).

Social funds aim to transfer control over resources and decision-making to micro-project beneficiaries. This is different from the top-down project planning and implementation programmes that ignored user preferences and incentives and that were mainly geared towards providing engineering solutions. Beneficiary participation in all stages of a micro-project cycle is considered to be an important factor in influencing the appropriateness, impact and sustainability of social fund micro-projects (Schmidt and Marc 1995: 6). It is believed that participation can ensure that micro-projects are more likely to reflect local priorities and are more likely to be used by the local population. It can also engender community ownership and greater willingness to take responsibility for the O&M of the investments. The World Bank's review of social fund BAs found that the effects on the project relevance, quality, transparency and capacity building were greater in the social funds where the beneficiaries took part in micro-project activities through community committees as opposed to other intermediaries (Owen and Van Domelen 1998: 33, 37). The World Bank's cross-country evaluation of social funds (Rawlings *et al* 2004: 151-153) suggests that community participation in the micro-project activities ensured greater utilisation and sustainability of services. Community participation is also promoted by social funds as a means for empowering communities and building local capacity (more detailed discussion follows in section 3.3).

Most social funds differ in their operating procedures and implementation mode and the extent to which they encourage community participation. This section provides a general description of some of the mechanisms that social funds use to promote community participation (Box 3.2).

Most social funds undertake a promotion campaign to make potential beneficiaries aware of the funding opportunity and to elicit local demand. Promotion usually includes

dissemination of information about the work of the social fund, the requirements and procedures to follow to access social fund resources, the types of investments that the social fund may finance and the expected costs and responsibilities the micro-project may incur.

Beneficiaries are required to identify and prioritise their most immediate needs and decide on the micro-project proposal. The identification is carried out at an open community meeting, in which different groups have a chance to discuss and reach consensus on community problems and possible solutions. It is only possible to request micro-projects that have been accepted by the majority of the community.

Social funds often formalise participation by requiring communities to elect locally-based community committees as a micro-project IA. The IA is delegated with the tasks of project preparation, implementation and management. To ensure that the selection of the committee is fair, a certain percentage of the community's households (from 30 to 50 percent) are required to be present at the meeting and sign the minutes of the meeting.

Construction works are usually executed through small private sector contractors. In some social funds (Ethiopia), communities are encouraged to execute civil works themselves. In these funds, implementing agencies contract labour directly from the community.

In some social funds (Malawi, Zambia and Peru), procurement and financial management throughout the project cycle are decentralised to the community level. This is thought to be especially crucial for promoting local control and ownership (Narayan and Ebbe 1997: 17; De Silva 2000: 7). In these social funds implementing agencies select and hire contractors and purchase necessary goods and materials. They can hold bank accounts, handle funds and make payments to the contractors and suppliers. In many social funds, financial management remains with the social fund (Armenia, Yemen and Moldova). In this scenario, the community participates in identifying and selecting a contractor; contractors are hired by the social fund on behalf of the community, and funds are channelled from the social fund to the contractor.

The IA members are required to supervise the micro-project themselves or to hire local supervisors from outside. In case community is not satisfied with the contractor's performance, it may be able to withhold payments. Community can also be granted with the authority to certify satisfactory completion of works.

In order to ensure community involvement and encourage transparency and accountability, the IA is required to regularly share information with the public on the implementation and financial progress. This may include scheduling public meetings, posting reports and making announcements in public places. For transparency purposes, it may be required that the accounts books be accessible to the community.

Box 3.2: Social Fund Micro-Project Implementing Principles

- Beneficiaries attend a community meeting and select a micro-project
- Beneficiaries elect a community committee (implementing agency)
- Community is involved in micro-project design and planning
- Community prepares and submits proposals to social funds
- Community is required to commit to O&M
- Community makes in-kind, cash and/or labour contribution
- Community directly participates in execution of civil works
- Community is legal signatory in agreement with social fund
- Community opens bank account and handles funds
- Community has the authority for procurement of goods and services
- Community organises work schedules
- Community has supervisory authority
- Community reports on physical progress and financial status
- Community can withhold payments to contractors
- Community certifies satisfactory completion of work
- Community participates in evaluation

Adapted from Narayan and Ebbe (1997)

The level of direct beneficiary participation can vary throughout the micro-project cycle. The World Bank's review of social fund BAs found that the highest level of community participation was at the micro-project identification stage, and the extent of participation narrowed during the preparation and design stage (Owen and Van Domelen 1998: 23). Participation of beneficiaries during micro-project execution was mostly limited to resource mobilisation and manual labour contributions (Owen and Van Domelen 1998: 24). Community participation weakens after the identification phase, as the task of micro-project preparation and execution is transferred to the implementing agency formally acting on behalf of the greater beneficiary community.

One of the dilemmas of the social fund participatory approach is the trade-off between the need for rapid implementation of micro-projects and the objectives of promoting participation and building local institutional capacity (Schmidt and Marc 1995: 6; Khadiagala 1995: 27). Achieving meaningful participation requires effective social intermediation, which can be time and resource consuming. Pressures for quick disbursements and micro-project completion that many social funds face can often undermine community participation (World Bank 1999a: 10; Bigio 1998: 123).

It is believed that social funds are relatively successful in reaching the poor, especially compared with traditional line ministries (IADB 1997: 15; Owen and Van Domelen 1998: 22; Rawlings *et al* 2004: 51). The World Bank's cross-country evaluation concludes that although the poorest of the poor were well-represented among social fund beneficiaries, the non-poor also benefited from social fund interventions (Rawlings *et al* 2004: 64). At the same time, it is argued that social funds use a broad focus on poor communities, without proactive efforts to reach out to socially excluded communities, households and individuals (Jørgensen and Van Domelen 1999: 18). DFID's evaluation of social funds mentions that "there is little evidence that particularly vulnerable groups and individuals *within communities* are included or supported to formulate projects" (Fumo *et al* 2000: 17).

3.2.2 Demand Orientation

Social funds are intended to be demand-driven. They have a decentralised, community-based way of investment selection as distinct from traditional supply-driven technocratic resource allocations. This assumes that decisions about service provision are not made by governments based on their definitions of 'needs', but are taken by the users themselves. The demand-driven mechanism is believed to ensure that the selected investments reflect beneficiary priorities. The availability of local demand is thought to be crucial for determining community's support for the micro-project and motivation to participate. A better match between community demand and service delivery is thought to increase community satisfaction, further encourage community ownership and support, and help mobilise community's involvement in the O&M (Narayan and Ebbe 1997: 45; Rawlings *et al* 2004: 139).

Social funds usually establish the types of activities and sectoral areas which are eligible for financing. Most social funds use a so called 'closed menus', in which communities are given a range of possible investment options from which to choose micro-projects (as well as a list of ineligible micro-projects). Proponents of this approach claim that closed menus have targeting advantages. They only allow investments in services that are more likely to be demanded by and benefit the poor (Weissman 2001: 21). Closed menu micro-projects are simple to design, prepare and implement by using standard project plans, predefined operational procedures, sets of objectives and outcome indicators. They also help to ensure that beneficiary preferences are in line with national priorities. A strong criticism of this approach is that closed menus constrain community choice and the opportunity to express their actual felt needs. Social fund BAs show that closed menus have often been exclusive and narrowly defined (Owen and Van Domelen 1998: 21). Closed menu micro-projects do not leave much scope for innovation and creative problem-solving (Weissman 2001: 21). The 'true' community demand may also be distorted by the nature of the investment. For example, not all desirable micro-projects may be feasible to implement and operate because of logistical and/or financial considerations (Rawlings *et al* 2004: 142). In their micro-project proposals communities are often guided by 'feasible' objectives that may not necessarily represent their top priority choice.

Most social funds require some form (monetary, labour and/or in-kind) of contribution from beneficiaries as the evidence of community commitment. Community contribution is usually required by social funds up-front, before construction or release of funds. Contributions usually comprise at least ten percent of the micro-project cost. The willingness to provide a contribution by beneficiaries is believed to indicate that the micro-project responds to the local demand. Community contribution can ensure that communities have some financial stake in the micro-project and would be willing to sustain micro-project benefits. The contribution of money and labour by the communities is also seen as a means to "free up public resources for other uses" (Bigio 1998: 25). There are concerns that the contribution requirement may be an obstacle for many poor to participate. In practice, communities often fail to fully comply with the contribution requirement. There is a consistent discrepancy between target rates and actual levels of contribution in many social funds (World Bank 1999a: 20). It may also be much heavier burden for the poor rather than the better-off community members. For

example, some beneficiaries of social fund micro-projects had a perception of unequal burden sharing within community (Owen and Van Domelen 1998: 25).

There is an inherent contradiction between the demand-driven nature of social funds and their effectiveness in reaching the poorest and marginalised communities. Due to the demand-driven mechanism of social funds, their ultimate targeting success depends on the ability and willingness of poor communities to participate. The poorest communities may often lack the necessary administrative and technical skills, resources and linkages to official networks to design viable micro-project proposals and to articulate their demands (Schmidt and Marc 1995: 6; Stewart 1995: 128; Jack 2000: 12; Tendler 2000: 117). This implies that the targeting effectiveness of social funds may be limited, and they may mainly benefit the “better-off, better organised, or less remote” communities (Tendler 2000: 120). Several beneficiary assessments indicate that due to the lack of effective leadership or geographic isolation, many poor communities in targeted regions were not able to take part in social fund micro-projects (Owen and Van Domelen 1998: 22). Some social funds adopt flexibility with regard to community contribution by requiring different levels and types of beneficiary contribution depending on the beneficiary ability to pay.

3.2.3 Organisational Autonomy

Social funds are generally considered to be part of the public sector; at the same time, they enjoy considerable organisational autonomy. First, social funds have an independent legal status, and they are most often established as new agencies outside line ministries. In many countries, social funds report directly to the President or the Prime Minister. Second, they have relative independence in annual program planning and budgeting and in formulation of the policies and administrative procedures. Most social funds are overseen by a Board of Directors or a Steering Committee which are normally composed of representatives of the government and NGOs. Third, social funds are usually exempt from the national public sector rules with regard to recruitment and salary structures, as well as procurement and disbursement procedures. Even when social funds are set up within a line ministry (Zambia and Armenia), they enjoy independence from many public sector restrictions.

One of the reasons for successful performance of social funds is attributed to the fact that, due to their autonomous status, they bypass existing institutional structures (Bigio 1998: 27). Their status is thought to safeguard against likely political interference and ensure that social funds are accountable to their main beneficiaries (Schmidt and Marc 1995: 9). The autonomy of social funds is intended to protect social funds from the inefficiencies that are associated with the government agencies. It is argued that in order to effectively deliver essential assistance to the neediest groups, social funds should bypass the existing official institutions, especially when the latter are inefficient and corrupt (Jack 2000: 14-15). Autonomy can ensure operational speed and flexibility of decision-making in planning, financing and implementation. For example, it allows social funds to disburse funds to the needy communities in a more rapid manner than public sector agencies (Khadiagala 1995: 25). Due to their flexibility in planning and budgeting processes, social funds can make modifications and adjustments in their investment programs on a recurrent basis and adapt their operational procedures to the changing circumstances (Weissman 2001: 36). As social funds are exempt from the civil service salary schedule, they can offer competitive salaries and hence tend to attract highly qualified staff.

Such an autonomous institutional set-up can also have its downsides. As social funds operate outside the government realm, there is often little interaction between social funds and central government, which results in little capacity building of the government. There has been marginal success in training and transferring the experience and techniques of social funds to line ministries (Jørgensen and Van Domelen 1999: 12; Carvahlo *et al* 2002: 13). There are only very few cases of a line ministry or agency changing its operational methods under the impact of a social fund (Weissman 2001: 13). The DFID review maintains that in most cases social funds create parallel institutional structures rather than work to reform existing government agencies (Fumo *et al* 2000: 11). The operational autonomy of social funds may not be conducive to effective co-ordination of their activities with existing macro-economic and sectoral policies. There are no safeguards that social funds be moving in the same direction as national policies and strategies (Fumo *et al* 2000: 12; Jørgensen and Van Domelen 1999: 12). The autonomy does not necessarily assure that social funds are truly independent in their resource allocation decisions. Social funds are not immune from political

manipulations, and they still remain vulnerable to outside influences (Tendler 2000: 118, 121).

3.3 Social Funds as Agents of Institutional Change

As described earlier, social funds are increasingly adopting empowerment and social capital building as their explicit objectives. The concepts of empowerment and social capital have become popular in the development discourse and the social fund language since the late 1990s. Participation in development projects as a means to empowerment and capacity building was promoted in community development projects and some social funds before the concepts of empowerment and social capital entered the mainstream development. For example, Oakley (1991) based on his analysis of project literature concludes that the involvement of people in economic or physical activities was promoted to develop group cohesion, solidarity and local capacity throughout the 1980s. The ASIF project belongs to the second generation of social funds, which were conceived in the mid-1990s. The second generation of social funds is different from the early, or 'emergency' funds of the late 1980s-early 1990s. As Chapter Four shows, in addition to its emergency infrastructure rehabilitation objective, ASIF also had developmental objectives of promoting participation and capacity building.

Most second generation social funds use the term 'capacity building' to refer to the objective of promoting community participation and local self-reliance. A community's *capacity* is the ability to effectively and consistently perform such crucial functions as decision-making, resource mobilisation and management, communication and co-ordination, and conflict resolution (Uphoff 1997: 9). Narayan and Ebbe (1997: 33) define *organisational capacity* in social fund projects as "the ability of people to trust one another, work together in solving problems, mobilise resources, resolve conflicts, and network with others". The terms 'organisational capacity' and 'institutional capacity' are often used interchangeably in the social funds project literature, despite the difference in those two terms.³⁹ The social fund bottom-up model is based on a *de facto* framework and has not been manifested in the literature in a consolidated manner. This

³⁹ The term institutional capacity is broader than organisational capacity, although the two overlap. Institutions are complexes of norms and behaviours that persist over time and serve collectively valued purposes, while organisations are structures of recognised and accepted roles (Uphoff 1993: 16-17). Organisations can become institutionalised once they acquire legitimacy as a complex of norms and behaviours that people feel obliged to accommodate and comply with.

section presents the bottom-up model drawing on project literature and practices of international development agencies and on its theoretical foundations in the global literature. This section also draws on the analytical framework of the OED evaluation design paper (OED 2000), based on the main hypotheses and assumptions behind the World Bank supported social fund projects.

Social funds are based on the ‘bottom-up’ development model for promoting participation and institutional capacity building. This model presumes that participation and capacity building effects can be achieved in several ways. First, social fund micro-projects are said to have a ‘learning by doing’ effect (Narayan and Ebbe 1997: 33). Participation in social fund micro-project activities can enhance community’s access to information and experience. Through their participation in the micro-project cycle, community members learn new ways and methods of tackling local problems. In particular, the positive experiences of interaction may enable community members appreciate the benefits of a collective action and community-based solutions to local problems. Participation in the micro-project can also help develop and/or improve technical, organisational and administrative skills of community members.

Second, participation in decision-making and problem-solving can have an empowering effect on individuals. It can lead to changes in attitudes, behaviour, and confidence and can enable people to become more actively engaged in local affairs, take initiative and exercise voice and leadership (Narayan 1995b: 26).

Finally, it is thought that social fund micro-projects can enhance social capital by assisting communities in developing structures and norms. Thus, social funds help establish community-based institutional structures (e.g., implementing agencies) that can continue functioning to solve other problems after micro-project completion and can become a focal point for the community activity in the future. By establishing institutional structures and promoting formation of community groups, social funds create spaces for community participation and interaction. Frequent interactions among community members and positive problem solving experiences reinforce and cultivate norms of trust and relations of solidarity.

The literature on social funds defines social capital following Putnam's conceptualisation as "trust influencing collective action" (Kammersgaard 1999: 2). In order to examine how social capital is conceptualised and operationalised in the discourse and practice of development agencies, this chapter draws on the framework offered by Uphoff (2000).⁴⁰ Uphoff (2000: 218-219) suggests that there are two types of social capital: *structural* and *cognitive*. Structural social capital is manifested through formal and informal networks and institutions. Within an institutional context, specific (formal and informal) roles and their accompanying (implicit or explicit) rules, precedents and procedures guide individuals' behaviour and regulate activities. Cognitive social capital is a result of mental processes reinforced by culture and ideology. It is comprised of norms, values, attitudes and beliefs. Some of the manifestations of cognitive social capital are reciprocity and trust, solidarity and generosity (Uphoff 2000: 241-242).

The two forms of social capital are complimentary and mutually reinforcing. Cognitive processes predispose people toward collective action. Norms, values, attitudes and beliefs create expectations about how people in certain roles should and will act under various conditions. Thus shared norms (or expectations) of trust and reciprocity make co-operative behaviour of people more likely. Relationships of trust increase likelihood of acceptance of responsibilities; and social networks facilitate enforcement of responsibilities. In their turn, elements of social organisation establish patterns of communication and co-operation, co-ordinate individual behaviour and facilitate collective action (Uphoff 2000: 218, 229).

How does social capital grow? Social capital exists in the relations amongst people and can come about through changes in these relations (Coleman 1988: 19). Such changes can be promoted through processes of interaction between people in a community. In particular, the process of building social capital depends on the quality and quantity of social interactions (Falk and Kilpatrick 1999: 16). Intensive and positive interactions can establish a process of social learning and produce changes in attitudes, skills and knowledge of people. Such learning has the potential to change expectations about people's behaviour and hence cultivate norms of reciprocity and trust through which

⁴⁰ Uphoff's categorisation of social capital is widely used at the World Bank in relation to social funds. For example, see Serrano (2003).

actors can become more willing to work collectively with one another. Social structures with underlying roles, rules and procedures can reinforce expectations of supportive behaviour and strengthen cultural traits that may have led to co-operation in the first place (Krishna 2000: 76). Successful co-operation and performance that match empirical and normative expectations of benefits can have reinforcing effect on both forms of social capital. This can create expectations that future behaviour will be positively rewarded, make the probability of future collective action more likely and encourage future collaborative efforts in new areas.

It is assumed that the improvements in people's skills and abilities, attitudinal changes and strengthened social capital would enhance community's institutional capacity (Jørgensen and Van Domelen 1999: 20). Institutional capacity is operationalised in social funds as the ability of communities to actively participate in local development, undertake mutually beneficial development initiatives and effectively solve collective action problems. Thus, it is thought that after participation in the micro-project activities individuals will be more willing and able to participate in local development and initiate new development projects or activities in order to solve community problems (Schmidt and Marc 1995: 6; Narayan and Ebbe 1997: 33). In these projects and activities, they may collaborate and form networks with other individuals, and hence contribute to further widening of social networks within and outside their communities. The role of social fund micro-projects as 'vehicles' for community development has been described by Narayan and Ebbe (1997: 33) as follows,

Development projects can be instrumental in helping local groups to organise themselves to solve their own problems and to network with others to mobilise resources and design solutions. Once a particular set of project-related challenges has been met, such groups often move on to addressing other problems. Their new skills result in continued development that can be sustained beyond the lifetime of particular micro-projects.

The enhanced institutional capacity can also be manifested in the ability of local communities to effectively resolve collective action problems. In particular, relations based on shared norms and values can enhance the likelihood of establishment, acceptance and enforcement of rules and responsibilities for effective O&M of local infrastructure and governance of common resources (OED 2000: 11-12).

It is argued that in order for social funds to succeed in building community capacity, they should explicitly incorporate capacity building assistance into their goals and

budgets (World Bank 2000d: 6, 19). This first of all implies that social funds should pay greater attention to developing human capital. In particular, the ‘learning by doing’ approach should be complimented with specifically tailored training/capacity building exercises in order to improve the technical knowledge and organisational skills of individuals.

3.4 Conclusions

This chapter described the main objectives and operational characteristics of social funds. Most social funds share similar design and operational features, including decentralised and participatory method of micro-project identification, preparation and implementation, demand orientation and organisational autonomy. The chapter highlighted the trade-off between the need for rapid implementation of micro-projects and the objectives of promoting participation and capacity building. The chapter also discussed the contradiction between the demand-driven nature of social funds and effectiveness in reaching the poorest and marginalised communities. The chapter suggests that the operational autonomy of social funds may not be conducive to effective co-ordination of their activities with existing macro-economic and sectoral policies and for building the institutional capacity of the central government.

The chapter reviewed the theoretical and operational assumptions behind the social fund bottom-up development model for promoting participation and capacity building. This model assumes that participation in the micro-project activities can improve knowledge, skills and abilities of community members, contribute to individual empowerment, and enhance local social capital, which will translate into increased participation and institutional capacity of local communities. I have used these assumptions to construct the research framework and define the key indicators for assessing the processes and impacts of the ASIF micro-projects in the sample communities (Figure 5.3).

The next chapter, Chapter Four, reviews the objectives, design, micro-project implementing principles and operational procedures of the Armenian Social Investment Fund (ASIF) project.

Chapter Four. The Armenia Social Investment Fund Project

This chapter examines the objectives, micro-project implementing principles and operating procedures of the ASIF project. In particular, it reviews ASIF's participatory requirements, appraisal criteria and performance indicators that were designed to promote community participation in the micro-project cycle and enhance local institutional capacity. I have used this information in Chapter Five to distil the main hypotheses and assumptions underlying ASIF and design the research framework and key indicators for this study (Figure 5.3). The chapter is based on my review of the World Bank ASIF Project Staff Appraisal Report (World Bank 1995); ASIF's Operational Manual (ASIF 1998) and Beneficiary Impact Assessments (ASIF 1997, 2000), and the World Bank supervision reports. The chapter also draws upon my interviews with the ASIF staff members, which helped clarify ASIF's institutional design and micro-project implementation methods.

4.1 ASIF's Objectives and Contribution

The Armenia Social Investment Fund Project (ASIF) carried out its activities from January 1996 until December 2000. The objective of ASIF was to support vulnerable groups in Armenia through the improvement of basic social services, employment generation and capacity building. ASIF was founded by the Government of Armenia, with the support of the World Bank. ASIF's status and organisational structure are presented in Box 4.3. The total cost of the project was US\$17.45 million. The World Bank provided most of the funding; the project also included financial contributions from the Dutch government, Armenian Diaspora organisations, the Armenian government and local communities. ASIF provided grant finance for the rehabilitation of essential economic and social infrastructure in response to requests by local groups in both rural and urban areas. In particular, ASIF supported small-scale projects (micro-projects) for the rehabilitation of schools, potable water supply networks, irrigation systems, health care facilities, village access roads and other small-scale infrastructure.

In total, ASIF received 726 micro-project proposals and funded 259 micro-projects. The approximate average cost of each micro-project was US\$50,000. The promotional activities were completed by the end of the second year in all regions of Armenia, and

the bulk of the proposals (close to 500) were received by then. Of the total 259 micro-projects, 35 percent were small-scale school rehabilitation, 32 percent were potable water projects, 11 percent were irrigation rehabilitation micro-projects and 5 percent were health facilities. The remaining 17 percent of micro-projects included works on community centres, orphanages, roads, sewage and waste, and landscaping. In terms of micro-project distribution, about 38 percent were carried out in the earthquake zone (Lori, Shirak and Aragatzotn regions (*marzes*), 25 percent were in Yerevan, 21 percent in the regions bordering with Azerbaijan which suffered during the Karabakh conflict (Tavush and Syunik), and 15 percent in the remaining five *marzes*. ASIF's poverty targeting approach is presented in Box 4.1.

Box 4.1: ASIF's Poverty Targeting

In allocating resources ASIF primarily targeted areas of poor infrastructure, and not necessarily those of poorest income. In order to cover the whole territory of Armenia, each of forty former administrative districts (*shrjan*) was allocated US\$90,000. The distribution of the rest of ASIF's funds was based on the assessment of a district's socio-economic development and the number of its population. To determine the level of socio-economic development and classify districts, a poverty ranking and prioritisation of districts was conducted during the ASIF project preparation. Additionally, in order to assess and prioritise the infrastructure needs in specific villages and urban neighbourhoods, ASIF's promotion officers conducted on-site needs assessment (local study) during their field visits. The priorities of the Armenian Government played an important role in the ASIF allocations. Based on the Government's economic development priorities, ASIF reallocated some of the unspent resources to the areas with the poorest infrastructure: the earthquake zone (Shirak, Lori and Aragatzotn) and to the regions that suffered most during the conflict with Azerbaijan (Tavush and Syunik). -

The ASIF micro-projects generated a visible development impact in terms of social and economic benefits to the communities. The ASIF activities improved the essential social and economic infrastructure and facilitated access to essential services (ASIF 1996; 1997). During the period of ASIF's implementation, 5,160 persons received employment for the duration of five months, of which 1,720 were skilled jobs. Most of these jobs were temporary, lasting only through the construction phase of a micro-project. The wages for the unskilled labourers were at the level of minimum poverty wage (1, 000 to 2, 000 *drams* or US\$2-4 per day), and did not provide significant means for coping with poverty. ASIF was crucial in fostering private sector development by introducing competitive procurement and providing training to small-scale contractors (178 contractors in total). ASIF played a key role in introducing and consolidating transparent competitive bidding in Armenia's construction industry.

Promoting community participation and capacity building was an important objective of ASIF, which was reflected in the micro-project implementing principles and ASIF's operating procedures (World Bank 1995: 14, 26, 39). Participation was thought to help better identify priority needs, enhance community's sense of ownership and provide incentives for beneficiaries to commit to the maintenance of the rehabilitated infrastructure. ASIF was expected to "reinforce a sense of ownership and involvement at the community level contributing to the change of attitude necessary for successful transition at grassroots", and to "demonstrate the importance of beneficiary participation in poverty reduction and provide an efficient and effective model for implementation" (World Bank 1995: 39). It was envisaged that ASIF would "increase local initiatives in the area of social support" (World Bank 1995: 26). ASIF's Operational Manual states "encouragement of the attitude of self-help" as one of its main objectives (ASIF 1998: 6).

The ASIF micro-projects were expected to generate traditions of self-reliance and self-help through involving communities in decision-making processes and management of rehabilitation activities. Thus, it was assumed that participation in the micro-projects could strengthen the administrative, technical and institutional capacity of local communities and local governments to prepare and implement projects, undertake competitive bidding, and manage contracts. In addition, it was thought that the experience of participation in the micro-project cycle can raise the awareness and understanding of community members and local governments in new ways of identifying and managing local projects, demonstrate the benefit of participation in local affairs and support communities to become more active and initiative-taking.

4.2 ASIF's Micro-Project Cycle and Implementing Principles

ASIF developed a number of participatory micro-project implementing principles to ensure beneficiary participation in all stages of the micro-project cycle (Box 4.2). ASIF's micro-project cycle comprised the following stages: micro-project initiation, identification, planning and proposal preparation, and implementation.

4.2.1 Micro-Project Identification

ASIF only accepted those proposals which were identified by the benefiting community. This was to ensure that the micro-projects were demand-oriented, i.e., that they reflected the real urgent needs of the community. Community identification was also considered crucial for ensuring that beneficiaries were involved in the micro-project from the on-set. Beneficiaries were expected to initiate and select micro-projects at a *general community meeting*. In rural areas, ASIF considered the level of community support acceptable when: (i) the community held a meeting where at least thirty percent of the adult population of the community attended (attendees were required to sign in and the meeting's minutes were to be kept); or (ii) any person or group within the community organised a petition supporting a micro-project, which was signed at least by at least fifty percent of the adult population of the community.

Micro-project identification was based on the 'closed menu' approach. The ASIF beneficiaries were offered a range of possible investment options from which they could choose their priority micro-projects. Minutes of the community meeting or the meeting of the group organising the referendum were to be enclosed in the proposal, together with the list of participants and their signatures.

4.2.2 Micro-Project Preparation and Implementation

Micro-project preparation and implementation was delegated to the beneficiary community. From this stage beneficiary participation was mostly exercised through an intermediary agent – the *Implementing Agency* (IA). Any registered or unregistered local group and community based organisation could serve as the IA. Most commonly, the community elected the IAs at the general community meeting or on the basis of the results of the referendum. At least four community members were required to be included in the IA.

ASIF required communities to provide *community contribution* which was thought to indicate the 'true' community demand and enhance local support. A contribution of at least ten percent of the micro-project cost was required for the micro-project acceptance by ASIF. When a community was unable to provide a contribution of ten percent due to

extreme poverty, ASIF could use its discretion to reduce it up to five percent. The contribution could be in-kind (e.g., construction materials or design plans and drawings), labour or cash. Any person, organisation or local government could contribute to the micro-project on behalf of the community. The contribution was required to be paid after the micro-project approval but prior to the initiation of the bidding process.

After the community identified the micro-project and elected the IAs, the tasks of micro-project planning, proposal preparation, implementation and management were formally transferred to the IAs. At the *micro-project planning and proposal preparation* stage, the IAs were required to undertake the following activities:

- Ensure that resources and/or local labour were available for the required community contribution.
- Secure permits for construction works from authorised organisations, and from individuals concerned.
- Provide description of works and a simple tentative budget with the micro-project estimated cost.
- Secure O&M commitments from the authorities concerned and prepare a Sustainability Plan for the micro-project facility.
- Complete standard proposal forms and enclose all the necessary attachments, including the resolution of the general community meeting and the list of signatures of the meeting.

The IAs were responsible for general management of the implementation of the micro-project. This included the following aspects:

Civil works. The construction was mostly conducted by small-scale private contractors. The contractors were chosen through competitive bidding. The contract was awarded to the qualified contractor that had offered the lowest evaluated bid price. The contractor itself organised its work schedule. For small and simple micro-projects of under US\$30,000 value, and when no contractors were available, the IAs themselves could carry out civil works.

Procurement and financial management. The IAs were formally responsible for preparing bidding documents, drafting invitation to bidders, conducting the bidding, analysing the bids and contracting the winning company to carry out construction works. The IAs did not have any authority over the micro-project's financial management. ASIF directly paid contractors or suppliers when requested by the IA and after ensuring that the requested payment was justified. ASIF itself contracted engineers or design firms for the required technical studies and/or technical designs and drawings.

Supervision. The IAs were responsible for monitoring work progress and the quality of implementation. The IAs were required to contract an independent local supervisor for daily supervision of civil works. The supervisor was expected to work directly with contractors to monitor the progress of civil works, identify problems and bring them to the attention of the IA and ASIF. Costs for the supervisor services were included in micro-project expenses (up to three percent of total costs). ASIF itself made direct payments to the local supervisor. The IA had the authority to certify accomplished works and approve instalment payments to the contractor. The IA reviewed the Statement of Accomplished Works (SAW) submitted by the contractor and certified its correspondence with the completed works. The IA then submitted a Request for Payment to ASIF so as ASIF could authorise payment to the contractor. The IA had the right to fine the contractor for not complying with the contract. A representative of the IA was required to take part in the Hand-Over Committee to certify satisfactory completion of construction works.

Reporting and Information Sharing. The IA was required to file and maintain copies of all micro-project related documents (including financial statements) and make them available to any interested community member. The IA was expected to regularly report to the beneficiary community members on the micro-project implementation progress and financial status. ASIF required the IA to hold information sharing meetings with the community members at least once a month throughout the micro-project cycle. The IA was also required to place copies of important micro-project related documents on a public board, and to put up in a publicly visible place a sign containing the names of ASIF, the IA, the benefiting community and the contractor.

Box 4.2: ASIF's Participatory Micro-Project Implementing Principles

- Community initiates a micro-project at a general community meeting.
- Community elects an IA at the general community meeting.
- IA prepares and submits proposals to ASIF.
- Community makes up-front contribution (cash, in-kind and/or labour).
- Community provides commitments for O&M.
- IA is legal signatory in agreement with ASIF.
- Community can directly execute civil works in small micro-projects.
- IA has the authority for procurement of works, goods and services.
- IA has supervisory authority.
- IA reports to the community on micro-project physical progress and financial status.
- IA verifies state of completed works and approves contractors' statements (SAW).
- IA certifies satisfactory completion of work by contractors.
- Community participates in the evaluation.

Based on the analysis of the ASIF Operational Manual 1998.

4.3 ASIF's Participatory Operating Procedures

The implementing procedures of ASIF comprised the following stages: micro-project promotion, appraisal and approval, implementation, follow-up, and evaluation and monitoring.

4.3.1 Promotion and Micro-Project Initiation

During the micro-project initiation stage, ASIF conducted an outreach (*promotion*) campaign in order to increase awareness among community members and potential private sector contractors about ASIF's activities, selection criteria and procedures that must be followed in order to obtain funds. Promotion emphasised the importance of community participation in the identification and management of micro-projects. Promotion included the following key activities:

The Promotion Unit organised a workshop, or several workshops when necessary, in the centre of an administrative district (*shrjan*)⁴¹ for the representatives of district and local authorities, agencies responsible for the infrastructure facilities, officials involved in local social services and NGOs, where available. During these workshops the promotion

⁴¹ Under the Soviet administrative division, Armenia was divided into 29 districts or *shrjans*. In 1996, these districts were merged into 10 larger regions (*marzes*) (9 plus Yerevan). The old names of *shrjans* are still informally used in Armenia to refer to specific geographic areas. As the ASIF project was designed before the territorial reform in Armenia, its planning and operations were based on the district (*shrjan*) level.

officers disseminated information about ASIF, its activities and methods of operation. At the same time, they gathered information about the perspectives and position of the district/local authorities on the general situation and needs in the region. These workshops were completed in all of the target regions of Armenia within the first two years of ASIF's operation.

After these workshops, the Promotion Unit commenced its activities in the local communities. Within one to two weeks' time, several promotion teams (normally consisting of two officers) visited most villages of the district in order to inform them of the ASIF's objectives and procedures and explain the expected roles and responsibilities of the communities. In the villages, they were supposed to have meetings with community leaders and community members representing various groups of stakeholders (women, the elderly, refugees, etc.).

During the same visit, along with the promotional activities, promotion officers conducted an informal *local study*. Through informal interviews and observations they gathered information so as to have an idea about the condition of economic and social infrastructure of the community, the needs and priorities at the local level and the community's capacity to prepare a micro-project proposal and mobilise resources. The local study helped the Promotion Unit to conduct a preliminary selection of communities. Those communities that did not adhere to ASIF's 'exclusive' eligibility criteria (e.g., adherence to the micro-project menu and the maximum cost ceiling) were left out at this stage.

After the local study, all promotion teams together visited the eligible communities so as the whole Promotion Unit could take part in the evaluation. The promotion officers once again assessed the local social situation, infrastructure needs and priorities and the capacity of the communities to formulate and submit a micro-project proposal. They advised local leaders about possible avenues for raising the required community contribution and ways of mobilising community members.

After this visit, the Promotion Unit conducted a preliminary selection of communities. The main criteria used for the pre-selection was the likelihood of submitting a micro-project proposal by the community. This was determined through the analysis of such

factors as the availability of financial resources, willingness of community members to participate, and the capacity of leaders to raise resources and mobilise a community action. After the preliminary selection, promotion officers visited the pre-selected communities and arranged for the day of a general community meeting.

At the general community meeting, community members were expected to identify and prioritise their needs and select a micro-project to be requested from ASIF. ASIF's promotion officers participated in the general community meeting to support the community to conduct the meeting and to reiterate ASIF's operating principles and procedures. In case of a proposal submission by a referendum ASIF helped organise an initiating group meeting with several community representatives. In case more than one problem area was raised at the meeting, at least two micro-project proposals were required to be submitted for the referendum. At the general community meeting (or based on the results of the referendum), the community was expected to elect an IA for carrying out the proposed micro-project.

After the completion of promotion activities in each district, ASIF accepted proposals during a one month period. The proposals were submitted on the micro-project proposal forms distributed during promotional activities. Where needed, the promotion officers assisted communities to prepare the proposal. The proposals were discussed at the Promotion Unit and evaluated against the 'exclusive' selection criteria (Box 4.4). These criteria included adherence to the ASIF micro-project typology, the micro-project cost ceiling and acceptable level of community support for the micro-project. After considering the proposals, the Promotion Unit forwarded all of them to the ASIF's Executive Committee with its recommendations. If the proposal failed to meet the exclusive selection criteria, the Executive Committee normally rejected the proposal. The community was sent a letter of rejection with appropriate justification signed by the Executive Director. If the proposal met the exclusive selection criteria, it was then forwarded to the Appraisal Unit for appraisal. In those cases when the allocated funds for the district were not sufficient to finance a micro-project, the proposal was archived until the acquisition of additional resources.

Box 4.3: ASIF's Status and Structure

ASIF was established as a public agency. It was reporting to the Ministry of Economy and Finance, but it had financial and administrative autonomy. This autonomous status was designed to facilitate ASIF's ability to work with local governments, private sector contractors and community groups in an efficient and effective manner. ASIF was governed by the Board of Directors, comprising of representatives of the Armenian government and NGOs. The Board's approval was required for the micro-projects to be funded by ASIF. ASIF's Executive Director was accountable to the Board of Directors. ASIF's Executive Committee consisting of the ASIF's senior staff was responsible for the approval of all micro-project proposals submitted by communities. ASIF had fifty staff members. ASIF consisted of three departments and ten units. The following units were directly involved in the actual work with local communities: Promotion Unit, Appraisal Unit, Follow-up Unit, Estimation & Bidding Unit and Institutions Support Unit.

4.3.2 Micro-Project Appraisal and Approval

Following the presentation to the Executive Committee, the Appraisal Unit received all eligible micro-project proposals. The Appraisal Unit initiated field appraisal of the proposals. The field appraisal was conducted to verify the need for the proposed micro-project, establish technical feasibility and possible impact of the micro-project, confirm community participation and identify mechanisms and commitment for the O&M of the facility after its completion. The 'exclusive' and 'secondary' appraisal criteria for verifying community participation are presented in Box 4.4. The field appraisal was conducted by an appraisal engineer. When technical expertise was required, ASIF could request consultant services to carry out an assessment in the field. Based on the field appraisal, the appraisal engineers scored and ranked all micro-project proposals. The proposals were then forwarded to the Executive Committee for approval. Micro-projects between US\$50,000 and US\$150,000 (and as of 1998, all micro-projects), required the approval of the ASIF's Board of Directors. Micro-projects above US\$100,000 were also subject to the World Bank's non-objection.

During the appraisal stage, ASIF arranged for the preparation of designs and drawings (were applicable) for the proposed micro-projects. These were normally contracted out to external experts. ASIF also accepted ready-made designs/drawings that were available at a community's disposal. External experts were asked to estimate the quantity of works to be performed for 'construction' micro-projects (the quantity of works for 'renovation' micro-projects was determined by the Appraisal Unit). On the basis of the estimated quantity of works, the ASIF Estimator designed a Bill of

Quantities that defined the quantities and cost of works to be performed. It was designed in accordance with the technical specifications and norms on quality adopted by the Government of Armenia.

Box 4.4: ASIF's Appraisal Criteria for Participation

Exclusive Criteria

- Community must hold a meeting in which at least 30 percent of the adult population participate.
- A petition supporting the micro-project must be organised by a person or a group within community and be signed by at least 50 percent of the community.
- Community presents a written commitment or other evidence for the provision of community contribution.
- Community presents a Sustainability Plan where it elaborates mechanisms for the future O&M.

Secondary Criteria

- The percentage of vulnerable group members in the community.
- The number of women in the IA.
- Participation of women at the general community meeting.

Source: ASIF Operational Manual 1998

4.3.3 Micro-Project Implementation

For each approved micro-project, the IA signed a legally binding Framework Agreement with ASIF. The Framework Agreement stipulated the responsibilities of each party, procurement methods, implementation schedule, and community contribution. After signing the Framework Agreement, the IA was expected to start the process of recruitment of the contractor. ASIF held pre-bidding workshops for potential bidders and the IAs. At the workshops, ASIF introduced the basics of competitive bidding and ASIF's requirements and operating procedures for micro-project implementation. After selecting a construction company, the IA was asked to prepare a contract based on a model contract provided by ASIF. The ASIF Executive Director ratified the contract between the IA and the contractor. ASIF authorised the contractor only after the community's cash contribution had been deposited on the ASIF's bank account, or after in-kind/labour contribution had been received. After recruiting the contractor, the IA was to proceed with hiring a local supervisor. When the local

supervisor was hired, the contractor received a letter from ASIF authorising the start of works.

4.3.4 Micro-Project Follow-up

The ASIF follow-up engineer was responsible for monitoring the progress of civil works and micro-project implementation. The follow-up engineer visited the micro-project site at least twice a month. During these visits, he was expected to meet with the IAs, local supervisor and community members to discuss issues related to the micro-project implementation and verify the progress and quality of construction works. The follow-up engineer was also supposed to identify any technical and managerial problems that the IAs faced. Payments to the contractor were made in several instalments, in proportion to the quantities of works done. Payments could only be made upon satisfactory evidence of accomplished works, after the verification and approval by the IAs and the follow-up engineer.

Upon completion of civil works, ASIF held an on-site completion and hand-over meeting for each micro-project. The follow-up engineer, the IA, local supervisor, contractors and community members formed a special Hand-Over Committee. The Committee determined whether the works were completed and the quality was satisfactory. After the Committee verified completion of all works, a provisional hand-over agreement was signed. A retention amount of at least five percent of the micro-project cost was withheld in case flaws and defects were observed. This amount was paid only when the IA and the follow-up engineer certified satisfactory condition of works. The micro-project was considered completed when a final hand-over agreement was signed. ASIF issued certificates to the IA, contractor and local supervisor about the successful completion of works.

4.3.5 Evaluation and Monitoring

ASIF developed key performance indicators for monitoring its overall performance effectiveness. These included indicators for monitoring resource targeting, micro-project portfolio, procurement and disbursement, contracting, civil works progress, community involvement and gender participation. On the basis of these monitoring

indicators ASIF prepared quarterly and annual reviews of the project performance. The overall project monitoring was done with the help of a computerised, internal monitoring Management Information System (MIS). The MIS allowed monitoring progression of micro-projects through the micro-project cycle, collecting and analysing all financial transactions and preparing regular progress reports. The MIS also allowed tracking the indicators for monitoring community and gender participation (Box 4.5). In order to assess the impact of the micro-projects, ASIF commissioned three Beneficiary Assessments (BAs). These studies focused on the beneficiary perceptions about the ASIF benefits, community participation and micro-project sustainability.

Box 4.5: ASIF's Indicators for Monitoring Community and Gender Participation

- Proportion of all proposals presented by community.
- Proportion of micro-projects with less than 10 percent community contribution.
- Proportion of micro-projects with 10 percent or more community contribution.
- Proportion of micro-projects for which a maintenance trust fund was set up.
- Proportion of micro-projects for which an O&M agreement was reached.
- Women as percentage of total IA members.
- Average number of women in the micro-project.

Source: World Bank Staff Appraisal Report 1995.

4.4 Conclusions

This chapter provided an overview of ASIF's objectives, micro-project implementing principles and operating procedures. The ASIF project belongs to the second generation of social funds, which were conceived in the mid-1990s and were designed to serve not only emergency service delivery objectives, both also developmental, capacity building goals. As the majority of social funds world-wide, ASIF provided grant funding to local communities for improving priority social and economic infrastructure in various sectors, including education, health, irrigation, water supply and sanitation. Unlike some other social funds, ASIF did not engage in other activities, such as for example, delivery of social care services or micro-credit. ASIF is similar to other social funds in terms of its design and operational features, including decentralised and participatory method of micro-project identification, preparation and implementation, demand orientation and organisational autonomy.

It is argued that the new, third generation of social funds represents more advanced features. The newest social funds attach greater importance to empowerment, social capital and social cohesion, by explicitly incorporating them in their formal objectives, and by introducing targeted capacity building procedures in the project design and implementation (OED 2002: 41; Rawlings *et al* 2004: 6).

The chapter showed that participation and capacity building were among the stated objectives of the ASIF project. ASIF required beneficiary participation throughout the micro-project initiation and identification, planning and preparation, implementation, and evaluation and monitoring. ASIF developed a number of participatory implementing principles to ensure the involvement of community residents on the micro-project cycle. In particular, these included identification of a micro-project by community residents at a general community meeting, election of a community-based Implementing Agency (IA), beneficiary co-financing of the micro-project costs in the form of cash, in-kind or labour contributions and presentation of Sustainability Plans certifying beneficiary commitment to the O&M of the micro-project facility. ASIF delegated the IAs with the tasks of micro-project planning, preparation, contractor selection and supervision. The IAs were given legal mechanisms to hold the contractors accountable and ensure adequate micro-project construction quality. The IA was expected to regularly report to the beneficiary community members on the micro-project implementation progress and financial status.

ASIF's operating procedures were designed to solicit community participation throughout the micro-project cycle. ASIF conducted an outreach (promotion) campaign in order to increase awareness among community members and potential private sector contractors about ASIF's activities. ASIF's promotion officers participated in the general community meeting to support the community to conduct the meeting and to reiterate ASIF's operating principles and procedures. ASIF provided support to the communities in preparing micro-project proposals. ASIF's micro-project appraisal criteria reflected the participatory orientation of ASIF and required acceptable level of community support for the micro-project. ASIF developed performance indicators to track community and gender participation throughout the micro-project cycle.

The next chapter, Chapter Five, reviews the research design, key methods and the process of this research and presents the methodological, ethical and moral challenges that I faced during the research.

Chapter Five. The Research Design and Methods

This chapter reviews the research design, methods and practice. First, it presents the research question, and how I set about answering it. Then it provides an account of how the research framework was constructed and data collected and analysed. The chapter reviews the key research methods and sample design and characteristics. It also discusses issues related to the quality of data and transferability of the research findings. Finally, the chapter describes the opportunities and challenges I faced during the fieldwork, and how they influenced the quality of the data.

5.1 The Research Design and Framework

This section discusses the research objectives and the approach chosen to address the research objectives. It presents the research framework and indicators derived for gathering data. The section describes the key methods used for assessing change and establishing causality.

5.1.1 The Research Design

The objective of this research is to assess the effectiveness of the ASIF project in enhancing community participation and institutional capacity in rural Armenia. In addressing this objective, the research sets out to investigate the impact of the ASIF micro-projects on community participation and local institutional capacity in selected rural communities in Armenia. The research identifies key factors that accounted for the specific impacts of the ASIF micro-projects. The research is designed as a qualitative case study aimed to provide detailed contextual knowledge on seven rural communities in Armenia, where ASIF supported irrigation infrastructure micro-projects in 1997-2000.

The case study approach has been defined as an “empirical enquiry that investigates a contemporary phenomenon within its real life context” (Yin 1994: 13). It involves the development of detailed, contextual knowledge about a particular case or cases (Hakim 1987: 61). Hence it is particularly well suited for the investigation of complex social roles and relationships. Case studies can take as their subjects selected examples of a social entity, including communities, social groups, organisations, life stories, families,

roles and relationships, and use a variety of data collection methods (Hakim 1987: 61). The drawback of the case study approach is that since it concentrates on a small number of cases, findings cannot be claimed to be empirically representative (Silverman 2005: 127). The issue of transferability of the research findings is discussed in more detail in section 5.4.1 of this chapter.

The study uses in-depth qualitative methods of data collection. Qualitative research can be particularly well suited for probing and understanding the nature and multiple dimensions of social phenomena and for identifying factors affecting these phenomena (Snape and Spencer 2003: 4-5). One of the advantages of qualitative research is its explanatory nature. Thus it “is concerned with *why* phenomena occur and the forces and influences that drive their occurrence” (Ritchie 2003: 28). This explanatory role of qualitative research is achieved due to its facility to allow in-depth and interactive exploration of meanings, processes, and contextual characteristics. One of the key features of qualitative research is “openness” towards participants (Flick 1998: 5). It allows taking into account the diversity of viewpoints, practices and interpretations of social meanings. Qualitative research aims to study the complexity of contextual conditions, thus generating rich and extensive data for explaining and interpreting social phenomena.

It is argued that qualitative methods tend to reflect subjective views and perceptions of different individuals and use multiple sources of information, which poses difficulties for researchers to verify the validity of findings and integrity of inferences (Ritchie 2003: 43-44; Robson 1993: 383). Thus due to the variety of sources and types of data, triangulation may not be an effective validating method (Ritchie 2003: 44). At the same time, the value of qualitative methods is in exposing the multiplicity of realities, influenced by respondents’ different perspectives and identities. Qualitative methods are often criticised for their reliance on non-probability sampling (Ritchie et al 2003: 78). The non-probability samples are not intended to be representative. Thus sampling units in this method are purposively selected from population based on prescribed selection criteria. Probability sampling, in which units of population are chosen randomly and have a known probability of selection, aims to produce statistically representative samples, and it is usually considered to be a more rigorous approach (Ritchie et al 2003: 78). Findings from qualitative research cannot be normally used for providing estimates

(e.g., statements on prevalence or incidence) and for making empirical generalisations. At the same time, some of the advantages of qualitative methods over quantitative methods are that they can rely on smaller samples, provide rich contextual data, allow focusing on both processes and impacts, and help better explain causal linkages (Patton 1987: 9-10).

This research was designed as a ‘social policy’ evaluation.⁴² Its main objective was to assess the social impact of a project intervention through examining both project processes and project outcomes.⁴³ The research was not designed to be an ‘anthropological’ inquiry. The main inferences about the local ‘realities’ in this research have been based on the account of personal experiences and perceptions by the respondents gathered through interviews at a particular point of time, and not through the researcher’s long-term personal engagement with the communities’ everyday life and social and institutional relationships and structures. The data was collected through the use of in-depth qualitative interviews and focus groups discussions. Limited direct observation techniques were also used. The evaluation method chosen may have consequently offered less depth of insight into the issues of local politics, power structures and social relationships that one could have obtained through ‘anthropological’ research.⁴⁴ At the same time, the qualitative methods used in the evaluation have allowed soliciting data of sufficient depth to understand the interface between the ASIF processes and the local social, political and institutional context. Section 5.4.2 provides detailed information on the specific constraints and opportunities that I faced during the fieldwork, which may have influenced the quality of the research.

The research consists of two key frameworks. The first framework provides a basis for the study of the local context in Armenia (Research Framework 1: Figures 5.1 and 5.2). In particular, this framework was designed to obtain data on the broader socio-economic, institutional and political factors that influence community participation and

⁴² More details on the evaluation design and methods follow in sections 5.1.2 and 5.1.3.

⁴³ The research was not specifically designed to explore the relationship between project objectives and project implementation practices as for example in Mosse’s (2005) ‘ethnography of aid’ approach.

⁴⁴ Warwick (1993: 283-284) for example suggests that ‘anthropological’ observations can be especially suitable for obtaining in-depth information on complex relationships and behavioural patterns, including processes of leadership and power structures. At the same time, as Patton (1987: 49) argues, there are no general rules determining “how much depth and detail to strive for in qualitative research”, and these decisions should be made by a researcher based on available resources, time constraints and specific needs of the research.

institutional capacity in rural communities in Armenia. This framework is discussed in detail in section 5.1.2. The second research framework uses the hypotheses and assumptions behind the ASIF project to examine the service delivery outcomes, processes and participation and capacity building impacts of the ASIF micro-projects (Research Framework 2: Figure 5.3). This framework is described in detail in section 5.1.3. Section 5.1.4 of this chapter discusses how I assessed the impact of the ASIF micro-projects.

5.1.2 Understanding Local Context

I conducted a detailed exploration of the local context in order to identify broader socio-economic, institutional and political factors that influence community participation and institutional capacity in rural communities in Armenia. The detailed exploration of the local context helped me distil factors that affected the ASIF micro-project processes, service delivery outcomes, and participation and capacity building impacts. In Chapter Ten, I used these data to explain how the contextual environment of the local communities was understood and operationalised in ASIF's design features, and how it affected ASIF's micro-project processes, outcomes and impacts.

The exploration of the local context comprised two stages. First, I gathered information on the socio-economic situation in the sample communities, including information on physical and financial assets, access to the essential social and economic infrastructure and social services, as well as specific geographical, climatic and cultural aspects of the local context that affect people's livelihoods (Research Framework 1: Figure 5.1). The detailed mapping of community assets in individual communities is presented in Annex 5, and a summary of community assets is presented in Figure 7.1 of Chapter Seven. I used these data to examine how the existing fiscal constraints and high level of material and social deprivation influence community participation and local institutional capacity in the sample communities.

Figure 5.1: Research Framework 1: Community Assets

Key Themes	Data Required for Analysis
Demographic and Social Characteristics	<ul style="list-style-type: none"> ➤ How many years has this village been in existence? ➤ Where do the inhabitants originally come from? ➤ Has it grown/got smaller or stayed the same within the last 10 years? ➤ Who are the people most likely to come in or to leave the community? ➤ What are the main social groups present (refugees, ethnic minorities, etc.)? ➤ Are there some extremely poor/rich households in the village?
People's Livelihoods	<ul style="list-style-type: none"> ➤ In the last 10 years, how have the living conditions and quality of life of inhabitants changed (job availability, material conditions, security, public services, etc.)? ➤ What are the main social vulnerabilities? ➤ What are the main coping strategies? ➤ What is the people's perception of their well/ill-being?
Geographical and Climatic Factors	<ul style="list-style-type: none"> ➤ How conducive are geographical and climatic conditions to local economic development?
Financial Assets	<ul style="list-style-type: none"> ➤ What is the fiscal capacity of the local government? ➤ What are the main sources of funding of local services and development activities?
Land	<ul style="list-style-type: none"> ➤ Who has land and who has not? Do they get profit from land? ➤ Do all community members have access to irrigated land? ➤ Do they have sufficient agricultural inputs and irrigation water to cultivate land?
Economic Activities	<ul style="list-style-type: none"> ➤ What are the main economic activities in the community? ➤ Do community members get their products to the market and earn profit? ➤ Do they have access to credit and loans?
Public Services	<ul style="list-style-type: none"> ➤ What is the biggest problem facing the community? ➤ What is the situation with public services (health, education, and utilities), housing and important infrastructure (water, irrigation, and roads)? ➤ Who provides important public services? ➤ Who uses and does not use these services?

Secondly, I explored the existing local institutions, forms and nature of participation, the intensity of empowerment of local residents, social capital, and institutional capacity in rural Armenia. I paid particular attention to the governance environment at the local,

regional and national level, and its impact on local institutions and on the existing forms and nature of community participation in the sample communities. These data allowed me to identify social, institutional and political factors that affect participation and local institutional capacity in the sample communities. I collected these data based on the indicators developed in Research Framework 1 (Figure 5.2; Annex 2: Interview Guide 1). These data have been analysed and presented in Chapter Seven.

Figure 5.2: Research Framework 1: Community Participation, Social Capital, Local Institutions and Governance

Key Themes	Data Required for Analysis
Community Participation	(i) the existence of collective initiatives and projects (both locally and externally-driven); (ii) forms and nature of participation in collective initiatives and projects (the extent of empowered participation – who participates and how); (iii) perceptions of residents of their influence, roles and ownership; (v) perceptions about the benefits of participation; (vi) nature and dynamics of participation in the ASIF micro-project.
Structural Social Capital	(i) the existence of community groups or organisations; (ii) nature of participation in the organisations; (iii) nature of local group (externally or locally induced); (iv) leadership role; (v) existence of self-governing rules for assigning responsibilities and allocating benefits; (vi) perceptions of residents of their influence, roles and ownership; (vii) perceptions about the benefits of participation; (vii) local conflicts and how they are resolved.
Cognitive Social Capital	(i) the nature of interpersonal relations; (ii) extent of co-operation, mutual help and solidarity; (iii) local conflicts and how they are resolved; (iv) extent of social exclusion; (v) bridging, bonding and linking social capital.
Local Institutions	(i) the types of prevailing institutional arrangements for service delivery, problem-solving and decision-making (e.g., reliance on civic participation; authorities; relatives and friends; diffuse connections; breaking the law, other); (ii) perceptions of residents and local leaders about how things can get done.
Political Participation	(i) the existing accountability mechanisms (horizontal, vertical and social); (ii) people's voice in local decision-making and ability to influence policy options and resource allocation.
Local Governance	(i) local authorities and the nature of local governance (accountability, responsiveness; transparency; the rule of law); (ii) managing local development (who is managing local development, how and how effectively?); (iii) relations local leaders with local residents; (iv) opinions of residents about local leaders.

5.1.3 Unpacking ASIF: Project Assumptions and Impact Indicators

In order to assess the impact of the ASIF project, the study uses the *theory-based evaluation* method.⁴⁵ This method is often used in project evaluations and is described as “systematic assessment of the operation and/or the outcomes of the program or policy, compared to a set of explicit or implicit standards” (Weiss 1998: 4). The essence of this method is that in order to evaluate a programme it is necessary to understand the explicit and implicit theories on which the programme’s objectives, design and implementation are based. These theories, or hypotheses, represent a “sequence of assumptions that show how program inputs (staff, resources and activities) translate through a series of intermediate steps to desired programme outcomes” (Weiss 1998: 70). These assumptions can be used as a guide to evaluation. Thus, data is collected to test the programme hypotheses and examine how working assumptions are unfolding during the life of a programme.

One of the advantages of this method is that it allows making inferences about the validity of working assumptions underlying programme design. This “may help to increase the generalisability of study results from the single case under study to the range of programs that are based on similar assumptions” (Weiss 1998: 71). Another advantage of this method is that it allows focusing not only on programme *outcomes* but also on the *processes* leading to those outcomes. Examination of processes can help better understand and explain how and why particular effects occur. Thus, linking micro-project processes to outcomes (i.e., participation and capacity building impacts) can help establish factors that accounted for the specific ASIF micro-project impacts (more detailed discussion follows in section 5.1.4). The examination of micro-project processes is also important for better understanding of local institutions and social organisation in the sample communities. The opportunity to observe the types and nature of local responses and processes stimulated by the micro-project interventions at

⁴⁵ This method was used in the World Bank’s OED evaluation of social funds. The theoretical framework of this research builds upon the framework of the OED draft evaluation design paper (OED 2000), July 12, 2000, which was available on the World Bank’s website in 2000.

various stages of the micro-project cycle can deepen our understanding of the local social, institutional and political environment.

For the purposes of this study, I identified the key hypotheses and assumptions underlying World Bank supported social fund projects and the ASIF project in particular. In order to do this, I conducted a review of literature on social funds, including academic publications, impact assessments and project documents (Chapter Three). In addition, I conducted a desk review and analysis of available World Bank and ASIF project documents in order to identify ASIF's objectives, micro-project implementing principles and operational procedures (Chapters Four). As part of the fieldwork, I conducted semi-structured and conversational interviews with the ASIF management and staff members in order to deepen my understanding about ASIF's institutional design and implementation methods.

Based on the analysis of the ASIF project documents and my interviews with the ASIF staff, I distilled the hypotheses and assumptions behind the ASIF project and defined indicators for assessing the ASIF processes, service delivery outcomes, and participation and capacity building impacts (Research Framework 2: Figure 5.3). Then I collected data to test these hypotheses and examine whether the assumptions behind the ASIF project have been met (Annex 2: Interview Guides 2 and 3). The following are the main hypotheses and assumptions underlying ASIF's objectives, micro-project implementing principles and operational procedures, and indicators developed to test these hypotheses and assumptions.

Hypothesis 1: Micro-Project Processes. Involvement of community members in the social fund micro-projects is seen as the key mechanism for enhancing participation in local development and building institutional capacity. Social funds are thought to enable local community groups effectively participate in the initiation, identification, preparation and implementation of micro-projects. In particular, (i) social funds devolve decision-making authority and resources to community groups; and (ii) social funds establish organisational structures (IAs) and hence create spaces for community participation. It is assumed that the demand-driven investment choice (expressed through the selection of the micro-project and provision of community contribution) induces local ownership and willingness to participate in the micro-project cycle.

Indicators:

The extent and nature of participation throughout the micro-project cycle:

- Community members identify a micro-project that reflects its immediate priority demand.
- Community members elect an IA.
- Community members provide in-kind/cash/labour contribution.
- The IA is delegated with the tasks of micro-project preparation and implementation.
- Community members effectively participate in the micro-project preparation and implementation.
- Community members participate in the important decision-making.
- Community members hold the IA, local leaders and contractors accountable.
- The IA regularly consults community members (non-IA) and reports on the micro-project progress and financial status.

Hypothesis 2: Social Capital Effect. Social funds can help build positive social capital. For the purposes of this study, social capital is operationalised as social norms and values (cognitive social capital), formal and informal networks and partnerships (structural social capital).

Cognitive social capital. Social fund micro-projects induce frequent positive interactions among community members and help establish a process of social learning. Such social learning can reinforce trusting relations and attitudes of co-operation. The possible effects of ASIF on social norms can be evaluated at two levels: horizontal - effects on social norms that regulate interpersonal relations among community members (e.g., increased co-operation and solidarity, or distrust and conflicts) (bonding and bridging social capital); and vertical - effects on social norms that regulate relations between community residents and authorities (linking social capital).

Structural social capital. Frequent positive interactions among community members and positive service delivery outcomes can result in strengthening of old and creation of new social networks (formal and informal groups, associations and partnerships). Social networks and partnerships can be formed at two levels: horizontal (among community

members only) (bonding and bridging social capital) and vertical (between community members and representatives of local/regional government; school/clinic directors, other representatives of official institutions) (linking social capital).

Social fund projects presume that positive experience of participation in the micro-project cycle and positive service delivery outcomes are key preconditions for strengthening interpersonal trust and increasing the willingness of community members to form associations and to get together in the beneficiary communities.

Indicators:

1. Positive experience of community interaction during micro-project preparation and implementation.
2. Positive service delivery outcomes.
3. Changes in the existing social norms and interpersonal relations:
 - Change in the relations among community members (levels of trust and co-operation).
 - Change in the relations between community members and local/regional authorities and/or school/clinic directors (levels of trust and co-operation).
4. Change in the extent and nature of conflicts in the community.
5. New social networks formed:
 - Increased circle of friends and acquaintances, other useful connections acquired (both inside and outside community).
 - Establishment of formal and informal groups, associations and partnerships, possibly with the involvement of local/regional authorities and other officials.
 - Increased membership in groups and organisations.
 - The IA (or some of its core members) continues to be active after the micro-project completion.

Hypothesis 3: Learning by Doing Effect. Participation in the micro-project cycle can enhance community's access to information and experience and help develop new technical, organisational and administrative knowledge and skills. Community members can come to realise the benefits of a collective action and learn new ways and methods of tackling local problems. They may then utilise their knowledge and experience in other activities in their community.

Indicators:

Improved skills, abilities, knowledge and practices:

- Improved/new skills, abilities and knowledge (for example, technical, organisational and communication skills; ability to deal with donors; fund-raising and proposal writing).
- Community members' perceptions about the benefits of the ASIF's method of service delivery.

Hypothesis 4: Empowerment Effect. Participation in the micro-project cycle can empower community members, and produce changes in attitudes and behaviour. As a result of a positive experience of collective action, community members can become more self-confident and self-aware, and paternalistic expectations can be replaced with a more self-reliant attitude. Community members may be more willing and able to exercise voice and participate in local affairs.

Indicators:

- Individuals who were previously passive and/or socially excluded participate in local development.
- Community members exercise voice, take part in local decision-making and hold authorities accountable.
- Community members' perceptions of their role and influence.

Hypotheses 5, 6 and 7: Improved Institutional Capacity. Social funds can strengthen local social capital (Hypothesis 2), improve local skills, abilities, knowledge and practices (Hypothesis 3), and promote attitudinal changes (Hypothesis 4), and thus can help enhance local institutional capacity. *Institutional capacity* is operationalised in this study as the ability and willingness of communities to (i) actively participate in local development and undertake mutually beneficial development initiatives and projects (Hypothesis 5), (ii) effectively manage, operate, and maintain social fund investments (Hypothesis 6), and (iii) effectively resolve collective action problems in governing local irrigation systems (Hypothesis 7).

Hypothesis 5: Participation Effect. It is assumed that participation in the micro-project cycle can help build social capital (trusting relations and formal or informal networks), enhance people's skills, knowledge and experience and promote attitudinal changes, as a result of which individuals may be more willing and able to participate in local development.

Indicators:

Enhanced community participation:

- Community-based initiatives and projects, where community members utilised/or intend to utilise their technical and organisational skills and experience, gained/improved due to the involvement in the micro-project.
- Increased frequency of development projects (supported by development agencies and NGOs) and local initiatives for community improvement (supported by the local/regional budget or community members).
- Leadership initiatives by previously passive/excluded community members (e.g., community members initiate small projects, take leadership over an important issue, mobilise other co-villagers, petition government, etc.).
- Increased scope of participation of community members (e.g., more people participate in collective initiatives).

Hypothesis 6: Effective Operation and Maintenance. Social funds can enable community members effectively carry out their roles and responsibilities with regard to the operation and maintenance (O&M). Thus (i) participation in the micro-project cycle can engender local ownership and willingness to participate in O&M, and (ii) strengthened social capital can increase the likelihood of establishment and acceptance of rules and procedures for O&M and facilitates their enforcement.

Indicators:

Effective O&M:

- Physical condition of facilities.
- Effective O&M rules and procedures in place.
- Awareness, acceptance and compliance with O&M roles and responsibilities.
- Community members participate in O&M.

Hypothesis 7: Effective Self-Governance. Strengthened stocks of social capital can allow community members effectively resolve collective action problems in governing local irrigation systems. In particular, strong social capital can enhance the likelihood of establishment and acceptance of rules and procedures for governing irrigation and effective enforcement of these rules and procedures.

Indicators:

Effective self-governance procedures:

- Effective rules and procedures for allocation and distribution of water.
- Awareness by community members of rules and procedures, and the extent of compliance with these rules and procedures.
- Existence of monitoring arrangements to prevent free-riding.
- Extent to which water conflicts are prevented and resolved.
- Satisfaction of users with the existing arrangements.

Figure 5.3: Research Framework 2: ASIF's Impact on Community Participation and Local Institutional Capacity

Hypotheses	Assumptions	Data Required to Test the Hypotheses and Assumptions
1. Social funds enable community members effectively participate in the initiation, identification, preparation and implementation of local infrastructure micro-projects.	Social funds devolve decision-making authority and resources to community groups.	The extent and nature of participation throughout the micro-project cycle:
	Social funds establish organisational structures (IAs) and hence create spaces for community participation.	Community members identify a micro-project that reflects its immediate priority demand.
	Demand-driven investment choice induces local ownership and willingness to participate in the micro-project cycle.	Community members elect an IA.
		Community members provide in-kind/cash/labour contribution.
		The IA is delegated with the tasks of micro-project preparation and implementation.
		Community members effectively participate in the micro-project preparation and implementation.
		Community members participate in the important decision-making.

		<p>Community members hold the IA, local leaders and contractors accountable.</p> <p>The IA regularly consults community members (non-IA) and reports on the micro-project progress and financial status.</p>
2. Participation in the micro-project cycle builds positive social capital.	<p>Frequent positive interactions among community members build/strengthen trust.</p> <p>Frequent positive interactions result in strengthening of old and creation of new social networks.</p>	<p>Positive experience of community interaction during micro-project preparation and implementation.</p> <p>Positive service delivery outcomes.</p> <p>Changes in local social and interpersonal relations.</p> <p>Extent and nature of conflict resolution.</p> <p>Development of formal and informal social networks, groups, associations and partnerships.</p> <p>Increased associational membership.</p>
3. Participation in the micro-project cycle enhances community's access to information and experience and helps develop new knowledge and skills.	<p>Community members develop technical, organisational and administrative skills.</p> <p>Community members learn new, community-based approaches to tackling local problems.</p>	<p>Improved/new skills, abilities and knowledge.</p> <p>Community members' perception about ASIF's method of service delivery.</p>
4. Participation in the micro-project cycle empowers community members.	<p>Changes occur in attitudes and behaviour.</p> <p>Community members are more willing and able to exercise voice and participate in local affairs.</p>	<p>Individuals who were previously passive and/or socially excluded participate in local development.</p> <p>Community members exercise voice, take part in local decision-making and hold authorities accountable.</p> <p>Community members' perceptions of their role and influence.</p>

5. Participation in the micro-project cycle enhances participation of community members in local development.	Community members are more willing and able to participate in local development and initiate new development projects and activities in order to solve community problems.	<p>Community members utilise their new/improved skills, knowledge and experience in other activities in their community.</p> <p>Increased frequency of development projects and local initiatives.</p> <p>Leadership initiatives by previously passive/excluded community members.</p> <p>More community members participate in local projects.</p>
6. Participation in the micro-project cycle enables individuals effectively carry out their roles and responsibilities with regard to the operation and maintenance (O&M).	<p>Participation in the micro-project engenders local ownership and willingness to participate in O&M.</p> <p>Social capital increases the likelihood of establishment and acceptance of rules and procedures for O&M and facilitates their enforcement.</p>	<p>Physical condition of facilities.</p> <p>Effective O&M rules and procedures.</p> <p>Awareness, acceptance and compliance with O&M roles and responsibilities.</p> <p>Community participation in O&M.</p>
7. Strengthened social capital allows irrigators effectively resolve collective action problems in governing local irrigation.	<p>Irrigators establish rules and procedures, and assign roles and responsibilities for managing irrigation systems.</p> <p>Irrigators effectively enforce those rules and procedures.</p>	<p>Effective rules and procedures for allocation and distribution of water.</p> <p>Awareness by community members of rules and procedures and the extent of compliance with them.</p> <p>Monitoring arrangements to prevent free-riding.</p> <p>Extent to which water conflicts are prevented and resolved.</p> <p>Satisfaction of users with the existing arrangements.</p>

5.1.4 Assessing Change and Establishing Causality

The issue of how to assess change and establish its causality was of key importance in the design of this research. First, I needed to assess whether the existing features of

institutional and social organisation in the sample communities (presented in Chapter Seven) were in any way influenced by the ASIF micro-projects. Second, I needed to establish whether the observed outcomes could be attributed to ASIF. For example, it was crucial to trace whether any newly established networks and groups or community-based projects and initiatives were the consequence of the ASIF micro-projects.

A conventional method to explore project impacts is to conduct ‘before and after’ studies, in which baseline data is compared with the data gathered after the intervention. There was no baseline data available to assess the participation and capacity building effects of ASIF. Another method for assessing impacts is the ‘treatment-control’ comparison based on the statistical propensity score matching technique. The treatment-control comparison method is considered especially ‘reliable’ among many researchers in development agencies.⁴⁶ This method was used by Chase (2002) in assessing ASIF’s targeting and welfare impacts in local communities in Armenia. This method compares communities in the treatment group (ASIF communities) with communities in the control group (non-ASIF communities). The control group communities are selected based on household survey data to match the treatment group communities by their main social and economic indicators. It is believed that this method allows statistically rigorous selection of a control group that is almost identical with the treatment group. Any differences in the treatment and control communities are believed to be attributable to the studied intervention.

I believe that this method is not adequate for assessing social and institutional impacts of development projects. In order to isolate the effects of an intervention, control communities must be matched with treatment communities before the intervention. Identifying communities with initially identical levels of social capital and patterns of institutional organisation through their socio-economic characteristics is difficult. Communities may statistically match by their main social and economic indicators, but this may not imply that they have identical levels of social capital and similar institutional characteristics. Secondly, any observable differences in social and

⁴⁶ Mansuri and Rao (2003: 38), who conducted a review of CDD evaluations for the World Bank, argue that “one of the most worrying findings” of their review of CDD activities was that the vast majority of them did not have “reliable evaluations, based on representative samples with treatment and control groups, and baseline and follow up data”. They call on to “urgently rectify this situation” (Mansuri and Rao 2003: 43).

institutional features between the treatment and control groups may be attributable to a variety of factors, which are difficult to control for by using a limited menu of basic indicators from household surveys. It is also difficult to isolate the impacts of other development interventions that have probably taken place in the community. Finally, it is hard to identify statistical indicators that would capture the nature and complexity of social life. As highlighted in section 5.1.1, qualitative approaches can be more suitable for addressing research questions that require explanation or understanding of complex social arrangements and their contexts. This research used in-depth qualitative methods to explore ASIF's impact and establish causality.

As discussed earlier, I used the assumptions underpinning the ASIF project to derive the impact indicators in Research Framework 2: Hypotheses 2-7 (Figure 5.3). In order to assess possible change and trace causality, I gathered data on these impact indicators *before and after* the ASIF micro-projects. The summary of the key indicators used in the 'before and after' comparisons is presented in Box 5.1. The 'before' data was gathered by asking retrospective questions to the respondents (Annex 2: Interview Guides 1 and 3).⁴⁷ Thus, I was able to examine whether ASIF micro-projects induced any change in the patterns and nature of community participation, the intensity of empowerment of local residents, social capital (social norms and interpersonal relations; the extent and nature of conflicts; formal and informal groups and organisational membership), skills, knowledge, abilities and experience of community residents, O&M arrangements, and self-governance procedures for water allocation and distribution in the sample communities. The analysis of these data is presented in Chapter Nine.

Box 5.1: Key Indicators Used in the 'Before and After' Comparison

- Social norms and interpersonal relations (both horizontal and vertical).
- The extent and nature of community conflicts.
- Formal or informal groups and organisational membership.
- Skills, knowledge, abilities and practices.
- The intensity of community empowerment.
- The forms and nature of community participation.
- Operation and maintenance arrangements.
- Self-governance procedures and practices.

⁴⁷ Lewis (2003: 53) argues that qualitative research allows collection of "fairly detailed retrospective accounts". At the same time, the quality of data collected through retrospective questioning may suffer due to "problems with recall, distortion and post-event rationalisation" (Lewis 2003: 54).

It is possible that the observed outcomes were induced by the existing (pre-ASIF) stocks of social capital in the sample communities. This issue is especially relevant as the demand-driven nature of social funds implies that communities with already existing high levels of social capital are more likely to be successful in obtaining funding and managing micro-projects (discussed in section 3.2.2 of Chapter Three). In order to isolate ASIF's effects, I investigated the individual experiences of active community leaders and residents ('tracing back' technique). Thus, I established what role some particularly active individuals (for example, local mayors) played in the community before the ASIF micro-project, and whether their roles in the community after the micro-project were driven by their participation in the ASIF micro-project or by their prior experience, skills and social connections.

Box 5.2: Establishing ASIF Effects: 'Tracing Forward' (Example)

During ASIF micro-project

- Did the respondent participate in the ASIF micro-project?
- What was the nature of his/her participation in the ASIF micro-project?

After ASIF micro-project

- Did the respondent become a member of a group/organisation after his/her participation in the ASIF micro-project?
- Did the respondent take part in collective initiatives/projects after his/her participation in the ASIF micro-project?

Before ASIF micro-project

- Was the respondent a member of any other groups/organisations before the ASIF micro-project?
- Did the respondent participate in collective initiatives/projects before the ASIF micro-project?

Another way of assessing the participation and capacity building effects of the ASIF micro-projects was through examining individual experiences. I established whether the micro-project 'activated' previously passive or socially excluded residents by examining the experiences of the individuals who were known to be engaged in the preparation and implementation of the ASIF micro-projects ('tracing forward' technique). Thus I identified community members who participated in the ASIF micro-projects (for example, local leaders, members of the IA and community residents who co-operated with the IA), and established whether they continued playing an active role

in the community after the ASIF micro-project (Box 5.2). In order to establish causality, I also identified patterns of their participation and role in the community before the ASIF micro-project.

The effects of ASIF were explored through the examination of *linkages* between the micro-project processes and outcomes. As mentioned earlier in this chapter, linking processes to outcomes can help better understand and explain the specific project outcomes. According to the theory-based evaluation method, in order for a project to achieve the desired outcomes, a specific phased sequence of causes and effects envisaged by the project assumptions should hold. By comparing working assumptions to actual developments it is possible to identify whether the intended linkages occur and test the project hypotheses. Any breach in any of the phases in the sequence may negatively affect the end result. It is assumed that participation and capacity building effects of social funds can occur only when community members have genuine involvement in the micro-project cycle (Figure 5.3: Research Framework 2: Hypothesis 1). Another assumption behind social fund projects is that positive service delivery outcomes and positive experience of community interaction during the micro-project cycle are key preconditions to building local social capital and increasing local institutional capacity (Figure 5.3: Research Framework 2: Hypotheses 2 and 5).

Box 5.3: Assessing ASIF's Impact through Micro-Project Processes and Outcomes

1. The extent and nature of participation throughout the micro-project cycle:
 - Community identifies a micro-project that reflects its immediate priority demand.
 - Community elects an IA.
 - Community provides in-kind/cash/labour contribution.
 - The IA is delegated with the tasks of micro-project preparation and implementation.
 - Ordinary residents effectively participate in the micro-project preparation and implementation.
 - Community participates in the important decision-making.
 - Community members hold the IA, local leaders and contractors accountable.
 - The IA regularly consults community residents (non-IA) and reports on progress and financial status.
2. Service delivery outcomes.
3. The experience of community's interaction during the micro-project cycle.

Therefore, I assessed the extent and nature of community participation in the micro-project decision-making and implementation processes (who and how participated in the ASIF micro-project) and made linkages to the micro-project impacts (Box 5.3; and

Annex 2: Interview Guide 2). I also examined the micro-project service delivery outcomes and the experience of community interaction during the micro-project cycle. The analysis of the micro-project processes and service delivery outcomes (presented in Chapter Eight) allowed a nuanced interpretation of participation and capacity building effects of the ASIF micro-projects (Chapters Nine and Ten).

Finally, another method of assessing change was based on the *community's assessment of change*. I explored the perspectives of the respondents about the impact of the ASIF micro-projects in inducing possible changes in the community and in their own roles and influence in their communities (Box 5.4; Annex 2: Interview Guides 1 and 3).

Box 5.4: Individual Assessment of Change

- Has the ASIF micro-project left any impact in the community?
- Has the ASIF micro-project produced any change in the way people view participation in collective initiatives?
- Has the ASIF micro-project produced any change in their individual abilities and skills, roles and influence?
- Has the ASIF micro-project produced any change in interpersonal relations?
- Has the ASIF micro-project produced any change their in relations with local authorities?

The small sample size required for qualitative research did not allow measuring the change in the scope of participation on the community-wide level. Thus, I was unable to empirically estimate the change in the number or proportion of community residents involved in the community-wide initiatives before and after the ASIF micro-projects. Survey methods seem more appropriate for such investigation. The small sample size and the limited time frame of this research did not allow capturing the individual experiences of community members who may have participated and/or benefited from the ASIF micro-project, but who were not identified and interviewed during the fieldwork.

5.2 The Research Methods

This section first discusses how the research communities and research population were selected, and provides information on the sample size and characteristics. It then describes the main methods used for data collection.

5.2.1 Research Sample

The fieldwork research was conducted in seven rural communities, where ASIF supported irrigation micro-projects in 1997-2000. I limited the research to the irrigation micro-projects for two reasons. Firstly, focus on micro-projects in only one sector allowed a more in-depth examination of issues related to that particular sector and obtaining rich data to draw comparisons among different communities. Secondly, the time and resource constraints did not allow expanding the research to other sectors, such as education, health and potable water, where ASIF supported micro-projects. I chose the irrigation sector as it provides an interesting framework for studying complex social interactions and institutional relations. Firstly, the actual 'community' in the irrigation sector comprises all irrigation users. This definition of a community effectively means that the 'irrigation community' in rural Armenia overlaps with the 'village community'. In its irrigation micro-projects, ASIF considered the entire population of a village as the micro-project community. Such broad definition of community allows examination of institutional and social relations and obtaining in-depth data on different aspects of social arrangements on a village-wide level.

Secondly, due to its 'common pool' characteristics, the irrigation sector can help reveal rich insights about the dynamics of community participation and patterns of social interaction. Thus successful management of irrigation systems depends upon participation and co-operation of all irrigators. Conflicting interests and preferences and opportunistic behaviour on the part of even a few irrigators can undermine the effectiveness of a collective action for the whole community. Such co-operation is often less structured, as for example, social relations within a 'school community'. My prior research revealed that formal rules (e.g., the authority of a school director) and organisational and physical boundaries (e.g., school building) of the school play an important role in regulating collective action and inducing participation. Studying social interaction in irrigation allows obtaining particularly insightful data about the conditions affecting grassroots co-operation and collective action on a village-wide level, where the boundaries and spaces for local action are less structured and formally regulated.

The research used *purposive sampling* to identify the sample communities. I based my sampling design upon the assumption that the study of communities with different

socio-economic and demographic characteristics in different regions of Armenia would enable me to capture a diverse range of contexts and impacts. Features of social and institutional organisation in different communities can vary depending on their history, social composition, leadership, socio-economic development, and geographic and climatic factors. Hence impacts of development interventions can also vary in different communities.

Table 5.1: ASIF Micro-Projects in the Sample Communities

Community	Number of Households /Residents	Micro-project Description	Dates of Start & Completion	Contract cost	Actual Community Contribution
Ashnak (AK) Talin shrjan Shirak marz	429/1450	Construction of irrigation pipeline	28.10.97 19.06.98	\$135,866	11%
Paruyr Sevak (PS) Ararat shrjan Ararat marz	120/730	Construction of irrigation pipeline	06.11.97 12.03.98	\$64,712	11%
Eghegnavan (E) Ararat shrjan Ararat marz	760/1670	Construction of irrigation canal	31.10.2000 28.12.2000	\$41,674	10%
Khachik (K) Eghegnadsor shrjan Vayots Dzor marz	264/1150	Construction of irrigation network	18.11.97 31.08.98	\$49,793	21%
Karin (KN) Ashtarak shrjan Aragatzotn marz	136/700	Construction of irrigation network	18.11.97 06.05.98	\$44,678	9%
Tsilkar (TS) Aragats shrjan Aragatzotn marz	138/540	Rehabilitation of irrigation network	17.03.98 15.07.98	\$31,010	12%
Arevadasht (AR) Baghramian shrjan Armavir marz	90/120	Rehabilitation of irrigation network	19.09.2000 07.12.2000	\$67,473	10%

I selected seven communities situated in different administrative regions (*marzes*) of Armenia, including Ararat, Vayots Dzor, Aragatzotn, Armavir and Shirak *marzes* (Table 5.1).⁴⁸ In my selection, I was constrained by practical considerations. ASIF supported in total 29 irrigation micro-projects in different regions of Armenia, including 24 communities in rural areas and 5 communities in urban areas. Of these 24 rural communities, 14 communities in Tavush, Syunik and Lori *marzes* were remote from Yerevan, where I was based during the fieldwork. Access to these regions was difficult due to poor road condition and long distances. I decided to exclude these communities from the sample and to choose more accessible communities in order to allow myself flexibility and be able to visit the sample communities repeatedly upon an emerging

⁴⁸ The majority of these communities are situated in different districts (*shrjan*).

need. In order to select diverse communities, I collected preliminary information on the remaining communities in the list. First, I reviewed the basic socio-economic and demographic indicators of these communities in the ASIF's management information system (MIS). Second, I asked the ASIF promotion officers, who had visited most micro-project communities, to highlight the key characteristics of the short-listed communities.

5.2.2 Selection of Respondents and Research Methods

I identified three groups of respondents. The respondents in the first group were selected from the community members who were most knowledgeable about the ASIF micro-projects (*key informants*). The key informants included local mayors, deputy mayors, school directors, heads and members of the Implementing Agency (IA), heads/members of Water Users Associations (WUAs) as well as community members who were somehow involved in the micro-project initiation and/or implementation (Box 5.5). These respondents were selected through *purposive* or *judgement sampling*, which is "a form of non-probability sampling, where informants are selected according to a number of criteria established by the researcher such as their status (age, sex, and occupation) or previous experience that endows them with special knowledge" (Burgess 1991: 55). Most key informants were men (in the age range of 40 to 60), which reflects the patterns of gender participation in the ASIF micro-projects. The only female key informants were the school directors, several IA members, and the head of the WUA in Eghegnavan.

The second group of respondents included community residents representing various social groups in the chosen communities (and not chosen because of their knowledge about ASIF). These respondents were selected through *purposive sampling*. The sampling was stratified so as to reflect the social composition of the beneficiary communities and represent a variety of beneficiary views and circumstances. I first studied the social composition of the sample communities, and then identified community residents with different social backgrounds and characteristics. The respondents in this category included men and women; the elderly; indigenous residents, new settlers from other parts of Armenia, and ethnic Armenian refugees from Azerbaijan; the disabled; the elite and marginally poor and socially excluded

households; ethnic Armenians and Yezidi Kurds. In terms of its size, this sample was not selected to be statistically representative of the beneficiary population of the communities.

Box 5.5: Main Respondents and Research Methods Used

1. Method: In-Depth Semi-Structured Individual Interviews (Key Informants)

- Local Mayor
- Deputy Mayor
- Implementing Agency Head (Local Mayor)
- School Director
- Water User Association Leaders
- Community residents who participated in the ASIF micro-projects (incl. IA members)

2. Method: In-Depth Semi-Structured Interviews (Community Residents)

- Individual Interviews: community residents representing various social groups

3. Method: Focus Groups (Community Residents)

- Focus Group Interviews: group 1 – men (irrigators) (M); group 2 – women (W)

As mentioned earlier, this research used *qualitative techniques* for data gathering and measurement. In my interviews with the key informants and community residents in the second group, I used *in-depth semi-structured interviews* (Box 5.5). Semi-structured interviews allow participants to relate their experiences and attitudes “on their own terms” (May 1997: 111) and ensure a more in-depth exploration of issues. I moderated the level of structure of the interviews depending on the specific information that I intended to obtain. In general, I adopted a flexible, exploratory approach to semi-structured interviews.⁴⁹ I developed interview guides, which contained separate thematic sections with associated open-ended questions (Annex 2). The interview guides were developed in accordance to the Research Frameworks 1 and 2. In designing the interview guides, I consulted the questionnaires of the OED Evaluation of Social Funds⁵⁰ and the World Bank’s Social Capital Assessment Tool (Grootaert and Van Bastelaer 2002). Most questions in the interview guides served as topics. They provided indication of the issues to be explored, and the actual questions were formulated during

⁴⁹ Arthur and Nazroo (2003: 111) suggest that there is inconsistency in the usage of terms semi-structured and unstructured interviews, and that “what some commentators describe as ‘semi-structured’ interviews may be described by others as unstructured or in-depth”. The boundaries between the two methods are often blurred, and the approaches to semi-structured interviews can range from using fixed structure and limited probing to more flexible and open models.

⁵⁰ I am grateful to Soniya Carvalho at the World Bank and Howard White at IDS for sharing with me the questionnaires of the OED Evaluation.

the interview. Depending on the context of the interview, I modified the order of these topics. I retained open conversational interviewing style in order to allow the respondents to digress towards issues that they deemed to be important. I allowed greater probing beyond the answers and entered in a dialogue with the respondents. I worded questions in a neutral language and in a way that was accessible to the respondents (for example, I refrained from using specific social science terminology). The number of respondents in each community is presented in Table 5.2. The key informant interviews lasted from one to two hours. The duration of interviews with community members varied from half an hour to one hour.

Table 5.2: Number of Respondents in the Sample Communities

	Khachik	Karin	Arevadasht	Eghegnavan	PSevak	Tsilkar	Ashnak
IA Head/Mayor*	1	*1	*1	1	*1	*1	*1
Local Mayor	1	1	1	1	1	1	1
Deputy Mayor	1	n/a	n/a	1	n/a	1	1
School Directors	1	n/a	1	n/a	1	n/a	1
WUA Leaders	1	2	2	1	2	1	2
Other key informants	2	2	3	2	2	2	2
Residents-2 nd group	7	8	7	7	8	7	7
Total Individual	14	13	14	13	14	12	14
Focus Group Interviews	F - 4 M - 3	F - 6 M - 3	F - 3 M - 4	F - 3 M - 3	F - 3 M - 4	F - 3 M - 6	F - 3 M - 3
Total Group	7	9	7	6	7	9	6

I conducted *focus group interviews* with the respondents in the third group to better contextualise and cross-check the information gathered through the in-depth interviews. I carried out two focus group discussions in each community. These group discussions were held with homogenous groups of men, mostly irrigators, and women (one group of men and one group of women). Focus group discussions were on average one hour long. Group interviews are more spontaneous and interactive than individual interviews as they take place in a more natural environment (Finch and Lewis 2003: 171). The group interviews generated important insights about the social context of my communities and helped reveal diverse, often critical views of community residents.

During my fieldwork, I also engaged in direct *observation*. In all of the communities, I visited the irrigation infrastructure facilities rehabilitated through the ASIF micro-projects. I also visited community meeting places, schools, medical centres, local clubs and potable water infrastructure facilities. I observed public meetings, social activities and interaction among community residents and between residents and their leaders.

As part of the fieldwork, I conducted semi-structured and conversational interviews with the ASIF management and staff members (including the ASIF Managing Director, Heads of Promotion, Appraisal, Follow-Up and Monitoring and Evaluation Units, promotion officers and supervision engineers). These interviews helped deepen my understanding and ‘updated’ my knowledge of ASIF’s operating procedures and implementation mode. I also interviewed representatives of the government’s Irrigation Rehabilitation Project Unit and IFAD in order to understand the technical aspects of the irrigation decentralisation reform in Armenia. Interviews with the representatives of donor agencies and NGOs, including the World Bank, UNDP, GTZ, Save the Children and Oxfam, helped me obtain a variety of perspectives and accounts on community development in Armenia. In total, twenty background interviews were conducted (Annex 1).

5.3 The Practice of Research

This section discusses how I collected and analysed the data. It describes how I identified and contacted the research respondents and conducted interviews during the fieldwork. It then provides information on the analytical approach and main stages of data analysis.

5.3.1 Data Collection

In order to test the methodological and contextual relevance and applicability of my research design, in June 2001, I carried out preliminary (pilot) fieldwork. In particular, I conducted in-depth qualitative interviews in three rural communities in Armenia. I visited communities where ASIF supported irrigation (Tsilkar), school (Hartagyukh) and potable water micro-projects (Nor Khachakap). I chose communities with different

types of micro-projects in order to understand possible influences that specific sectoral issues could have on the micro-project outcomes.

The pilot fieldwork was an important input in my research. Firstly, it provided me with important contextual information and invaluable insights necessary for understanding local institutional and social dynamics in Armenia. Secondly, it helped me refine my research design by contextualising some of the research concepts and topics and questions in the interview guides. Finally, my pilot fieldwork was of important practical value. It helped me improve my research skills and design communication, interviewing and logistical strategies for my main fieldwork. Thus I had an opportunity to practice my interviewing skills, test my ability to orientate in the field, engage in a dialogue with respondents and pursue the goals of my research in the specific context of an Armenian village. In addition to my pilot fieldwork in the rural communities, I interviewed the key ASIF staff members to gather specific information about the ASIF operations and practices and to refine my research framework based on the ASIF project assumptions.

In July-August 2002, I carried out the main fieldwork in the chosen communities. I recruited the help of an Armenian researcher Arusik Grigoryan, a graduate of the Department of Sociology of the Yerevan State University. The presence of Arusik was of great help. In particular, she helped me in arranging the interviews, taking notes, co-ordinating focus group discussions and solving many logistical matters. The presence of a female researcher proved to be an important factor in breaking social barriers, especially in communicating with female community residents. The opportunity to discuss and reflect on the research findings and share field impressions with Arusik was extremely helpful. Working in a team helped me retain my energy levels and my sense of confidence all the way throughout the fieldwork. The presence of our friendly and down-to-earth driver Arsen Grigoryan also helped build rapport with the community, as it de-formalised the atmosphere during the interviews and at the same time made our team look 'professional' in the eyes of the community.

I spent three days in each community. Based on my pilot experience, I decided not to use tape recorders to record interviews, but rather take notes in a notepad. I found that although most respondents did not object to tape recorders, they did not feel comfortable to speak their minds and discuss issues openly when they were taped. Both

I and my assistant took notes during the interviews, which we compared after the fieldwork. Most interviews were conducted in Armenian; some interviews in the refugee populated Karin and Eghegnavan were conducted in Russian. At the end of each day in the field, I discussed the fieldwork processes and findings with my assistant, which helped me continuously modify the interview guides and interviewing techniques. After each visit to a community, I wrote up field notes to record my observations, impressions, and interpretations.

I did not have a prescribed structure for my interviews. In some communities, I started with a formal interview with the village mayor. In other communities, I started with interviewing random community members, whom I visited in their homes. After receiving their, often alternative perspective, I would then conduct a formal interview with the mayor. In both cases, I was able to collect some preliminary information about the social and demographic composition of the community, its main social and economic problems and obtain a general sense about the community, which helped develop my further research strategies in that community.

Through the local mayors I had access to the IA members. The latter then helped me identify other community members who collaborated on the ASIF micro-project or participated in common activities in their community. Through my interviews with the key informants, I was able to identify community residents with different social characteristics. In some cases, I found them myself through the contacts given to me by their co-villagers; in other cases, their co-villagers volunteered to guide me to their homes. I also interviewed random community members that I encountered on the village square or in the fields.

Most interviews with the key informants were held at the mayor's office or in their homes. By visiting homes of respondents I was able to talk to their spouses and other family members, which helped me better understand interpersonal and gender relations in the community.

I arranged the focus group discussions with men by identifying and joining natural groups of farmers, usually at the village square. In order to arrange focus groups with

women, I requested female respondents to ask their female friends and neighbours to join us for a discussion.

5.3.2 Data Analysis

Robson (1993: 378) distinguishes between informal and formal stages of data analysis. I began informal data analysis during the data collection phase. I composed summary sheets for each community, in which I noted some of the emerging themes and issues and my initial thoughts and interpretations of local processes and the factors that could account for the micro-project outcomes. After completing the fieldwork, I started a formal systematic analysis of the narrative accounts, field notes and summary sheets.

I started my formal data analysis with organising the data, i.e., sorting the data according to the main themes and categories developed in the Research Frameworks 1 and 2. This process involved “creative cutting and pasting of the data” (Patton 1987: 146). I did not refer to computer assisted software programmes, but rather organised and analysed the data via word processing. I continued organising and re-organising the data as I was progressing with my analysis. In addition to using the themes and categories developed before the data collection and analysis, I generating new themes and categories through the examination of variation in the data. For example, my classification of local leaders into ‘developmental’ and ‘predatory’ was based on the examination of patterns of leadership and developmental outcomes in the studied communities.

The data analysis included four analytical exercises. In the first analytical exercise, I distilled the main social, institutional and political factors that affect participation and local institutional capacity in the sample communities. This involved understanding of socio-economic conditions, patterns of national, regional and local governance, the existing local institutions, forms and nature of participation, the intensity of empowerment of local residents, social capital, and institutional capacity in the sample communities. I first sorted and summarised the data by the main themes and categories developed in Research Framework 1 (Figures 5.1 and 5.2). I then used the data to depict an in-depth account of local communities, derive patterns, provide explanations, and develop typologies. I also grounded the generation of analytical categories and themes

in the data itself. The output of this exercise is presented in Chapter Seven. These findings helped me interpret and explain the processes and participation and capacity building effects of the ASIF micro-projects in the sample communities (presented in Chapter Ten).

In the second analytical exercise, I analysed the micro-project service delivery outcomes and processes. I sorted and synthesised the data in each community by the main conceptual themes and measures of micro-project service delivery outcomes and processes developed in Research Framework 2 (Figure 5.3 and Box 5.3). In particular, I first assessed the quality of rehabilitation/construction and the extent to which the newly rehabilitated facilities benefited community residents. I then explored the patterns and nature of community participation and leadership roles throughout the stages of initiation, identification, preparation and implementation of the ASIF micro-project cycle. These analyses are reflected in Chapter Eight. I used these data to test whether the assumptions underlying the ASIF project as a capacity building instrument have been met. Linking processes to outcomes (impacts) helped me interpret and explain the participation and capacity building impacts of the ASIF micro-projects in the sample communities (Chapters Nine and Ten).

In the third analytical exercise, I examined the impact of the ASIF micro-projects on community participation and local institutional capacity in the sample communities. I sorted and summarised the data according to the impact indicators in Research Framework 2: Hypotheses 2-7 (Figure 5.3). In particular, I examined the effect of the ASIF micro-projects on social capital, skills and abilities of community residents, the intensity of empowerment and the nature and forms of participation, operation and maintenance (O&M) arrangements, capacity building of Water User Associations (WUAs) and the organisation of water allocation and distribution in the sample communities. In order to assess possible change and trace the causality, I compared the data on these impact indicators before and after the ASIF micro-projects. The summary of the key indicators used in the 'before and after' comparisons is presented in Box 5.1. I also analysed the data to establish any other types of impacts that were not captured by the indicators in the research design. In addition, I analysed the linkages between the micro-project processes, service delivery outcomes, and the observed participation and capacity building impacts. Section 5.1.4 provides greater detail on the analytical steps in

assessing change and establishing causality. I compared the key findings and drew the main commonalities and differences across the communities in the sample. The analysis of the micro-project impacts is presented in Chapter Nine.

The fourth analytical exercise involved explaining and interpreting research findings. I analysed how the ASIF project hypotheses and assumptions translated into the observed micro-project processes and participation and capacity building outcomes. The project assumptions were analysed on two levels. First, I analysed how the local context (discussed in Chapter Seven) was understood and addressed in the design of the ASIF project. Secondly, I analysed how community participation, empowerment, social capital and social inclusion were conceptualised and operationalised in ASIF's design and operating procedures. In addition to the project design related factors, I examined the key project implementation related issues. At this stage, I revisited and redefined the initial conceptual framework according to the emerging themes, concepts and issues. The interpretation of key findings of the research is presented in Chapter Ten.

In my analysis, I made every effort to develop explanatory accounts and inferences based on sufficient evidence and systematic assessment of all data. Throughout the analysis I revisited the original data to verify the substantive and contextual accuracy of the analysis. I also linked the analysis to other research to confirm and compare findings and interpretations. At the same time, as mentioned in section 5.1.1, it is often difficult to verify the trustworthiness of qualitative data derived from diverse sources. In order to expose the multiplicity of local 'realities', I incorporated a variety of views and perspectives in my analysis and interpretations. I adopted a flexible approach to data analysis in order not to restrict myself to the examination of already predetermined analytical categories, but also to generate new categories from the data itself. I had opportunities to check the accuracy of my interpretations through discussions with development professionals and feedback received at seminars and conferences.⁵¹

⁵¹ Includes presentation of my research findings at academic conferences at Harvard University, Cambridge, MA, October 2003, and the School of Eastern European and Slavonic Studies, London, November 2003; and at a practitioners' conference on community development in Amman, Jordan, April 2005.

5.4 Evaluating the Research

This section discusses key issues related to the quality of this research. In particular, it first discusses the reliability, validity and generalisability of the research findings. It then presents the methodological, ethical and moral challenges and opportunities that I faced during my research, and that affected the quality of the data.

5.4.1 Transferability of Research

The issue of transferability of findings of qualitative research largely depends on the framework within which the findings are generalised (Lewis and Ritchie 2003: 263). Lewis and Ritchie (2003) distinguish between two levels of generalisation: empirical and theoretical. Empirical generalisation can be applied to the population from which the sample is drawn (representational generalisation), and to other settings and contexts (inferential representation). There are two important aspects of this research that need to be considered when discussing transferability: ASIF as a development intervention and the contextual environment within which it operated.

Representational generalisation depends on the reliability and validity of data (Lewis and Ritchie 2003: 272-274). Reliability can be ensured by the appropriate design and conduct of the research, including robust sample design and methodologies, consistent fieldwork, systematic and comprehensive analysis and accurate data interpretation. Validity can be achieved through minimising sample bias, fully exploring the views of participants, reflecting the actual meanings assigned to the phenomena by participants, basing explanations on sufficient evidence and portraying findings so as to accurately reflect the actual situation. This chapter provides detailed discussion on the research design and framework, the research sample and the process of collecting and analysing data, which support the research's claims to reliability and validity.

Representational sampling in qualitative research is different from quantitative research. Statistical sampling procedures tend to suggest sample sizes greater than those needed for a qualitative assessment (Salmen 1999: 6). Qualitative studies use in-depth methodologies, and hence they can provide sufficient understanding from relatively

small samples. Inferences in qualitative research are not based on the “prevalence of particular views or experiences”, but rather on the mapping of the “range of views, experiences, outcomes or other phenomena under study, and the factors and circumstances that shape and influence them” (Lewis and Ritchie 2003: 269). Generalisations to the parent population are drawn “at the level of categories, concepts and explanation” (269). Thus, representation in qualitative research “is not a question of statistical match but of inclusivity; whether the sample provides ‘symbolic representation’ by containing the diversity of dimensions and constituencies that are central to explanation” (Lewis and Ritchie 2003: 269). The sample of this research was designed so as to incorporate the diversity of views and experiences in the community (section 5.2).

The actual empirical findings of my research are specific to the particular geographic and temporal context of the communities in the sample, and are influenced by the respondents in the studied communities. It would be inaccurate to assert that the findings of this research can be universally applicable to all communities in Armenia. At the same time, I believe the core findings of this study are representative of many other rural communities in Armenia. Despite their geographic, socio-economic and historical differences, most Armenian communities share the key features of institutional and social organisation described in this study. These features are heavily shaped and determined by the patterns of governance at the national and regional levels. These patterns of institutional and social organisation are most likely to induce similar types of micro-project impacts in other communities. The key findings of this research with regard to the specific characteristics of the contextual environment and the impacts of the ASIF project have been confirmed by my other research (Babajanian 2002; 2003).

How relevant are the specific findings from the ASIF case study for other social funds? The inferential transferability largely depends on the similarity between the context within which the research was conducted and the context to which it is to be applied (Lewis and Ritchie 2003: 268). It is the key finding of this research that the specific outcomes of development projects are context-specific. The effectiveness of social funds largely depends on the specific local institutional, social and cultural context and policy environment and may vary from country to country. The extent to which the

findings of this research can be applicable to other situations will depend not only on the specific contextual environment, but also on the specific institutional and operational features of social funds. It is suggested that the effects of social funds may depend on the priorities that different social funds attach to social capital and capacity building (OED 2002: 147).

As mentioned in Chapter Three, there are variety of social funds, which have different objectives and operational procedures and employ different implementation methodologies. As mentioned in Chapter Four, the ASIF project belongs to the second generation of social funds, which were conceived in the mid-1990s. It is thought that the new, third generation of social funds represents more advanced features. Thus it is believed that the 'newest' investment portfolio of social funds is "more likely to be integrated with local government programs, pay more attention to sustainability criteria, and contain intensive training components" (Rawlings *et al* 2004: 6). The newest social funds attach greater importance to empowerment and social capital building, by explicitly incorporating them in their formal objectives, and by introducing specific training and evaluation and monitoring procedures in the project design and implementation.

The variety of contextual environments and the diversity of social funds restrict us from making categorical empirical generalisations about the participation and capacity building effects of social funds. At the same time, this thesis allows making theoretical generalisation. This thesis analyses the validity of assumptions underlying the social fund 'bottom-up' model for promoting participation and capacity building. This allows generalisations about the effectiveness and relevance of social funds for inducing institutional change in particular development contexts. Thus, it is likely that social funds based on the 'bottom-up' model described in this study may not be effective in promoting broad-based community participation in settings characterised by high levels of poverty, prevalence of strong informal networks based on patronage, and poor governance structures at the micro and macro levels. The research findings can also be applicable to other community-driven projects that share the social fund 'bottom-up'

model. Many community-driven projects, supported by the World Bank, UNDP and international and local NGOs, in their core features are similar to social funds.⁵²

The findings of this research are consistent with the findings from a number of other studies, which question the effectiveness of the social fund model in promoting genuine community participation (Tendler 1999; OED 2002; Rao and Ibáñez 2003). The findings of these studies are discussed in Chapter Ten. This thesis also uses findings of evaluations of the ASIFII operation conducted by the author (Babajanian 2002; 2003) to draw comparisons with the ASIF project. The ASIFII project belongs to the newest generation of social funds. Commenced in 2001, it explicitly addresses the issue of local institutional capacity by delivering special training to local government officials and community groups. It has built-in procedures for encouraging partnerships between regional and local government officials and community members. Despite the differences in the operational procedures of ASIF and ASIFII projects, the core features of the ASIF model remained unchanged in the ASIFII operation and resulted in similar impacts.

5.4.2 Opportunities, Challenges and Limitations of the Research

My prior work experience in Armenia significantly helped me in preparing for and carrying out this research. Having worked as Social Development Specialist at the World Bank in Armenia from 1996 to 1999, I established good working relations with government officials and representatives of international agencies and NGOs. As a result, I did not experience difficulty in accessing project documents and background literature, and in securing interviews with development professionals, who worked on rural development issues in Armenia. For three years I was directly involved in the supervision and implementation support of ASIF and in the preparation of ASIF II. I also conducted three studies of the ASIF project for the World Bank (Babajanian 1999; 2002; 2003). Thus, I had thorough understanding of ASIF's design features and operational procedures, which helped me in designing the research framework and interpreting research findings. Having worked on a number of other World Bank

⁵² See, for example, Babajanian (1999) on the comparison of community-based infrastructure delivery projects supported by ASIF, Save the Children and Oxfam in Armenia; and Earle (2004; 2005a) on the USAID supported community development projects in Central Asia.

supported projects and research programmes in Armenia, I had good knowledge of the socio-economic, institutional and political environment in the country.

My experience of working in the area of social development in Armenia was crucial in inspiring and prompting me to undertake this research. My work provided me with an opportunity to develop my knowledge and awareness of the country and participate in project development and evaluation across a variety of social policy issues. Through my work I became exposed to 'real' problems that people in Armenia faced. I was involved in a number of research projects, which gave me an opportunity to conduct field research and become aware of the circumstances in which poor people in Armenia lived and sustained their livelihoods. As I carried out regular supervision missions of the ASIF project, I frequently visited rural communities and urban neighbourhoods with ASIF financed micro-projects, conducted interviews with local leaders and some of the poor and marginalised residents, and assessed the sustainability of ASIF financed infrastructure.

Whilst working on the ASIF project, I became especially preoccupied with the issue whether the ASIF project could promote sustainable changes in the Armenian communities. In particular, I observed that on the one hand ASIF was very effective in building important social infrastructure, but, on the other hand, it did not succeed in promoting much community activism and strengthening local institutional capacity. I was keen to identify specific reasons that accounted for these developmental outcomes of the ASIF project. Was it because local people were apathetic and disinterested? Or perhaps the ASIF staff did not invest sufficient effort in mobilising and reaching out to the local residents? Or were the initial working assumptions behind the ASIF model unrealistic and contextually irrelevant? I had accumulated substantial knowledge about the ASIF project and about the social and economic situation in the Armenian communities. At the same time, I found that my ability to answer these questions was somewhat restricted by my role as a 'practitioner' and programme worker. In particular, I felt that my understanding of the project was influenced by the specific programmatic objectives, indicators and evaluation criteria of the ASIF project. I felt that in order to be able to objectively assess the effectiveness of ASIF as a capacity building development model I needed to de-link my role as a 'practitioner' from that of a 'researcher', and to develop a rigorous conceptual and theoretical framework that could

help me systematise my knowledge, ask the right questions and design benchmarks for impartial analysis. Hence I decided to enrol in a PhD programme in order to learn about key concepts, frameworks and debates in the area of social development and undertake my own research project through which I could attempt to answer some of the questions I was preoccupied with.

As a 'native', Armenian researcher I had several advantages when conducting the fieldwork. I was perceived by the communities as one of 'us', which greatly facilitated my rapport with the respondents and my access to information. The lack of cultural barriers allowed me easily 'understand' local issues, relate to people's problems and experiences and build trusting relations with community residents. As I speak Eastern Armenian dialect (as opposed to Western, or Diaspora Armenian), I was accepted by community residents as 'local', which removed any possible communication barriers. Barsegian (2000: 126), based on his fieldwork experience in Armenia, suggests that public self-representation of Armenians, for example, the ways in which many Armenians chose to present themselves to the West, and their private behaviour can often be different. He stresses the importance of looking beyond the "surface of public performances" (Barsegian 2000: 127). My status of an 'insider' helped me gain access to the actual, private reality of my respondents. As a native Armenian, I was able to easily understand and 'decipher' the cultural and political meanings of issues and contextual factors. I feel that I was able to accurately interpret statements and expressions with specific cultural and political references.

My cultural embeddedness made it sometimes difficult for me to 'see' things, especially at the beginning of my research. Thus, some aspects of people's behaviour seemed 'usual' and 'normal' to me, which blurred their cultural and social significance and deterred me from questioning or exploring them in detail. For example, on my first day of fieldwork, I witnessed how the shop assistant in the local shop gave ice cream to some children, without taking any money for it. Later I realised that I did not pay any attention to such behaviour as I perceived it as 'something we all do in Armenia'. On the other hand, this episode could serve as a reflection of the post-Soviet reality, in which market relations become intertwined with tradition, and what is supposed to be a purely 'commercial' endeavour obtains a 'human' face. During my fieldwork I was

becoming increasingly aware of the need to 'detach culturally', and I trained myself to be more alert to my fieldwork environment and seemingly 'trivial' experiences.

My ability to generate rapport and build trusting relations with the respondents implied that most of them were open and did not fear to speak their minds. Most respondents were generally critical of their leaders and government officials. Communication with local leaders was generally quite open. Some leaders were more formal than others. For example, the mayors in Ashnak and Eghegnavan maintained a more official stance and preferred to answer my questions without engaging in much dialogue or discussions. Other mayors were more communicative and willing to share their issues and problems and even ask for advice. The mayors did not explicitly object to my communicating with community members, and I did not need their prior approval for speaking directly to community residents. I had a formal letter addressed to the mayors, in which the ASIF Director explained the objective of my research and requested them to support me. The mayors (as well as all other respondents) trusted my verbal explanations, and never asked to demonstrate any formal proof of my mission. At the same time, I felt that the mayors were not always comfortable with the content and nature of issues raised by the discussions I provoked. They discreetly monitored my actions and felt relieved when the research team was ready to leave their community. My awareness of the fact that the local mayors were the 'gatekeepers' in their communities and that my access to local residents was largely dependent on their good will, made me very cautious not to exceed the limits of their hospitality and tolerance.

This research was conducted within time constraints. I spent three days in each community, which seemed to be the maximum time that I could spend in each community. I realised that after spending two days in a community, the presence of the research team was becoming a burden for the local residents. People were busy with their everyday life and work, and they were finding it difficult to devote their time and retain their hospitality and attention to our team. As mentioned earlier, the local mayors did not seem enthusiastic about the possibility of my lengthy stay in their communities. I felt that by extending my presence in the communities I could incur fatigue and resentment among community residents and local mayors. Meanwhile, a longer presence in the community would have enabled me collect data of much richer depth, reflecting a greater diversity of situations, views and perspectives. The interviews

themselves were subject to time constraints. There is a natural time limit for the effective delivery of in-depth qualitative interview. That seemed to be about ninety minutes on average. It was not possible to continue most interviews beyond two hours. As I had to cover a vast range of topics and issues, the time constraint implied an inevitable level of superficiality in answers to some questions/themes.

In the majority of sample communities, the ASIF micro-projects were completed in 1998. In Eghegnavan and Arevadasht, the micro-projects were completed in 2000. The fieldwork was conducted in the summer of 2002. The significant time lapse provided an opportunity to observe whether possible changes induced by the ASIF interventions were sustainable and long-lasting. Many impact assessments, for example, social fund BAs are usually conducted immediately after the completion of the social fund micro-project. It is possible that some of the social fund micro-project impacts picked up by BAs may only have a short-term nature. On the other hand, this time lapse had its downsides. Thus, it was impossible to capture any short-term impacts that ASIF may have had on local communities.

The substantial time span between the ASIF micro-projects and the fieldwork created a problem with recall. In particular, many respondents had difficulty in remembering specific details related to the micro-project identification and implementation processes and their participation in communal activities before the micro-project. This has certainly limited the depth of the fieldwork data.

Different people have different degree of knowledge and different ways of reflecting on their lives and experiences and verbalising them. For example, interviews with some community members did not provide rich or substantive information, as these respondents either did not have the knowledge of the ASIF micro-projects and associated processes, or articulated their ideas in a sketchy and laconic way. Some respondents were not motivated to actively engage in a reflective dialogue and share their accounts with the researcher.

The information and analyses in this thesis are primarily drawn from the views, perceptions and perspectives of the community members. This implies that the information obtained is not free from some degree of subjectivity and bias. The issue of

subjectivity is especially pertinent in the assessment of interpersonal relations and social attitudes, which form a core part of this study. In my sampling design and analysis, I made all the effort to portray a picture that would objectively reflect the views of all of the respondents. At the same time, subjective opinions and perceptions, even if they do not reflect the 'objective' reality, can provide useful indications of the types of existing social and institutional relationships in local communities.

5.4.3 Ethical and Moral Issues

The presence of a researcher is not neutral for a community, and may have its positive or negative impact on the community. In particular, I was aware that raising any political questions concerning the issues of local governance, power and authority, could provoke tension, disagreements and even conflict.⁵³ I realised that such discussions could also jeopardise the success of my research. At the same time, by its very nature this research is rather political, and completely excluding discussion of governance and power would have made the objective of the research redundant. In order to minimise the risk, I framed the interviews so that respondents were given clear understanding of the issues which would be addressed. I also made effort to maintain a neutral tone, and left it to my respondents to make references to political issues. As I explained earlier, Armenian communities are relatively open, and most respondents did not fear to discuss their problems and criticise authorities. Thus, most people were critical about local and national governance as far as it concerned local economic and social affairs and where it was perceived to directly affect individual livelihoods. At the same time, most respondents were reluctant to explicitly discuss issues related to formal politics of their communities. Therefore, I decided not to accentuate politics in my interviews, which explains the limited focus of this thesis on such issues as local government elections, voting behaviour, party affiliation of community members, and relations between local governments and the Councils of Elders.

Another safeguard I have undertaken to protect my respondents from possible harm is to preserve their confidentiality. In order to ensure confidentiality, I concealed the

⁵³ Warwick (1993: 326-327) for example warns that researchers have obligations to their respondents and should avoid violating ethical and cultural standards of their respondents and causing physical, social and political harm to their respondents.

identities of community members. I assigned codes to each interview and used these codes in referencing the field data (see Annex 8). It would be impossible to conceal the identities of the local mayors and some other officials, as they can be identified from the names of their communities. In order to protect them from harm, I decided not to quote some of their controversial statements that could be used against them. At the same time, I did not want to change the names of the studied communities. This research is about lives of real people, and it would be unfair to devalue these lives by placing them within fictional, non-existing communities.

All interviews were based on the ‘informed consent’ of the respondents. Before the interviews I introduced myself and my research team to the respondents. I presented myself as an independent researcher, explaining that I was interested in how ordinary people lived and how community projects, including ASIF, influenced their livelihoods. I explained that interviews were confidential. All respondents of this research voluntarily agreed to take part in the interviews. The respondents did not object to my using the interviews in my thesis.

The researcher can induce changes without taking a conscious action about it. I did not intend to engage in participatory research. It would have required greater methodological preparation and more time and resources. Also, I believed that I did not have the ethical right to turn up in a community and intervene with my own agenda in the space that belonged to the community. I was especially wary of possible negative consequences that any ‘conscientisation’ attempts could incur. Although I did not intend to induce any changes, my mere presence made an impact in the local communities. As described earlier, I was thoroughly engaged with my respondents and was perceived as someone who was willing to listen to people’s problems and understand their issues. Many respondents commented upon how they valued the opportunity to talk and share their problems. Many respondents told me that they had rarely encountered outsiders who were sympathetic and understanding to their situation.

The presence of our research team in Arevadasht had an empowering effect on the community residents. When we arrived in the community on the second day of the research, we saw a group of community members, including some of the marginalised residents, assembled on the square in front of the mayor’s office, dressed in their best

clothes. They explained that they knew that we had made an appointment with the mayor and that they were waiting for us. They all came with us to the mayor's office and told him that they were going to be present during our discussion. As the mayor rarely interacted with the community residents, the residents took this as an opportunity for communication and information sharing. In particular, they were eager to discuss the reasons for the poor functioning of the ASIF supported irrigation facility. At the same time, the residents were hoping to use our presence to pressurise the mayor and to exact accountability. The meeting with the mayor turned into a civic action, in which community residents took turns to make public statements. They shared their problems and complained about some of the injustices they encountered. Some of them openly criticised the mayor in his presence. This incident serves as a vivid illustration for me that people in Armenia, even in such a marginalised and impoverished community as Arevadasht, do not 'suffer' from apathy and paternalism. The potential for civic action lives within the community, although it is dormant. Once opportunities arise, people are willing to claim and take up their space. The presence of external agents, whom the community trusts, can serve an important catalytic role in activating civic potential.

As I mentioned in section 5.4.2, my prior work experience with the World Bank in Armenia significantly helped me in preparing for and carrying out this research. It also had its downsides. Thus I had established cordial and trusting relationships with my former colleagues at the World Bank and ASIF. In fact, my special relationship with ASIF helped me gain easy access to the ASIF staff, documents and archival materials and to the ASIF supported communities. At the same time, I was sensitive to the fact that my fieldwork findings raised critical issues about the appropriateness of the design and implementation procedures of the ASIF project. Reflecting on her fieldwork in Armenia in the early 1990s, Dudwick (2000: 15) points out the ethical and moral dilemma that researchers often face with regard to "loyalty to friends and acquaintances versus loyalty to abstract political ideas and notions of professionalism". Dudwick (2000: 25) maintains that this dilemma raises "acute issues of friendship, trust, and betrayal" as researchers have to maintain their responsibility to remain objective and professional, but also strive not to breach the confidence they receive from their friends, gatekeepers and respondents. I was not willing to compromise the objectivity of my study and hence retained my critical perspective throughout the fieldwork, data analysis and interpretation and in my final reporting of the findings in this thesis. At the same

time, I felt it was important to maintain transparency in my relations with ASIF and I communicated my key research findings to ASIF's management and key staff members. I also gave careful attention to the design of this research and to the analysis and interpretations of the research findings in order to ensure that they reflect accurate understanding of ASIF's procedures and practices.

I feel that my presence in the communities was also somewhat disappointing for local people. As has been noted elsewhere (Hammerley and Atkinson 1998: 75), research respondents are likely to have a variety of expectations from the researchers. Despite the fact that I introduced myself as an independent researcher, many respondents still perceived me as somehow affiliated with ASIF or donor agencies. The respondents were not aware of my previous position in the World Bank and of my involvement in the ASIF project. It is common in Armenia to assume that a researcher is likely to have amicable ties with the agency whose projects he or she investigates and to generally have connections in important institutions. On many occasions, people would share their problems with me and hoped for my support or intermediation. For example, some local mayors and community members asked me whether I could help them raise funds or identify contacts, who could help them with the rehabilitation of infrastructure facilities in their communities. It is likely, that these expectations and hopes of the respondents affected their interaction with me and some of the responses that I obtained.

People's expectations were not always material. Thus many respondents felt that I was in the position to communicate their problems to the external world and help them receive just treatment. Both in Arevadasht and Ashnak, where the quality of civil works under the ASIF micro-projects was poor, many community residents were hoping that I could raise their issues with ASIF or government authorities. They quite legitimately assumed that as I was researching the impact of the ASIF project, then I was in the position to also undertake some action about it. I did not have enough leverage and authority to become an intermediary between the communities and ASIF or the government. I was very careful not to raise people's expectations by stressing that I had little possibilities to help them. At the same time, I was extremely frustrated by my inability to help these people.

Barsegian (2000: 123) suggests that 'native' ethnographers can "move between observation and participation", whilst 'guest' ethnographers often remain mere observers. Barsegian notes that this ability to 'participate' implies that native ethnographers, especially in the highly politicised and fragmented post-socialist societies, cannot easily detach from their fieldwork, and they often become 'absorbed' in the field or become compelled to take sides. I too felt that it was difficult for me to detach from the context of my research. I could personally relate on emotional, cultural and intellectual levels to most issues that I discussed with the respondents. It was often emotionally difficult for me to detach from my respondents and their stories. I often felt anger against the injustice that they were subjected to and great sadness at the circumstances they lived in. My visit to Arevadasht, where I witnessed a situation of extreme poverty that I had not encountered in my previous field experience, was particularly heart-breaking. I often found myself tempted to turn from a passive observer into an active participant and advocate for poor people's issues. For example, I could not resist reprimanding the mayor in Arevadasht about the situation in the village, clearly taking the side of ordinary residents in the village and urging him to reach out to some of the marginalised households.

My fieldwork experience has raised some fundamental ethical and moral issues about my own role as a researcher. In particular, it has made me think whether a researcher should take up a neutral stance or whether he or she should also be an activist and attempt to influence situations based on their knowledge of the issues on the ground. Is it moral to enhance expectations and hopes of people and assume a passive role? Provided there is little likelihood that research findings would translate into immediate action, does such research have any social relevance? Are we in a sense abusing the poor and powerless, by using our position of power to extract information from them and enhance our careers and not giving them anything in return? At the same time, do we have the right to intervene into local people's space and bring in our own agenda, no matter how good and just we perceive our cause to be?

5.5 Conclusions

This chapter presented the research design, methods and practice. This research was designed as a qualitative study. It was carried in seven rural communities in Armenia,

where ASIF supported irrigation micro-projects. The research methods included in-depth semi-structured interviews, focus group interviews and direct observation. The chapter presented the main research frameworks of the study. The first research framework was developed to understand the existing socio-economic conditions, forms and nature of community participation, social capital, local institutions and patterns of local, regional and national governance in Armenia and to identify factors that affect participation and institutional capacity in local communities. The second framework is based on the theory-based evaluation method. It presents the key hypotheses and assumptions of the ASIF project and defines indicators for assessing the ASIF processes, service delivery outcomes, and participation and capacity building impacts

This chapter provided an account of how the data were collected and analysed. The outputs of these analytical processes are presented in Chapters Seven, Eight, Nine and Ten. It also described some of the logistical, ethical and moral challenges and practical opportunities that I encountered during the data collection in the field. These challenges and opportunities have undoubtedly affected the quality of my research both positively and negatively.

This chapter discussed the extent to which the findings of this study can be generalised to other communities in Armenia, other contexts and other social funds. It concludes that although the findings of the study are specific to the particular setting of the communities in the sample, the case study of the ASIF project allows making theoretical generalisation. It is likely that social funds and other community-driven projects that share the bottom-up model for capacity building may induce similar development impacts and processes in similar social, institutional and political contexts.

The next chapter, Chapter Six, provides background information and analysis on the socio-economic and institutional context of post-Soviet Armenia, in which the ASIF micro-projects were designed and implemented, and which significantly affected the participation and capacity building outcomes of the ASIF micro-projects.

Chapter Six. The Socio-Economic and Institutional Context of Armenia

This chapter describes the socio-economic, institutional and policy context in Armenia. Using documentary sources, it highlights the existing poverty situation, and the institutional and governance environment in Armenia. It provides an account of decentralisation and local governance in Armenia, with a specific focus on the decentralisation of irrigation management to local communities. Examination of the general context is central for understanding the opportunities and constraints experienced by the local communities and individuals living there. This chapter provides grounding for the presentation and analysis of research findings in Chapter Seven, which examines the socio-economic situation and institutional and social environment in the sample communities. Understanding of the wider context of the country is also important for situating the findings of this research on the AISF micro-project processes, service delivery outcomes, and participation and capacity building impacts (Chapters Eight and Nine).

6.1. Poverty in Armenia

This section provides a profile of poverty in Armenia based on the existing poverty statistics and qualitative studies. In particular, it discusses the scope, dimensions and causes of poverty in Armenia. Section 7.1 of Chapter Seven builds upon this section, and provides an account of socio-economic conditions in the sample communities and their impact on community participation and local institutional capacity.

6.1.1 Armenia's Economic Performance

Following the break-up of the Soviet Union in the early 1990s, Armenia's economy suffered one of the most severe shocks of all the former Soviet republics. As a result of the macro-economic stabilisation of 1994-95 and structural reforms, a steady economic recovery has taken place since 1994. The economy has been growing every year since then at an average GDP growth rate of about 7.5 percent (Table 6.1). Armenia is a small, landlocked country with few natural resources (see map of Armenia in Annex 8). It is believed that Armenia has achieved progress mainly through economic reform, and due to a well-educated workforce with specialised technical skills (World Bank 2003c:

20). Despite relatively strong economic performance, real GDP in 2002 still amounted to only 70 percent of its pre-transition - 1989 level (about 80 percent of the 1990 level).

Table 6.1: Real GDP Growth in Armenia, 1994-2004
(percent change over the previous year)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
GDP	5.4	6.9	5.9	3.3	7.2	3.3	6.0	9.6	12.9	14.0	10.1

Source: National Statistical Service (NSS).

Economic growth has had little impact on job creation and has not led to a sizable increase in real wages in the sectors that employ the majority of the population. This can be explained by the fact that economic growth is not broad-based, and it is concentrated in a few volatile sectors (e.g., construction, food processing and light industry), in which investments were possible due to external grants or credits (PRSP 2003: 17). Little growth was recorded in the labour-intensive sectors, such as manufacturing and agriculture, which in 1998 employed 58 percent of workers (World Bank 2002c: 20). The actual unemployment rate in Armenia increased from 27 percent in 1998/99 to 30 percent in 2001. In rural areas, it almost doubled, from 9 percent in 1998/99 to 17 percent in 2001. Wages in Armenia remain extremely low. In 2001, 14 percent of salaried workers and 12 percent self-employed were in extreme poverty; and 37 percent of salaried workers and 44 percent of self-employed were below the general poverty line (World Bank 2003c: 45).

6.1.2 Income Poverty in Armenia

Income poverty in Armenia remains widespread and severe, and nearly half of the population of the country are poor. Income poverty in Armenia is measured by using two absolute poverty lines – a food poverty line⁵⁴ and a general (or overall) poverty line.⁵⁵ The population below the food line is considered to be *extremely poor*, and the population below the general or overall poverty line is considered to be *poor*. In 2001, the food line in Armenia was defined at 7,979 *drams* (\$14.4) per capita monthly

⁵⁴ The food line is based on the cost of the food basket that is required to provide the minimum daily calorie requirement of 2,100 kilocalories per capita.

⁵⁵ The general poverty line is the value of the minimum food basket plus expenditure on basic non-food products and services of those households at the minimum daily calorific requirement.

expenditures, and the general poverty line was defined at 11,221 *drams* (\$20.2) per capita monthly expenditures (World Bank 2003c: 34).

According to the results of the Integrated Living Conditions Survey (ILCS) conducted by the Armenian National Statistical Service (NSS) in 2001⁵⁶, 48 percent of the Armenian population was poor and 20 percent extremely poor in 2001.⁵⁷ In urban areas, some 22 percent of residents were extremely poor and 48 percent were poor. In rural areas, 17 percent were extremely poor and 48 percent were poor. The incidence of poverty recorded in Tavush (70 percent), Aragatzotn (60 percent), Gegharkunik (57 percent), Shirak (55 percent), Armavir (52) and Vayots Dzor (50) regions in 2001 was above the national average (Annex 3: Table 2). The comparison of the 1998/99 and 2001 ILCS survey results suggests some decline in poverty in Armenia. Between 1998/99 and 2001 the aggregate incidence of extreme poverty in Armenia decreased from 27 percent to 20 percent, and the incidence of overall poverty decreased from 55 percent to 48 percent (Annex 3: Table 1).

The decline in poverty between 1998/99 and 2001 is attributed to economic growth (World Bank 2003c). Economic growth, however, had uneven impact on poverty reduction across different regions. Yerevan, the largest and most economically active urban centre in Armenia, experienced a significant reduction in extreme and overall poverty between 1998/9 and 2001. The situation of most rural regions remained nearly unchanged or worsened. Some rural areas, including Tavush, Armavir, Vayots Dzor and Gegharkunik, experienced a massive increase in poverty in 1998-2001 (Annex 3: Table 2). The population in rural areas faced increased scarcity of jobs, as the total unemployment rate in rural areas almost doubled.

The pervasive nature of poverty in most rural regions has been attributed, among other factors, to the situation in the labour market, structural issues, access to agricultural inputs, and climatic and geographic vulnerabilities (World Bank 2003c). Falling

⁵⁶ NSS carried out three nationally representative household surveys (Integrated Living Conditions Surveys (ILCS)) in 1996, 1998/1999 and 2001. These surveys measured poverty through household consumption indicators, which are believed to be more accurate measures of material well-being than income indicators. Due to the differences in the methodology and sample sizes, the results of the 1996 survey are not compatible with the results of the 1998/99 and 2001 surveys.

⁵⁷ Poverty incidence based on the international poverty line defined at \$PPP2.15 (or 10,397 *drams*) per capita per day in 2001 was at about 37 percent in both rural and urban areas.

producer prices for agricultural products and rising prices for essential agricultural inputs have negatively affected farmers' incomes. The climatic and geographic conditions in Tavush, Gegharkunik and Vayots Dzor are not favourable to high productivity agricultural activities. These regions are mostly mountainous and pre-mountainous areas, where the quality of land is poor and weather conditions are often harsh. There are few off-farm employment and economic opportunities concentrated in most rural areas, which prohibits most people from engaging even in the most basic income-generating activities. As a result, most of the population in these areas is engaged in low productivity subsistence agriculture.

Poverty in Armenia has been described as 'persistent' (World Bank 2002d: 15). Although, the data on poverty incidence before 1998 are not comparable, the available indicators suggest that poverty was deep and severe before 1998. In 1992, 1993 and 1994, living standards fell sharply and poverty became widespread. According to the first pilot household survey, 31 percent of urban households and 25 percent of rural households were poor in 1993-1994 (World Bank 1996b: 6). According to the results of the 1996 household survey, 54 percent of the population were poor and 27 percent - extremely poor (World Bank 1999b: 7).

In transitional countries, including Armenia, people have become poor relatively recently, and poverty is 'new'. It is likely that this 'new' poverty has already become chronic for many poor households. According to Hulme *et al* (2001: 10-11), 'chronic' poverty is characterised by extended duration (ten years and more). Poverty that has a short-term duration, even if it is severe and multidimensional, can be characterised as 'transient'. The reduction in the number of poor throughout 1996-2001 suggests that for a small segment of the population poverty was a transient phenomenon (if only based on income indicators of poverty) (Annex 3: Tables 1 and 2).⁵⁸ While one may assume that chronic poverty exists in Armenia, there are no data available to draw definitive conclusions about the size and characteristics of the chronically poor population.

⁵⁸ As of date, no research has been carried out to document how households move in and out of poverty in Armenia.

An Armenian ethnographer Petrosian (2001) suggests that poverty in Armenia has been developing in two stages. The first stage was a 'mass' or widespread poverty that resulted after the collapse of the Soviet state in 1992-1994. During that period almost everybody was poor. After 1995, poverty has started to become 'structural'. Society has become divided into social groups with varying levels of income and an underclass of the poor has been formed. However, Petrosian maintains that because people compare their current situation to that in Soviet times, the notion of 'mass poverty' is still applicable in the Armenian context. Thus even some relatively better-off citizens perceive themselves as poor, as they compare their lifestyle and standard of living with the one they used to have during Soviet times.

6.1.3 Human Poverty in Armenia

Health. One of the manifestations of human poverty in Armenia is the increasing difficulty of the poor in accessing medical services and/or receiving services of adequate quality. Utilisation of health care, including inpatient and outpatient care declined almost three times over the 1990s (World Bank 2003c: 76). The results of the ILCS survey show that in 2001 the utilisation of health care by the richest quintile was 1.5 higher than that of the poorest quintile. The main reason for the decline in utilisation of health care is the inability of the population to afford the high cost of medical services. The introduction of user charges and subsidised health care for the poor has not prevented the prevalence of informal payments in the health care system. Informal payments to nurses and doctors are still a common practice both at polyclinics and hospitals. About 90 percent of patients in Armenia reported making informal payments (World Bank 2002d: 43).

The deterioration in living standards has had some negative impact on the reproductive health of women. The number of births with complications and the number of newborns with low weight has increased since 1991. The rate of maternal mortality has increased from 40 to 50 (per 100,000 live births) throughout 1990s (Table 6.2). In 2000, it was 3.5 times higher than the WHO norm (UNICEF 2002: 14). There are significant differences between rural and urban areas: rural infant mortality and under-five child mortality rates exceeded urban rates by 47 percent and 22 percent, respectively, during the 1990s.

Table 6.2: Selected Health Status Indicators

	1990	1995	1996	1997	1998	1999	2000
Female life expectancy at birth (years)	75.2	75.9	76.2	77.3	78.1	75.5	74.5
Male life expectancy at birth (years)	68.4	68.9	69.3	70.3	70.8	70.7	70.5
Maternal mortality (per 100,000 live births)	40.1	34.7	20.8	38.7	25.4	32.9	52.5
Infant mortality (per 1,000 live births)	18.5	14.2	15.5	15.4	14.7	15.4	15.6
Under-5 mortality (per 1,000 live births)	23.8	19.9	19.5	19.5	18.4	19.2	19.2

Source: TransMONEE Database UNICEF IRC, Florence

Education. After the collapse of the Soviet Union, the education system of Armenia has been drastically deteriorating. One of the biggest achievements of the Soviet welfare state was provision of good quality education that was free and accessible to all. Today, the adult literacy rates in Armenia are still high: 97.6 percent for women and 99.3 percent for men. Some other indicators, however, are not very encouraging. The enrolment rates for pre-school education are extremely low (on average 16 percent), of which the poorest have enrolment at 10 percent and the richest at 28 percent (World Bank 2003c: 58). The enrolment rates in compulsory publicly financed basic education (age group 7-13; grades 1-8) have consistently declined over the last ten years. Thus the enrolment rate dropped from 96 percent in 1996 to 93 percent in 2001 (UNDP 2002: section 3.1). Boys tend to drop out of school more than girls. In addition to low enrolment rates, many schools report frequent absenteeism among the poorest school children (Gomart 1996: 4).

There is growing reluctance among the poor to continue education beyond the compulsory eight grades or to enrol in vocational and higher education institutions. For many parents, the value of secondary education eroded as it ceased to provide access to higher education for the poor or help fulfil the immediate needs of a family (Gomart 1996: 5). Similarly, many parents do not believe that higher education would result in higher earnings or better opportunities in life. These attitudes reflect the fact that opportunities for upward mobility are constrained for the poor. Thus the employment rates for the university graduates from poor households are 1.5 times lower than those of the non-poor (UNDP 2002: section 11.6). The UNDP report (2002) explains this by the fact that access to important social networks plays a crucial role in finding jobs.

Two thirds of the employed young people found their jobs through relatives, acquaintances or were involved in a family business.

6.1.4 Social Vulnerabilities

The difficulties of transition have made some groups of the population more vulnerable to increasing social risks. Depending on their assets, some households and individuals within these groups are more prone to experience material and social deprivation.

Women. Women are particularly vulnerable to social risks. Poverty incidence is especially high (55 percent) among single female-headed households with children (15 percent of total population). There is a significant degree of discrimination against women in the labour market. Women tend to work in the 'secondary' labour sector, characterised by low wages, inferior working conditions, short-term contracts and few opportunities for career promotion (UNDP 1999a: 15). The workload of women is often double that of men, as women have to combine their work responsibilities with their duties at home, including household work and care of children. There are rigid stereotypes in Armenia with regard to gender roles, especially in the rural areas (CEDAW 2002: 22-24). Traditional norms and customs determine what the 'appropriate' or 'acceptable' social roles, behaviour and occupations should be for men and women. These stereotypes and expectations create 'polarisation' of labour in terms of male and female spheres.

Refugees. The 1988-94 conflict with Azerbaijan over Nagorno Karabakh induced more than 300,000 ethnic Armenian refugees who fled Azerbaijan and an estimated 60-70,000 internally displaced persons (IDPs) from the regions bordering with Azerbaijan. Refugees and IDPs experience high unemployment and limited access to housing, health care and important social infrastructure (UNDP 1999b; Alaverdyan 2000; Kharatyan 2003). About 53 percent of refugees in Armenia were unemployed in 1999 (UNDP 1999b: section 4.2). Many refugees who moved to Armenia in 1992 were already too late to take part in the privatisation of land, livestock and machinery (Kharatyan 2003: 14). Most of them survive on remittances sent by their relatives in Russia and other CIS countries. Cultural and social adaptation of many refugees to the Armenian way of life has proved to be difficult. Alaverdyan (2000) maintains that the

majority of urbanised and Russian-speaking refugees found it extremely difficult to adapt to living in rural areas and build networks with the local population. The cultural and language adaptation problems contributed to a significant social exclusion of many refugee households, leading to increased out-migration of refugees.

People in the Conflict Area. The population of the regions bordering with Azerbaijan experiences high levels of material, social and psychological deprivation (UNDP 2000b: 46-48). Agricultural activities in these regions are constrained as a substantial portion of privatised agricultural land (including vineyards, orchards and pastures) is mined or considered 'unsafe'. Most people in the border areas live in an atmosphere of constant insecurity. Their psychological distress is reinforced by the occasional violations of ceasefire, mine explosions and kidnapping of cattle.

People with Disabilities. At present, people with disabilities constitute about 3 percent of Armenia's population (110,000 persons). Due to the outdated legislation, societal attitudes and the problem of physical accessibility of infrastructure, people with disabilities enjoy limited employment, economic and social opportunities (UNDP 2000b: 81). Their participation in the social life of their communities is limited.

Ethnic Minorities. Ethnic minorities (Yezidi Kurds, Russians, Assyrians, Jews, Greeks and others) constitute about 3 percent of Armenia's population. According to a report prepared by the Council of Europe, the rights of minorities in Armenia have been traditionally respected. However, as members of minority groups are under-represented in the society, they often do not have "the necessary connections and power to improve their [socio-economic] situation" (ECRI 2003: 13).

6.1.5 Psychological Dimensions of Poverty

The difficulties of transition affected not only people's material and social conditions, but also their psychological well-being. Similar to other post-Soviet countries, Armenia experienced 'sudden' poverty. This is different from 'generational' or 'inherited' poverty that most developing countries experience (Narayan and Petesch 2000: 43-44). People in Armenia were not prepared to find themselves absolutely impoverished after long years of material and social security during Soviet times. The collapse of the

Soviet state brought chaos and uncertainty into the lives of people. All of a sudden, thousands of people lost not only their jobs, income and savings, but also social status and their place in social networks. For most Soviet citizens, who were used to safe and predictable life, their everyday lives and their future have become uncertain and insecure.

Material deprivation in Armenia has been accompanied by a state of deep psychological distress and loss of faith among the population. Based on a series of qualitative interviews with poor households, Kharatyan (2001) concludes that the loss of social status and the weakening of social and kinship ties have resulted in a loss of self-respect, isolation, or even conscious self-isolation, despair, and a sense of worthlessness and inferiority among many poor people. Many new poor started perceiving themselves as 'useless' and 'redundant', as they 'lost' their former achievements and were unable to adjust to the new social and economic conditions. This sense of helplessness and uncertainty has been reinforced by lack of trust in the government institutions that fail to effectively deliver basic services and often lack accountability and transparency.

6.2. The Institutional Context in Armenia

This section provides analysis of the general institutional and governance context in Armenia. In particular, it examines institutional and structural conditions that affect the ability of individuals to benefit from existing economic and social opportunities and influence their livelihoods. This analysis helps ground section 7.2 of Chapter Seven, which provides the respondents' perspectives on the wider governance environment and examines how the institutional and governance context affects community participation and local capacity.

6.2.1 Inequality in Armenia

Despite economic growth and some poverty reduction in Armenia over 1998-2001, inequality in the country is at an extremely high level. Income inequality measured by the Gini coefficient was estimated at 0.54 in 2001 (PRSP 2003: 23). Although inequality dropped since 1998/99 - from 0.64 to 0.54, Armenia is one of the former socialist countries with the highest income inequality. Inequality is more severe in rural

areas than in urban areas. In 2001, the Gini coefficient was 0.45 in Yerevan and 0.47 in other urban areas, whereas in rural areas it was 0.58.

Box 6.1: Growing Social Polarisation in Armenia

“Today being poor in Armenia implies to be deprived of any security and protection. A society is being formed, in which human capabilities are determined by wealth and its various manifestations – cash, connections, authority, or all three of them together, as they become the social capital that provides security. Various groups start reproducing themselves and become entrenched in their sub-culture – the poor become poorer, they experience not only material deprivation, but also social and political apathy, fear, low self-esteem, and perceive themselves as inferior and incapable of playing any role in their society. The rich continue to get richer, and in addition to their wealth acquiring power and social status and engaging in political activism, sometimes without any distinct political or civic agenda”.

Source: H. Kharatyan, in “Stories on Poverty,” Yerevan 2001: 349, translated from Armenian.

The widening income inequality in Armenia and other low income CIS countries⁵⁹ is conditioned by the increasing unemployment and the reduction in incomes generated from employment and social transfers (Falkingham 2003: 9-10). The variation in income distribution among households is also due to the existing institutional and structural conditions that determine the degree of access to formal jobs, information, networks and command over economic resources. The poor often cannot take advantage of existing economic and social opportunities as they lack status, cash and connections. This results in disproportionate distribution of wages and incomes from property, business and agricultural activities. As income inequality widens, the society is being divided into a small group of rich and powerful, the so called ‘new Armenians’ (*nor hayer*), and the poor who are powerless and marginalised (Box 6.1). The following sections of this report discuss some of the existing institutional and social constraints in Armenia.

6.2.2 State Institutions and Governance in Armenia

The weak financial capacity prohibits the Armenian government from implementing effective social protection policies and programmes. Ferge (2001: 130) describes the state in Armenia and in other low income transition countries as a ‘near-collapse’ state. She considers the drastic cut in social expenditures as a result of the sharp decrease in

⁵⁹ The low income or CIS-7 countries include Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan and Uzbekistan.

public revenues as the most “tragic trend” in the welfare policies of these countries. The existing social policy programmes in Armenia are not adequate for protecting the poor. Family benefits based on a proxy means-tested targeting are the main social assistance cash benefit in Armenia. They have replaced the Soviet system of categorical cash transfers and privileges. The average monthly amount of a family benefit in 2001 was 2,255 *drams* (US\$4.5) per individual, or 20 percent of the extreme poverty line (World Bank 2003c: 134). From 1999 to 2001, the family benefits budget and the number of beneficiaries decreased by one fourth. The average monthly old-age pension in 2001 was 5,500 *drams* (US\$10), or 65 percent of the extreme poverty line (World Bank 2003c: 129). Due to the fiscal pressures, pension arrears in Armenia are very common. Some 55 percent of pensioners surveyed in ICLS 2001 reported that the state owed them an average of two months pensions (World Bank 2003c: 132). As mentioned in Chapter One, the inadequate capacity of the state to finance the operation and maintenance (O&M) of important economic and social infrastructure resulted in the deterioration of the physical condition of many schools, health facilities, potable water and irrigation networks throughout the country.

The World Bank’s Institutional and Governance Review (IGR) report (World Bank 2000e) suggests that the Armenian state has a weak institutional capacity for policy development, oversight of policy implementation and policy implementation itself (for example, through service delivery) and budgeting. The report notes that policy formulation and implementation in the social sectors has been especially weak. One of the impediments to effective public service performance in Armenia is the enduring legacy of the Soviet *nomenklatura* system. In particular, the report holds that “individual and organisational accountability is lacking, the old command-and-control culture is still entrenched, policy development and implementation are still very much top-down, and patronage is still a fact of life in public employment” (World Bank 2000e: 18). The continuing patronage in the public service means that there is difficulty to ensure accountability of individual public officials. The IGR report attributes the persistence of these legacies to the existing systemic, financial, legal and regulatory bottlenecks as well as to the informal norms and behaviour prevalent within formal institutions.

Corruption, both political and administrative, is widespread and affects all spheres of economic and social life in Armenia (Hansen 2002; UNDP 2001; Dethier 2003, Freedom House 2003). Dethier (2003: 18) argues that a common feature of the low income CIS countries is “collusion and alliance between government officials and rich and powerful entrepreneurs”. He suggests that these elite groups have a strong influence on state institutions and economic policy, which he describes as a ‘state capture’ (12-13). The International Crisis Group report (ICG 2004: 16) claims that “[T]he lack of rule of law [in Armenia] stems from a general absence of transparency at the highest political level, a situation that encourages the spread of the shadow economy and opaque decision making”. The Freedom House report (2003: 95-97) suggests that corruption in Armenia is pervasive both in the top echelons of the government and in the civil service. Ordinary citizens pay bribes to public officials for a variety of services and favours. People normally have to pay bribes, for example, to obtain legal documents and permits, to obtain a business license, and to prevent harassment of the road police.

According to a household survey⁶⁰ conducted for the IGR report (World Bank 2000e: 4), there is a pervasive lack of accountability and transparency at the micro level in Armenia. Some ninety percent of respondents felt that complaints or appeals about service delivery would not result in any decision, and more than forty percent felt that there would be no enforcement. In addition, organisations and services perceived to be more corrupt or dishonest were also negatively rated on their overall performance. The IGR survey of public officials conducted in parallel to the household survey reveals that the underlying reasons for poor public sector performance are “weak and inconsistent sector policies”, and “rules for public officials that have little impact, restraints or incentives on actual behaviour” (World Bank 2000e: 4).

Corruption contributes to the deepening of social exclusion in Armenia. A survey by the Armenian Democratic Forum (ADF 2001: 47) reports that unofficial payments are crucial for increasing access to public services and/or enhancing the quality of services provided.⁶¹ This suggests that those who cannot afford to pay because of material

⁶⁰ Two surveys were carried out in 1999 to inform the IGR study: a survey of 1,000 households at different income levels, and a survey of 300 public officials in 37 organisations.

⁶¹ The survey was conducted among 1,000 households at different income levels.

deprivation may be deprived of access to certain services or may receive services of poor quality. The ADF report also maintains that the poor were found to make unofficial payments more frequently than the rich. In many cases, the poor had to pay in order to receive services, as they often lacked access to influential social networks (that the rich had), which could otherwise facilitate their access to these services.

According to the UNDP Human Development Report 2001 (UNDP 2001: 74), corruption in Armenia has eroded the trust of the population in the rule of law and the “legitimacy of authorities and the current political system”. Similarly, Oxfam (Oxfam 2003) maintains that the widespread corruption and the weakness of the rule of law have resulted in the distrust and disillusionment of the Armenian population with principles of democratic governance. Oxfam identifies this as one of factors accounting for the low levels of civic engagement in Armenia. People have lost their faith that “political participation and civic activism can help resolve their problems” (Oxfam 2003: 4). Dethier (2003: 19) maintains that high levels of corruption endanger the progress of democratic reforms in the low income transition countries. He claims that the corrupt elite in these countries have control over key institutions of governance and law enforcement, and they are “unlikely to share power or welcome transparency and accountability”.

6.2.3 Social Exclusion in Armenia

Social exclusion affects the ability of the poor to secure jobs, access resources and take advantage of existing opportunities. The qualitative study of the poorest of the poor in Armenia (Gomart 1998) demonstrates the crucial role of social networks and informal connections in ‘getting things done’. Securing a job in the public or private sector requires connections and often cash for bribes. Connections, in particular, play an important role in accessing formal employment, and it is often the relatives and friends of managers of enterprises who receive jobs. According to Gomart, even informal employment for unskilled labour requires connections. The lack of connections, material resources and productive assets restrict the ability of individuals to engage in income-generating activities. The poor often do not have the necessary capital (or relatives or friends who have extra cash and could lend them money) to start up an income-generating activity. Refugees were found especially disadvantaged in their

access to important social networks and information, which deters them from obtaining jobs and securing benefits (UNDP 1999b; Alaverdyan 2000; Kharatyan 2003).

Most rural residents who have any significant involvement in non-farm activities are those who have positions of influence and access to important social networks (Kharatyan 2003: 22-23). Most 'village businessmen' held administrative posts in Soviet times, or were former managers of Soviet enterprises and industries. These rural elite today own most local businesses such as shops and food processing industries. Most of the managers of the former state-owned enterprises used their positions and took control of these enterprises when they were privatised. The rural elite benefits from projects supported by international organisations as well as from rural co-operatives and credit schemes. The majority of the rural population, on the other hand, perceive themselves to be powerless, and do not make any effort to involve themselves in economic activities in their area. Most of them are convinced that the market is 'closed' to outsiders who do not have access to networks and influence.

6.3 Local Governance and Decentralisation in Armenia

This section reviews the local governance and decentralisation context in Armenia.⁶² In particular, it examines the existing local self-governance structures and the main functions and responsibilities of local governments. The section examines the effectiveness of decentralisation reform in enabling local communities effectively perform decentralised tasks. This section also provides information and analysis on the irrigation decentralisation reform in Armenia. The background information and analysis provide in this section allow mapping out the immediate context within which local communities function. Chapter Seven, Eight and Nine will provide specific information on the existing local institutions and local institutional capacity in the sample communities.

⁶² Sections 6.3.1 and 6.3.2 synthesise information and analysis provided in Rawkins (2004) and Tumanyan (2001). I designed the methodology and co-ordinated the fieldwork for the Institutional Assessment by Rawkins (2004). Section 6.3.3 draws on my interviews with the representatives of the government's Irrigation Rehabilitation Project Unit, IFAD and the World Bank.

6.3.1 Local Governance Structures in Armenia

In Armenia, as in other countries of the Soviet Union, the communist ideology required extremely centralised systems of decision-making and policy implementation. The central government consisted of 40 ministries, which administered the country's economy through 37 different territorial administrative units (*shrjan*). Three parallel hierarchies of administration ran from the central government down to the regional, city and district level: the *sovets*, or elected councils (in practice appointed by the Party committees), representing the legislative power; *gortskoms*, the executives, representing the executive power, and *partkoms*, or party committees, – representing the Communist Party. The centralisation left no room for local polices. There was strict vertical subordination of local administrators to the higher levels of governance and the Communist Party. The central apparatus exerted strict control over local authorities, including direct interference in administrative affairs. The central government controlled the local units through the distribution of funds from the central budget.

The decentralisation reform in Armenia started as part of the process of political and economic liberalisation after independence. The foundation for the legal framework for decentralisation is found in the Constitution of 1995; chapter 7 is entitled Territorial Administration and Local Self-Government. In addition, detailed provisions are set out in a number of laws, including: the Law on the Administrative and Territorial Division of the Republic (December 1995); the Law on Local Government Elections (1996); the Law on Local Self-Government (1996), and the new law, of the same title, of 2002. Other relevant laws include: the Law on the Budget System (1997); the Law on Local Duties and Fees (1998), and the Law on Financial Decentralisation (1998).

There are only two tiers of government in Armenia: central and local. There is no autonomous regional level of government. Instead, the central government, through deconcentration of administration, has established regional offices of certain government ministries and agencies in the 10 regions, or *marzes*. The *marzes* are each headed by a governor, or *marzpet*, appointed by the Prime Minister on the recommendation of the President. In addition to the 10 *marzes*, the capital, Yerevan, also has the status of a *marz*. The *marzpets* and their offices (*marzpetarans*), along with

the regional administrative offices of central government ministries, represent central government in the regions and carry out central government policy.

Armenia is divided into 930 units of local government, or 'communities' (*hamaynk*). Of these, 59 are urban communities, including 47 cities and the 12 districts of Yerevan. The latter has a population of 1.1 million and its 12 districts have elected mayors and councils, as do all other communities. Rural communities account for 872 of the 930 units of local government. More than half the population lives in communities with less than 1,000 inhabitants.

All local governments have a directly-elected community head (*hamaynkapet*), or local mayor, and an elected council (the Council of Elders, or *Avakani*), with 5-15 members, depending on the population size of the community. Local government elections are held every 3 years. As of date, there have been 3 'rounds' of elections, in 1996, 1999 and 2002. Political parties play a minimal role in the elections, although, the party connections of candidates may be important (Rawkins 2004: 15). The Council of Elders and mayor constitute the decision-making bodies at a local level. As a representative body, the Council acts on behalf of the community and provides guidance on community development, improvements in the quality of community life, the delivery of public services, and other issues. Rawkins (2004: 25) maintains that mayors tend to influence the outcomes of the Council elections and have the decisive voice in meetings of Councils.

Community residents have the right to participate in public decision-making (Tumanyan 2001: 331). Thus, they may submit draft resolutions and attend Council sessions with the permission of the Council. The Armenian Constitution allows forms of direct democracy, such as referenda and public hearings and meetings. In reality, the level of public participation is very low. There are more than 2,200 registered NGOs in Armenia, but few of them are involved with local governments. Registering an NGO in Armenia is relatively easy, and any citizen can become a founder of a voluntary group or association.

According to Rawkins (2004: 25), the general interest and knowledge of the population regarding local government may be relatively low, but mayoral elections can attract

significant interest. He maintains that although citizens have low overall expectations, they have informal standards against which to assess the performance of local leaders. In several cases, incumbent mayors were defeated by a wide margin, as citizens were not satisfied with their performance. In other communities, where there was a general appreciation for the efforts made by the mayor, and his responsiveness to citizen concerns, incumbent mayors faced little serious opposition.

6.3.2 Decentralisation Reform in Armenia

Local governments in Armenia are responsible for a wide range of local development issues. These include formulation of community budgets and local development plans; O&M of water supply, irrigation and central heating systems; solid waste collection and disposal; construction and O&M of roads, bridges and other related infrastructure; management of culture clubs, community centres, kindergartens, sports facilities; and issuing permits and regulations for local trade and services. While the Constitution and the legal framework appear to allow substantial local autonomy, in practice, there are major constraints which limit the effectiveness of decentralisation in Armenia. Manor (1999: 55) identifies four important components for successful decentralisation: (i) sufficient discretionary power delegated to local governments over local development; (ii) sufficient financial resources to accomplish tasks; (iii) adequate administrative capacity to accomplish those tasks; and (iv) reliable accountability mechanisms to ensure the accountability of bureaucrats to elected politicians, and the accountability of elected politicians to citizens.

The first is the limitation on the authority of local government. Central state authorities continue playing strong role in local affairs (Tumanyan 2001: 354-55). For example, the central government retains the ability to determine community property. The state government has the power to remove a mayor from office. The limits to the principle of 'self-government' are also rooted in the orientation of the central government. Tumanyan (2001: 354) maintains that local governments in Armenia are "perceived as branches of the state government, created by the state and performing state responsibilities and duties". Many officials still regard local governments as extensions of the central government that should operate under the close supervision of the *marzpets* and report to the central government. The *marzpet* has significant power and

can often exercise administrative methods of control over the local government (Tumanyan 2001: 356). Rawkins (2004: 23-24) suggests that the relations between local communities and *marzpets* vary considerably. Some mayors have managed to cultivate better relationships with the *marzpetaran* than others.

The core areas of service provision, including health and formal education, remain under central control. Control of power and gas supply systems have not been transferred to local governments. Further, in some areas where powers have been legally transferred to local governments, practical constraints may prevent the community from acting on its responsibilities. In the case of water, sewage, or solid waste disposal, many local governments lack either the human resources and/or the financial capacity to manage the utilities. In such cases, control has been retained by central government through management contracts (Rawkins 2001: 18).

The lack of adequate financial resources is perhaps the most fundamental constraint, inhibiting the work of local governments. The main sources of revenue for local governments are: (i) local land and property taxes, and, (ii) the 'equalisation subsidy' provided by central government. The level of the subsidy received by each community is determined by a formula, based on population size, but also taking into account other factors (i.e. location in the earthquake or conflict area). Communities are heavily dependent on the state subsidies, which often comprise fifty percent of their budgets (Tumanyan 2001: 346). Due to financial constraints, the state has failed consistently to meet its commitments for approved transfers to local governments (Rawkins 2001: 19). Quarterly transfers to community budgets are made on an erratic and unpredictable basis, and often a substantial proportion of the annual payment is made in the last few days of the financial year or transferred into the following year. As a consequence, local governments are often obliged to hold off on payments of salaries until the funds are received. In addition to the subsidy, central government may also allocate 'subventions' for capital projects, but only very small amounts have been allocated for this purpose.

Due to the extreme material and social deprivation in Armenia, collection rates for local taxes are very low, with actual payments estimated to be at between 40 to 50 per cent of required levels (Rawkins 2001: 20). A further problem results from the high cost of electricity. Unpaid debts by households to the central government for electricity charges

are deducted from the subsidy to be paid to the local government. As a result, many local government units have accumulated substantial debts, normally in the form of unpaid salaries.

Another impediment to successful decentralisation is associated with the weak local administrative capacity. There are enormous capacity differences among local government units. According to Rawkins (2004: 16), the relative prosperity of the community affects its ability to expand staff numbers and to provide a higher level of services. Many larger urban communities are able to maintain substantial administrative, financial and service departments, and have the means to employ trained professionals and procure necessary equipment (Rawkins 2004: 18). Some rural communities may lack both the knowledge and the equipment to successfully perform their tasks. Salaries of local government officials are low (less than US\$10 per month), and payments are often late and erratic.

6.3.3 Decentralisation of Irrigation in Armenia

The irrigation reform of 1995 decentralised the management of irrigation networks at the community level to community-based Water Users Associations (WUAs) (*jrogtagortsoghneri miutyun*), later called Water Users Consumers Co-operatives (WUCCs). WUAs were given the responsibility for water distribution, collection of charges and O&M of tertiary and quaternary canals. WUAs were established in 1996 (107 pilots) and expanded in 1998 throughout the whole country. In 2001, there were 476 officially registered WUAs in Armenia. WUAs were independent legal entities, and they had the right to manage their funds, raise resources and make independent decisions regarding water allocation and distribution. All irrigators were formally members of WUAs. The WUA leaders were to be elected by the WUA members at a community meeting. WUAs had technical staff, who were responsible for monitoring of water distribution and fee collection. The staff were officially remunerated, but the fees were usually insignificant and mostly symbolic.

The reform introduced user charges for irrigation water and for the O&M of the irrigation infrastructure. WUAs were liable for covering the electricity costs incurred by the tubewells under their supervision. The government retained the responsibility for the

capital costs of construction and non-routine rehabilitation of the irrigation system. The extreme economic and social deprivation of farmers resulted in the non-payment of user charges, and the annual collection rate did not exceed 40 percent on average between 1997 and 2001. This resulted in significant arrears accumulated by the WUAs, unreliable water delivery and further deterioration of irrigation infrastructure.

In 2001, the government reversed the decentralisation reform. As a result of their inability to ensure collection of water charges, WUAs were considered a 'failure'. According to the 2001 governmental resolution, WUAs were to be gradually phased out, and more centralised management introduced. The resolution stipulated that those WUAs that did not pay annual water charges of at least 60 percent, were to be refused a contract by the State Committee for Water Management (SCWM). Instead, these WUAs were to be abolished, and the communal irrigation systems were to be transferred to the management of the SCWM local branches (District Water Committees) through management contracts. Further, according to the Law 582 of July 2002, all WUAs in Armenia were to be abolished as of October 2002. The responsibility for the management of secondary and tertiary networks was shifted over to the newly established Water User Federations (WUFs). WUFs comprised of several WUAs (up to 10 villages) and covered large areas of 4000 ha on average.

One of the reasons for the failed irrigation decentralisation reform was that community participation, empowerment and capacity building were not institutionalised as the primary objectives of the reform. WUAs were established by the governmental decree in a top-down bureaucratic manner. The decision to decentralise irrigation management to communities was influenced by the international agencies and prompted by the willingness to ease the burden on the central government's budget and administration. The reform did not attempt to build grassroots organisations that could take control of their own development. In addition, the government played limited part in managing and monitoring the process of decentralisation and building the capacity of WUAs. It restricted its role to dealing with regulatory issues and non-routine rehabilitation and construction. Local communities were expected to manage the service delivery on their own, without much administrative, financial and organisational support. The lack of support and capacity building prevented the WUAs from becoming viable organisations that could demonstrate to farmers the importance of participation. Finally, the lack of

reliable and effective provision of water to the tertiary level also contributed to the disincentives of farmers to pay user charges and effectively manage local irrigation systems.

6.4 Conclusions

This chapter discussed the general socio-economic situation in Armenia with a specific reference to people's livelihoods in the rural regions. Poverty in Armenia is widespread and severe, and over the half of the population of the country are income poor. Poverty in Armenia is also manifested in high levels of social and psychological deprivation. Social vulnerabilities are especially strong among women, people with disabilities, refugees, ethnic minorities and people living in the conflict area.

In addition to the low economic productivity, other factors such as poor governance, structural inequalities and social exclusion are key determinants of poverty and income inequality in Armenia. The widespread corruption and the weakness of the rule of law in the country have immediate repercussions for the poor, by constraining their access to health, education, and essential public services. The poor cannot take advantage of the existing economic and social opportunities as they often lack status, power, cash and connections.

This chapter discussed the role of the state institutions in Armenia. It held that the weak financial capacity of the state prohibits it from pro-active and generous social policy measures that would enhance people's welfare. It also showed that the Armenian state has a weak institutional capacity for policy development, resource allocation and policy implementation. This weak institutional capacity is conditioned by the formal and informal legacies of the Soviet system.

The chapter discussed the local governance system and decentralisation context in Armenia. In particular, it provided an overview of the administrative division and functions and responsibilities of local government units in Armenia. The existing legislation and decentralisation reforms have established foundations for autonomous local self-governance. Local government units have substantial independence, and ordinary citizens are allowed to participate in public decision-making processes. At the

same time, the chapter showed that decentralisation of local management and service delivery tasks to local governments in Armenia was not accompanied with delegation of full discretionary power over local development, sufficient administrative capacity and financial resources.

This chapter provided a brief account of the 1995-2002 irrigation decentralisation reform in Armenia. The reform decentralised the management of communal irrigation systems to the community-based autonomous WUAs. The chapter showed that the inability of WUAs to ensure adequate collection of irrigation water charges resulted in the reversal of the irrigation reform, and abolition of WUAs. Community participation, empowerment and capacity building were not institutionalised as the primary objectives of the reform, which contributed to the failure to establish sustainable users' organisations.

Chapters Seven, Eight and Nine present the analysis of the main empirical findings of this research and form the core of this thesis. The next chapter, Chapter Seven, examines socio-economic conditions, patterns of national, regional and local governance, the existing local institutions, forms and nature of participation, the intensity of empowerment of local residents, social capital, and institutional capacity in rural Armenia.

Chapter Seven. Local Institutions, Community Participation and Social Capital in Rural Armenia

This chapter is based on primary data gathered through fieldwork. It examines the existing local institutions, forms and nature of community participation, the intensity of empowerment of local residents, social capital, and institutional capacity in rural Armenia. The chapter distils the main factors that account for the existing forms and nature of community participation and local institutional capacity in the sample communities. In particular, it examines the existing socio-economic conditions and patterns of local, regional and national governance and their effects on community participation and institutional capacity.

This chapter consists of five sections. The first section examines how the fiscal constraints facing local communities and the high levels of impoverishment amongst local residents affect community participation and local institutional capacity. The second section explores the impact of the existing formal and informal governance norms and practices at the central and regional level on local institutions and community participation. Section three analyses the governance environment in the local communities, and its effect on the intensity of empowerment of local residents and the nature of community participation. The fourth section examines the role of community leaders – local mayors and school directors – in influencing local development and social relations in rural communities. Section five explores the nature of local social capital and forms of participation of ordinary community members in the local development and the life of their communities.

This chapter represents an examination of the existing local institutions, forms and nature of community participation, the intensity of empowerment of local residents, social capital, and local institutional capacity in the sample communities *after* the ASIF micro-projects. Chapters Eight and Nine will then explore the extent to which the ASIF micro-projects influenced these variables.

The objective of this chapter was to understand factors that influence community participation and local institutional capacity in rural Armenia. The exploration of the local context in the sample communities helped me identify the main socio-economic,

institutional and political factors that affected the ASIF micro-project impacts. In Chapter Ten, I use this analysis to explain how the contextual environment of the local communities was understood and operationalised in ASIF's design features, and how it affected the processes, service delivery outcomes and the specific participation and capacity building impacts of the ASIF micro-projects.

7.1 Poverty and Community Participation

Managing local development in Armenia is extremely difficult. The withdrawal of the state from important service delivery and provision functions has shifted the burden of responsibility onto local communities. As Chapter Six shows, the decentralisation reforms in Armenia transferred to local communities the management and financing of many local services, including water supply, irrigation and central heating systems; solid waste collection and disposal; roads, bridges and other related infrastructure; culture clubs, community centres, kindergartens, and sports facilities. At the same time, the ability of local communities to effectively manage decentralised tasks and contribute to local development remains limited. One of the reasons for this is financial constraints of local governments and the high level of impoverishment of local residents. Chapter Six highlighted that decentralisation of service delivery functions to local communities in Armenia was not accompanied with sufficient financial decentralisation. The fieldwork findings presented in this section illustrate material difficulties faced by local communities in Armenia, and discuss their implications for community participation and local institutional capacity. The state budget has limited resources, and it is unable to adequately support local governments. Local governments have limited revenue base and administrative capacity for service provision and delivery. Ordinary community members in their turn have limited time and cash resources to contribute to local development.

7.1.1 Fiscal Constraints

All local governments in the studied communities experienced enormous constraints in managing local development as they had a limited financial resource base. In all of the sample communities, the actual budgeted resources (and expenditures) were significantly less than the planned amounts (Table 7.1 and Annex 4). In Khachik, P

Sevak and Eghegnavan, the actual expenditures were twice lower than the planned amounts, in Tsilkar they were four times lower, and in Arevadasht they constituted only 4 percent of the planned budget in 2001. During 1999-2001, none of the local governments in the sample communities spent any resources on the construction and purchase of community assets and agricultural inputs. The actual salaries paid to the local government staff in 2001 were twice lower than the allocated amounts in P Sevak, three times lower in Khachik, and six times lower in Tsilkar.

Table 7.1: Local Budget Revenues in the Sample Communities

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
P Sevak	3053	1717	56	6766	3034	45
Eghegnavan	18834	12698	67	22918	13987	61
Tsilkar	6528	1323	20	5296	1074	20
Ashnak	8331	1537	18	4949	4119	83
Arevadasht	85794	14571	17	11127	447	4
Khachik	4946	515	10	5726	2002	35

Source: Ministry of Finance of Republic of Armenia

Such tight budget constraints are conditioned by the minimal financial and administrative support received from the central government, and by the marginal local revenue base of local governments. The equalisation subsidies (or ‘state transfers’) paid from the central budget are small in their value and are often paid partially (Table 7.2 and Annex 4). For example, in 2001, Tsilkar and Arevadasht received from the central government 69 percent of the allocated amount, and Khachik – 57 percent of the allocated amount.

Table 7.2 : State Transfers to Local Government Budgets

State Transfers to Local Government Budgets (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
P Sevak	650	325	50	1721	1721	100
Eghegnavan	301	301	100	858	857	100
Tsilkar	91	91	100	271	188	69
Ashnak	223	223	100	2694	2694	100
Arevadasht				373	259	69
Khachik	2034	126	6	2929	1690	57

Source: Ministry of Finance of Republic of Armenia

Tax collection rates remain low in most communities in Armenia (Table 7.3 and Annex 4). In 2001, the revenues from local taxes were much lower than the amounts planned to be raised in all of the studied communities. The amounts of taxes raised were about ten percent of planned amounts in P Sevak and Khachik, and 16 percent in Tsilkar. The tax gap in Arevadasht was lowest, with just 180,000 drams collected compared to 10 million drams planned, slightly below two percent. Findings of the fieldwork indicate that many residents did not pay taxes as they had limited sources of income and very little cash available at their disposal. Some respondents did not believe that the fulfilment of their citizenship responsibilities would be reciprocated by the authorities. People felt it was unfair to expect them to observe their citizenship duties whilst the state did not perform its own duties and abandoned them to deal with their difficulties on their own. A resident in Khachik said, “As if it is not enough that we live here [border area], we are also expected to pay taxes!” (K-6). Some respondents thought that they “paid taxes so that the mayor could receive his salary” (K-G1).

Table 7.3 : Tax Income in the Sample Communities

Tax Income (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
P Sevak	1853	261	14	2964	491	9
Eghegnavan	11117	5758	52	11177	4152	31
Tsilkar	5362	872	16	3344	536	16
Ashnak	4272	1307	30	1350	1078	80
Arevadasht				10746	180	1.6
Khachik	2552	380	15	2753	280	10

Source: Ministry of Finance of Republic of Armenia

7.1.2 Poverty and Social Vulnerabilities

All studied communities experienced high levels of economic and social deprivation. Figure 7.1 in this chapter presents a summary of geographical, physical, financial, social and other assets in the sample communities (Annex 5 presents detailed asset mapping for individual communities). Most residents within these communities were on a similar income level, and had enormous difficulties in generating sufficient income to sustain their households. Most cash income was derived from short-term seasonal agricultural trade. Very few ordinary community members were engaged in commercial non-farming activities. Most households struggled to satisfy their basic needs in food,

clothing, housing, education and health care, and social and cultural participation. All of the communities had several extremely poor households, who survived almost exclusively thanks to humanitarian aid, formal social assistance benefits and mutual help. It was striking that in all of the sample communities most young men between twenty and thirty had emigrated to Russia and other CIS countries. The extent of impoverishment in Arevadasht was more pronounced than in other sample communities. The proportion of extremely poor households seemed to be the highest in Arevadasht (about thirty households or one third of the village). The number of people reported to have migrated outside Armenia in search of income generating opportunities and better life was the highest in Arevadasht. The state of local economic and social infrastructure and the extent of access of local residents to important services in Arevadasht were also significantly worse than in the other communities.

All of the communities had different sources of vulnerability, which were conditioned by their climatic and geographical situation, leadership roles, the extent of access to external finance, social composition and characteristics of local social capital. Geographic and climatic factors played an important role in determining economic outcomes. Most communities in the sample had unfavourable conditions for agricultural development. Thus Khachik, P Sevak and, especially Karin and Arevadasht, were situated in extremely arid areas. For several years, these communities experienced a continuous lack of water supply and severe droughts, and the agricultural yields remained minimal. Ashnak and Tsilkar had very harsh cold winters, which often damaged crops and fruit trees. The quality of land in Tsilkar, Arevadasht and P Sevak was poor. The quality of land was much better in Eghegnavan, which was situated in the Ararat valley, the most fertile area in Armenia. Here again, the lack of water in the previous years was often cited by the respondents as the major obstacle for them to take advantage of the favourable geographic conditions.

The proximity to the border with Azerbaijan, with whom Armenia was in a military conflict in 1989-1994,⁶³ was another important factor that affected economic and social outcomes in the sample communities. In Khachik and P Sevak, many land plots were

⁶³ The ceasefire with Azerbaijan was sealed in May 1994. The peace, however, is volatile, and there are no mechanisms in place to prevent the conflict from restarting (ICG 2004). There are regular exchanges of fire between the two sides.

trapped in the border zone. Farmers did not cultivate them as they were afraid of occasional shelling, kidnapping or land mines in the bordering areas. In P Sevak, the residents were only able to cultivate 160 ha from the total of 1,000 ha of land they owned. Living on the border also creates a sense of insecurity and vulnerability. As a resident in Khachik said, “We do not feel like absolute owners here” (K-7).

Most communities experienced difficulties in communicating with other regions in Armenia. Many communities, such as Khachik, P Sevak, Arevadasht, and Ashnak, had poor transport links with Yerevan. This made it difficult for the residents to solve many issues that required the involvement of officials in the capital. It also restricted their access to important agricultural markets in Yerevan. When they needed to travel outside their communities, people relied on those few residents who had their own cars. P Sevak, Arevadasht and Khachik had poor roads. Khachik was situated inside a mountain range, which made communication with the external world even more difficult. In winter months, the village tends to become completely isolated. Telephone connection was not available in Arevadasht, Tsilkar and P Sevak. Telephone was available in other villages, although not all residents had individual connection in their homes.

The majority of residents owned land plots outside the village area.⁶⁴ Most villagers had their orchards near their houses where they grew vegetables, herbs and fruit trees. In all of the villages, there were several households who did not have access to land. These were mostly those residents who gave up their land to the communal reserve funds or rented it out to the more ‘better-off’ residents as they found it difficult to cultivate. Typically, it was the local mayor and another one or two relatively affluent residents, who were able to buy the land plots from the impoverished residents. As a consequence, they were the largest land owners in their communities.

In all of the communities, subsistence agriculture was predominant. Subsistence agricultural activities have played an important role in protecting a large part of the

⁶⁴ The privatisation of land, livestock and agricultural machinery in Armenia took place in 1991. Each rural community was eligible to privatise the land, livestock and machinery that belonged to the state or collective farms of their community (*sovkhoz* or *kolkhoz* property). Each household was allocated land of equal size (1,4 ha in total), which comprised a combination of several, randomly drawn land plots of different quality. Although the land reform in Armenia is generally considered successful, it nevertheless produced some inequalities. For more discussion see Kharatyan (2003).

population during the years of economic decline in Armenia (Kharatayn 2003). People in the sample communities were largely reliant on wheat, fruits and vegetables they grew in their orchards and land plots. Commercial farming existed in all of the villages.⁶⁵ It provided low seasonal income from sales of agricultural produce.⁶⁶ Thus most sales were in summer (fruits and vegetables) and in autumn (wheat and potato). Most villagers sold their produce to urban intermediaries, who then resold it in the main urban markets. In Eghegnavan, compared to other sample communities, the residents had significantly higher income from agriculture, as they had a contract with the *cognac* (brandy) factory and sold their grapes directly to the factory. Again, the income from grape sales was only short-term, during the months of August-September. The rest of the year, the residents in all of the communities lived on the proceeds from farming, which effectively implied limited cash availability.

Most residents found it extremely difficult to cultivate their land plots. Studies (Gomart 1998, Kharatyan 2003) show that the lack of cash to invest in expensive agricultural inputs (irrigation water, seeds, plant protection chemicals, fertilisers, fuel, and rental of mechanical services and machinery) prohibits many marginalised households from cultivating land. Thus land has become a 'liability' rather than an asset for many impoverished rural residents. In the sample communities, nearly all respondents reported that they could hardly afford purchasing agricultural inputs. As the existing machinery deteriorates, only a few farmers can afford purchasing new machines. In Tsilkar, for example, the old collective farm equipment was privatised, and people were at a loss as how to continue cultivating their plots. Access to credit was limited to most residents because of collateral requirements. In Khachik, and P Sevak access to credit was facilitated through the intermediation of local mayors. Most farmers were reluctant to borrow from micro-finance institutions as they did not feel confident they would be able to repay the credit. The respondents were concerned about the growing trend amongst the impoverished residents to give up their land plots, and start working as agricultural labourers for the more 'better-off' residents.

⁶⁵ According to a national survey of farms, some 80 percent of Armenian farms report sales of some farm products (Lerman and Mirzakhaniyan 2001: 35). More than half the farm output is used for family consumption, but 25 percent is sold for cash and another 5 percent is bartered.

⁶⁶ Due to the seasonal nature of agricultural activities, much poverty in Armenia is 'seasonal' (PRSP 2003: 25). Thus income and consumption reach the highest level in the 4th quarter (autumn) and their minimum level in the first quarter (winter) of the year.

Many people largely relied on a range of coping strategies for their survival. Out-migration was a predominant coping strategy in P Sevak, Eghegnavan, Arevadasht and Tsilkar.⁶⁷ In Arevadasht, for example, some 60 percent of residents (about 120 households) left the village in the preceding five years. In other villages, many residents said they would migrate “if they could”. Migration requires a significant start-up capital and social networks in the host country, and not many people can afford to migrate. Remittances from relatives abroad were reported to be an important source for maintaining people’s livelihoods. Networks of mutual assistance and reciprocity were an important social safety net that most residents relied upon (more details follow in section 7.5). In Khachik, residents reported that many young men and women did not wish to get married and have children, as they did not feel confident they could support their families. The residents believed that the rates of marriage and child birth significantly decreased in their community in the last five years.

In all of the communities, there were some extremely poor households, who did not have income from formal or informal employment and who sustained their livelihoods thanks to the support from co-villagers, humanitarian aid and social assistance benefits. These households were often exempt by their leaders from paying local taxes, water charges and contributions towards community initiatives. The poorest households had different characteristics in different communities. These included households with single female heads, disabled breadwinner, single elderly (for example, elderly couples left behind by migrant children) and households with many children. The number of extremely poor households was especially high in Arevadasht (one third of the village’s population). Refugee community residents as a rule were some of the poorest. Refugees constituted more than half of all households in Karin, and several households in P Sevak and Eghegnavan.

Most residents experienced high levels of psychological deprivation. Respondents in all communities reported being disillusioned in the new reality and frustrated with the lack of opportunities to earn income and ensure decent standard of living for their households. A resident in Ashnak said, “People do not believe in tomorrow” (AK-10).

⁶⁷ More than 700,000 Armenians emigrated in 1993-2000 (World Bank 2002d: 34). A large proportion of migrants are working age men who have left Armenia temporarily in search of employment in other CIS countries. It is believed that about US\$150 million is privately transferred annually to Armenia, and about 60-65 percent of this comes from these ‘new’ migrants (World Bank 2002d: 35).

The refugee residents in Karin were especially distressed. They had not yet recovered from the shock of losing their homes, jobs, social status and social ‘belonging’ and the need to adjust to a different lifestyle. Most refugees came from urban areas in Azerbaijan, and had difficulties adjusting to the rural lifestyle. As it was shown in Chapter Six, refugees in Armenia have especially limited opportunities because of limited connections, language barriers and social stigma attached to the status of a refugee. In the communities bordering with Azerbaijan (P Sevak and Khachik) the respondents complained of the constant sense of insecurity they lived with every day.

Figure 7.1: The Poor and Their Assets in Rural Armenia - Synthesis of Findings

Dimension of Poverty/Well-Being	Characteristics of the Community
Community Codes:	Khachik (K) P Sevak (PS) Ashnak (AK) Arevadasht (AR) Eghegnavan (E) Karin (KN) Tsilkar (TS)
Geographical Assets:	⇒ Poor climatic condition for agriculture (PS, KN, AR) ⇒ Borders with Azerbaijan (PS, K)
Physical Assets:	⇒ Poor quality of land (PS, KN, AR) ⇒ Land plots in the conflict area (PS, K) ⇒ Limited access to agricultural inputs (fertilisers, pesticides and machinery) (All) ⇒ Inadequate housing conditions (PS, AR, TS)
Financial Assets and Substitutes:	⇒ Subsistence agriculture predominant (All) ⇒ Low/seasonal income from commercial farming (All) ⇒ Barter widespread (All) ⇒ Reliance on mutual help (cash, in-kind, lending and borrowing) (All) ⇒ Reliance on transfers from migrant family members (PS, E, AR, TS) ⇒ Some households are entirely reliant on humanitarian food assistance, social benefits of low value and mutual help (All) ⇒ Local leaders often waive taxes, water charges and community contribution for the poorest (All but AR)
Access to Economic and Social Services:	⇒ Inadequate availability of irrigation water (KN, AR, AS) ⇒ Potable water not available (AR) ⇒ Potable water available only to some households (K, KN) ⇒ Restricted potable water supply (E, PS, TS, AK) ⇒ Electricity not available (AR) ⇒ Poor roads (PS, K) ⇒ Poor transport links with the regional centre and Yerevan (All) ⇒ No telephone connection (PS, AR, TS) ⇒ No village shop (AR)
Health Assets:	⇒ No health point (AR)

	⇒ Hospital in the regional centre is difficult to access (PS, K, AR)
Education Assets:	⇒ Secondary school in poor condition (AR, TS, AK)
	⇒ School absenteeism because of lack of clothes in winter (PS, AR)
Social Assets:	⇒ Social vulnerabilities:
	– single female headed households (All)
	– households with many children (All)
	– persons with disabilities (AR, AK)
	– single elderly (PS, E, AR, TS)
	– refugees (PS, KN)
	⇒ High levels of out-migration (PS, E, AR, TS)
	⇒ Reliance on social capital for survival (All)
	⇒ Restricted participation in social life (All)
	⇒ No Water User Association (KN, AR, TS)
Security Assets:	⇒ Sense of insecurity in the border zone (PS, K)
Psychological Assets:	⇒ Distrust of the central government (PS, AR., AK, TS)
	⇒ Sense of helplessness and pessimism (KN, AR)
	⇒ Residents willing to emigrate (K, KN, E, AK, TS)

This framework is adapted from the Poverty Asset Mapping framework in Hulme *et al* (2002). The information on community assets is accurate as of summer 2002, when the research was conducted.

7.1.3 Access to Services

Access to potable water, although somewhat restricted, was available in P Sevak and Eghegnavan to most households; and in Khachik and Karin, to less than half of community households. In Arevadasht, potable water was not available for two years. In Ashnak, although water was available, water supply was sporadic. In Tsilkar, people fetched water from a spring. In all of the communities, residents used potable water for irrigation needs. The issue of availability of irrigation water is discussed in detail in Chapter Eight. The housing conditions of the poorest community members were inadequate. In Arevadasht, some of the poorest residents lived in houses which did not have glass windows and were seriously deteriorated. I visited a female resident who lived together with her three disabled children in a garage. In P Sevak, some refugee families still lived in temporary *domiks*. Electricity was available in all communities, except Arevadasht. Both the communities of Arevadasht and Karin were not able to pay for the electricity consumed by the communal water pumps, and were indebted to the government. In winter months, the relatively better-off residents used electrical, kerosene or wood heaters. The most impoverished residents burned wood, rubber and rubbish. They often were unable to heat their homes.

In all communities, except Arevadasht, there was a medical point with a nurse, and in some cases, with a doctor. In case of serious health problems, residents referred to their regional hospital or to hospitals in Yerevan. The absence of reliable transport links made residents rely on private cars to access hospitals in case of emergencies. In addition, the villages of Khachik and P Sevak had poor roads, which made travel to hospitals more difficult. In Khachik, Eghegnavan and Karin, the medical centres were renovated by Oxfam. Here Oxfam set up revolving drug funds, which accumulated contributions from community members, and provided cash for the purchase of medicine for some of the poorest households. A revolving drug fund was also set up by Oxfam in Arevadasht, however, it soon dissolved as the residents were unable to contribute cash.

All communities had secondary schools. The state of school infrastructure and quality of schooling was different in different communities. In Khachik, Karin and Eghegnavan, the schools were renovated and provided relatively good conditions for learning. In Ashnak, Arevadasht and Tsilkar, the school buildings needed rehabilitation. In Khachik, Ashnak and Eghegnavan, schools were more proactive than in other communities. This had largely to do with the leadership skills and personality of the school directors. These schools run extra-curricular activities, as, for example, dance classes in Eghegnavan and a football team in Khachik. In Ashnak, schoolchildren had the opportunity to engage in honey production and contribute the proceeds to the school. In Arevadasht and P Sevak, residents complained that the overall performance in their schools decreased in the recent years. In these communities, many children missed classes because of the lack of shoes and warm clothes. There was an active kindergarten in Eghegnavan. The kindergarten in P Sevak was closed down as the community did not have the financial capacity to sustain it.

7.1.4 Impact of Poverty on Community Participation and Local Capacity

The lack of material resources significantly constrains the ability and willingness of community members to undertake local projects and initiatives (Box 7.1). There are only limited activities that community members can successfully implement on their own. These are mostly small clean-up works, minor repairs and other activities where

limited technical skills and resource investments are needed. Otherwise, solutions to more significant problems are more labour and time consuming and require specialised workforce and monetary investments. Any local action requires significant resources and logistical effort, which local governments and community residents can rarely afford. For example, even such relatively small-scale initiatives, such as cleaning up the communal areas, require cash for fuel and tractor hire. A villager in Khachik said, “We could have done a lot of things, but it all requires money” (K-5). A resident in Ashnak said, “In many cases, some maintenance works are very demanding, and we simply cannot do them ourselves” (AK-7). A resident in P Sevak said, “The major obstacle for solving common problems as a community is financial. Everything requires money, for example, even to do some welding or buy electrical cords. If there was money, people would be willing to contribute labour to solve problems” (PS-4). Thus local participation can often only provide limited solutions, and a lot of problems remain unsolved. Section 9.4 of Chapter Nine discusses financial difficulties that local residents faced in the O&M of the irrigation infrastructure in the sample communities.

Community residents struggle to sustain their livelihoods and have little time and energy to assume leadership roles, initiate collective action and solve problems of community-wide nature. In all of the sample communities, men spent most of their time cultivating their fields, working at their land plots or taking care of animals. The workload of women was often double than that of men, as women had to combine their work responsibilities with their duties at home, including household work and care of children. Residents in Arevadasht believed that in addition to material problems, psychological factors also discouraged people’s participation. A resident in Arevadasht said, “People are breathless, the village is dying out, they don’t have money, everybody is indebted, and there is no water - what can they do or undertake in this situation?” (AR-6). This is how the mayor in P Sevak described the situation, “An ordinary farmer does not have the time and the motivation to be involved in community affairs. Such involvement requires lots of time and commitment, whilst most farmers are busy working on their fields. There must be someone like the mayor who has got the time and can set his mind on getting something done and mobilise efforts for achieving that goal. And, of course, the status of the mayor is important for getting things done” (PS-1).

The limited financial resources of the local governments and insufficient state support for local communities diminish community's expectations of the local mayors. Most respondents were aware of the enormous financial and administrative difficulties their leaders face. They accepted that there was a limit to what local authorities could possibly do, and were modest in their demands. Residents did not pressurise their leaders to deliver things which were beyond the capacity of the local governments. A community member in P Sevak said, "A local mayor can work well only when in addition to his good reputation he also has financial resources" (PS-5). Many respondents thought that some 'bigger' issues needed to be solved by the central government. A respondent in P Sevak said, "Some global issues require significant financial resources. These issues should be solved at the state level" (PS-7).

Many local development decisions in the sample communities were driven by the existing funding opportunities. As there were limited funding opportunities, local mayors tried to seize any opportunity to attract development resources. For example, Ashnak had many priority problems to be solved. However, the mayor managed to raise funds to renovate the culture club in the village, which many villagers found unnecessary. The mayor did not have an alternative, as the benefactor, who provided the funding, prioritised that particular investment. This implies that the available choices rather than community priorities may predetermine the types of local projects and initiatives undertaken in communities.

Box 7.1: Poverty Related Constraints to Participation

- Local governments have inadequate resources due to the insufficient financial support by the central governments and weak local revenue base.
- Local communities have inadequate technical and administrative capacity.
- Local residents find it difficult to raise the required financial resources and contribute their time and energy for communal activities, which are often money and labour consuming.

7.1.5 Citizens' Welfare and State 'Duties': Local Perceptions

As discussed in Chapter One, the main responsibility for ensuring people's well-being in the Soviet Union lied with the state. The rights of citizens to social welfare were

enshrined in the Soviet Constitution and in the Constitutions of the Soviet republics (Wiktorow 1992: 184). The relationship between the Soviet state and society is conceptualised by some Soviet political economists through the lenses of the ‘social contract’ thesis (Cook 1993: 1). According to Cook (1993: 1-2), the ‘social contract’ between the state and the workers in the Soviet Union implied that,

[T]he regime provided broad guarantees of full and secure employment, state-controlled and heavily subsidised prices for essential goods, fully socialised human services, and egalitarian wage policies. In exchange for such comprehensive state provision of economic and social security, Soviet workers consented to the party’s extensive and monopolistic power, accepted state domination of the economy, and complied with authoritarian political norms.

This view of social contract can be challenged. Thus it is debatable whether the political compliance of Soviet citizens was stipulated by their consent in exchange for social welfare, or as some scholars argue (Zaslavsky 1982 cited in Cook 1993: 11), it resulted from a threat of repression and bureaucratic manipulation of citizens by the state.

The ‘social contract’ argument can also be understood as a state-society relationship based on the notion of rights and obligations. Thus, citizens were denied their social rights in case they did not perform their citizenship ‘duties’. In particular, social entitlements were largely based upon employment. The Soviet welfare policies were informed by the Leninist distributive principle “from each according to his ability, to each according to labour” (McAuley 1991: 193). This implied that Soviet citizens’ right to work was also a duty, and those who did not contribute socially useful labour could easily be denied their entitlements (for example, cash transfers, and goods and services allocated through enterprises).

It is argued that universal public provision of social welfare has had significant social and psychological impact upon Soviet people. For example, Cook (2002: 108) argues that “[T]he Russian population emerged from the Soviet period expecting that the state should provide for basic needs - employment, housing, health care, etc.” Similarly, Andrews and Ringold (1999: 10) maintain that “the inheritance of a paternalistic welfare state of pervasive benefits and services created high expectations that inherited benefits and privileges would be maintained”. In section 1.4.1, I suggested that some of the preconceptions that often inform development policies and projects are based on the

notion that the socialist welfare system encouraged paternalistic orientation of citizens and that people in post-Soviet countries continue considering the state as the key provider of community welfare. The remainder of this section explores the views and perceptions of local residents in the sample communities concerning responsibilities of the state and citizens' welfare.

The respondents were frustrated with the marginal level of state support to their communities. Residents in Khachik complained that "the government does not pay due attention to our village" (K-4). In Karin, a refugee village, residents complained that the representatives of the State Committee on Refugees never visited this village. The mayor in Karin said, "Up until now the government has not spent a single *dram* on this village. Neither has the *marzpet*. He cannot provide anything, but instead he demands things" (KN-1). In Arevadasht and Ashnak, many respondents were frustrated with the lack of any support from the state and said they could only "rely on themselves".

The respondents did not expect 'charity' or welfare benefits. Instead, they expected the state to provide opportunities to work and generate income to support their families. A resident in Ashnak expressed the opinion of many co-villagers, "We want the government to give us employment opportunities, and we do not want aid. Instead of providing humanitarian assistance, they should give us opportunities to earn money, for example, to open a small production line. Small aid is good as there are people who cannot survive without it; but as for large assistance, we do not really need it" (AK-4). Many people associated opportunities for improving their well-being with the provision of essential services. Thus respondents believed that the state should have greater role in the provision of basic services such health, education, transportation and irrigation. A resident in P Sevak said, "The government should help us and give us opportunities to live better. For example, the roads are bad, there is no communication, and transportation is non-existent" (PS-7). Residents in Tsilkar suggested that the state could provide them with free pesticides and fertilisers, and it would make a huge difference in their income-earning possibilities and their well-being.

In my view, these perceptions of local residents are not a manifestation of 'paternalistic mentality'. They are rather indicative of the vacuum in welfare provision that emerged after the economic collapse of the Armenian state. People view the state as a provider of

important public services and economic opportunities, and they do not expect free benefits. The state, however, does not have sufficient capacity to meet the economic and social needs of its citizens. At the same time, the market provides limited opportunities for ordinary residents to engage in income generating activities and sustain their livelihoods. Thus coping strategies and informal social networks become the main source for filling the 'welfare' gap. As section 7.1 has demonstrated, local residents experience high levels of material and social deprivation. They have limited resources and time to contribute to local development, and some of the most pertinent local problems remain unresolved. This explains their frustration with the lack of any meaningful support by the state. Section 7.5 of this chapter examines the nature and patterns of local social networks and community participation in the sample communities, concluding that ordinary community members were not apathetic or paternalistically orientated.

In section 2.4.2, I demonstrate through a review of literature that although the Soviet state possessed monopoly in the economic and social spheres, it in fact reinforced reliance of citizens on informal networks and alternative channels for welfare provision. Low incomes from employment in the public service and scarcity of essential goods and services forced citizens to rely on informal economic activities and mutual support networks. Sections 7.2-7.4 of this chapter suggest that the inability of the post-Soviet state in Armenia to provide essential goods and services to its citizens in a reliable and effective manner has further reinforced informal social networks for welfare provision and encouraged the development of a clientelistic and personalised system of local governance.

7.2 National Governance and Community Participation

The previous section demonstrated how poverty restricts the ability of local communities to actively engage in local development (Box 7.1). Another key variable that affects participation outcomes and local institutional capacity in rural Armenia is the governance environment at the national and regional (*marz*) levels. This section analyses how the governance environment in the country influences local institutions and restricts community participation (Box 7.2). As discussed in Chapter Two, local

institutions are 'the rules of the game' that shape the existing institutional and organisational arrangements for service delivery, problem-solving and decision-making.

As shown in section 6.2 of Chapter Six, the weakness of the rule of law and corruption affect all spheres of economic and social life in Armenia. The old Soviet networks for allocating goods and services and redistributing resources have survived and have taken new forms in post-Soviet Armenia. Personalised relations, unwritten rules, favouritism, misuse of public positions and rent-seeking continue to be part of post-Soviet reality. The inability of the state to effectively enforce rules and regulations creates an environment where bureaucrats and persons of influence can take advantage of their position for personal gains and clientelistic motives. The weak administrative and financial capacity of the central government restricts its ability to provide goods and services in effective and efficient manner. This enhances opportunities for rent-seeking officials, who are in control of the allocation of scarce resources and services. In this situation, the allocation of goods and services is not based on fair, transparent and predictable rules. Instead, goods and services, information and opportunities can be obtained in exchange for friendship and reciprocity or informal monetary or material compensation.

People choose forms of participation that are feasible for the effective delivery of goods and services in the institutional environment of Armenia (Figure 7.4). Participation in formal organisations and informal groups was not perceived by the respondents as a viable means for obtaining benefits and getting things done. There were very few formal and informal groups or associations established by the residents in order to pursue their objectives in the studied communities. The existing formal associations such as community-based Water User Associations (WUAs) were established by the government, and had a weak participatory basis in most sample communities (detailed discussion on WUAs follows in Chapter Nine). Community associations established under various development projects sponsored by donor agencies dissolved immediately after the completion of the projects. As scarce goods and services in Armenia are often not allocated through formalised and legitimate means, community residents need to rely on informal channels and intermediaries in order to be successful in obtaining those goods and services.

In a situation when resources are constrained and access to information and networks is limited, not everyone can become an intermediary who can be successful in attracting external resources and advancing the interests of the community. Ordinary people have little power to achieve effective developmental outcomes by undertaking independent problem solving initiatives. Leadership roles become limited to those who have a position of influence, access to networks and strong organisational skills. Therefore, community residents are often forced to rely on local authorities, who can attract external resources and advance the interests of their communities using their position of influence and personal connections. These local leaders become an intermediary between the community and the formal institutions of the state. They facilitate access of community residents to public goods, services and regulations. The mayor in Khachik said, “Without me, it would have been impossible to solve problems or to manage a programme in the village” (K-1). Section 7.4 of this chapter discusses the role of local mayors in managing local development and influencing economic and social outcomes. Section 7.5 discusses the specific forms of involvement of ordinary residents in the life of their communities. It shows that participation of community members was restricted to the provision of ‘physical’ inputs, such as contributions of labour, cash and materials.

Local residents in all studied communities did not feel they had the power and resources to ‘get things done’ for their communities. They rarely exercised leadership and undertook independent initiatives, raised funds, liaised with external organisations and mobilised other community members for collective action. People perceived that important things in their communities can mostly be done through influence, connections and cash. A resident in Ashnak said, “Connections are very important. In order to lay a single pipe, you need connections” (AK-3). Another resident in Ashnak was convinced that the mayor used connections to rehabilitate the potable water network in their village, “We rehabilitated the potable water network. We collected 2,000 *drams* and contributed labour for that. And we used some connections ‘from above’ to make it happen” (AK-5). People perceived that even development projects supported by international agencies can only be “brought from above”, through connections or cash. A villager in Ashnak said, “Projects can be brought to the village only through the mayor’s connections” (AK-9). He was convinced that the neighbouring village was selected for the World Food Programme (WFP) supported Food for Work Programme as it offered a bribe to the WFP project officer. The

respondent said, “God knows how one can bring projects into the village. You don’t want to get into their kitchen. Some villages have been selected three-four times. How come? For example, Food for Work, I know how it worked in one of the villages. Their project officer demanded interest from the grant money in order to bring it to the village. If you don’t give them money, they will not bring the project” (AK-9). Many respondents in the sample communities were convinced that personal connections of their local mayors were crucial in obtaining funding from ASIF.

The absence of grassroots orientation within the formal institutions of the state reinforces the old Soviet style hierarchical relations at the local level. Authorities at the central, regional (*marz*) and local level generally do not appreciate and encourage grassroots participation and initiative. Ordinary community members are not regarded as equal partners who can have their say in the issues of local development. The prevailing perception is that only formal authorities should be responsible for managing local issues. Whilst the legal and regulatory framework by and large supports decentralisation (section 6.3 in Chapter Six), the existing informal practices and attitude of the governing institutions suppress people’s initiative. Most respondents expressed an opinion that if ordinary residents attempted to take an initiative to resolve a local problem, where co-operation of authorities would be needed, “nobody would take them seriously”. As a resident in Ashnak put it, “It is very hard for people to get things done: wherever you turn, you encounter reluctant attitude [of authorities] or lack of finance” (AK-5). Various accounts of the respondents indicate that when people directly appealed to regional or central authorities, they, as a rule, were neglected and encountered bureaucratic resistance. In Arevadasht, a resident said that *marzpetaran* (the regional governor’s office) will not take informal leaders seriously, and the only person who can deal with them is the mayor, “In order to deal with *marzpetaran*, you will need a written note from the mayor; and you also need a seal. How can we go and get things done with them? They will not give us anything there” (AR-5). A resident in P Sevak said, “If we go to the *marzpetaran*, they will tell us - who are you? You don’t have a mayor? Who are we? They will never take us seriously”(PS-7).

As discussed in section 7.1 of this chapter, most residents felt frustrated with the insufficient support by the state and regional authorities for their problems. The weak financial and administrative capacity of the state constrains its ability reach out to the

impoverished residents, engage with local communities and adequately respond to people's needs. In addition, the inability and insufficient commitment of the state to adequately enforce the rule of law and social justice in Armenia encourage elitism and reinforce social polarisation. Poor people do not believe that the government is committed to act upon their needs and priorities and support them in difficult times. Instead, they feel that the government protects the new rich. This situation has produced distrust and disillusionment of the Armenian population with the authorities and with principles of democratic governance in general. A resident in Arevadasht said, "The situation is really bad. Nobody in the government cares about people, nobody wants to help and support. They just don't care about what happens to us" (AR-13).

In all sample communities, residents had some negative experiences of dealing with the state institutions. There were cases when people attempted to challenge certain decisions, petition the government and organise protest actions. These attempts did not result in successful outcomes, which reinforced the general sense of powerlessness within the local communities. It is difficult to determine to what extent the claims of community members were accurate and their accusations and expectations fair and justified. The following three cases, however, illustrate the sense of injustice and helplessness as well as the negative perception of the state institutions that prevail in the local communities. These examples also demonstrate the significant gap that exists between the state and the citizens, and the lack of any meaningful attempt by the state institutions to engage with local communities and establish spaces where people could voice their needs and concerns, access information and enter into a constructive public dialogue. Such negative experiences produce distrust of people in the possibility of achieving beneficial outcomes through democratic forms of participation and collective action.

Case A. In Ashnak, the residents believed that government officials were distant and often adversary to people and their needs. The irrigation water supply in the village was cut for a long time. The community alleged that this was done by the *marz* authorities, in order to push farmers to pay user charges. The community perceived this unfair, as the majority of people were not in the position to pay, and they desperately needed water to irrigate their fields. Community residents organised a protest action to demand the central government help restore the water supply. They blocked the road and did not

allow a delegation of important officials from Yerevan to travel to their destination area. The protesters complained about the lack of water, and asked the officials to help them. The action did not achieve any results, and the water supply in the village was not restored for a rather long time. The residents were convinced that the authorities purposefully did not restore the water supply because of their protest action. A resident said, “After this [the protest], they cut our water forever, as if as a punishment” (AK-7).

Case B. Residents in Arevadasht were frustrated with the lack of any support from the central government. A resident complained that the government sold them pesticides of poor quality, and he believed that “it is in their interest as they must be getting profits from doing that” (AR-4). During the implementation of the ASIF micro-project, some community members sent letters to the *marz* complaining about the mismanagement of funds and the poor quality of civil works. However, they did not receive any response. Community members complained that their community was marginalised and isolated, and the world outside did not know about their difficulties. People were excited when a TV crew from Yerevan visited the village to film a documentary about the social problems in the village. The residents “showed them around and told them everything”. They guided the film crew to see some of the most impoverished and marginalised households in the village. They were bitterly disappointed when the documentary was shown on the television, and it did not include the material on the impoverished households. A respondent in Arevadasht expressed the sense of injustice and powerlessness that most residents here shared, “Whom shall we go to? Whom shall we tell our problems? Nobody cares” (AR-10).

Case C. The villagers in Tsilkar felt the government only protected the interests of the rich and powerful. The former collective farm (*sovkhos*) in the village was transferred into a joint stock company, and the farmers received their shares in bonds. Most farmers sold their bonds as they did not understand how to use them, and because they all needed cash. As a result, they had no longer control over the property of the former collective farm. At the same time, the residents were still reliant on the communal agricultural machinery in cultivating their fields. At the time of this research, the machinery was bought by a private entrepreneur, who did not live in the community himself and who was intending to take the machinery away from the community. A resident in Tsilkar said, “Now a rich firm from Yerevan has decided to buy all our

machines, and we cannot counteract it. They are going to resell it for a much higher price, or maybe they will suggest that we go and work for him [the entrepreneur]. We do not have such money to buy the machinery, which means we are not only cheated but also left without such needed equipment. The question is how the village people are going to survive” (TS-3).

People in Tsilkar felt powerless to undertake anything about the situation. A resident said, “I feel so insulted that they can come and take it [the machinery] from my hands. And we don’t know how to defend ourselves” (TS-5). They complained to the *marzpet* and the prosecutor’s office, who did not attempt to offer an alternative arrangement to help the farmers. The residents were suspicious that if they referred to a public lawyer, they will be cheated and will not be provided with accurate legal advice. People were frightened as they thought the machinery could be seized by force, and some respondents said they were scared to go to the fields. This is how a resident describes the situation, “The problem is we cannot defend our own rights, they [the government] do whatever they wish. We don’t even know what a ‘bond’ is and what rights we have. We fear that appealing and complaining is useless. They can offer them [the government] money and win the case, and we will remain with nothing. Now we are even scared to go to the fields, as they can come and seize the equipment by force. We can refer to a lawyer, but even then, we don’t have any trust in their lawyer” (TS-3). The residents felt that they were taken advantage of because of their insufficient awareness about their rights. “We wish there was someone to explain our rights, we do not know what we are entitled to and how to fight for our rights... The farmer does not know anything about his rights. This is why anyone can cheat us, and we cannot defend our rights” (TS-7).

Box 7.2: Macro Level Constraints to Participation in Armenia

- The weak rule of law and weak state capacity encourage reliance on state authorities, informal social networks and unofficial payments for getting things done.
- The values and normative orientations of authorities reinforce Soviet style hierarchical relations at the local level.
- The lack of support and engagement of the state with local communities produce powerlessness and distrust in the possibility of solving local problems through collective action and democratic participation.

7.3 Local Governance and Community Participation

The previous sections examined the constraints to participation at the national and regional level in Armenia (Box 7.2). It argued that the overall poor governance environment discouraged local residents from actively participating in communal affairs by joining groups and associations, organising collective action and undertaking leadership initiatives. The previous section argued that participation was not regarded by rural residents as an effective means for getting things done. At the same time, community members in the sample communities were not apathetic and paternalistically oriented. They were involved in community affairs, albeit that their participation was restricted in its forms and nature (Figure 7.4). This section examines the intensity of empowerment and the nature of people's participation in service delivery, decision-making and political processes in the sample communities. Section 7.5 of this chapter will then examine the specific forms of involvement of ordinary residents in the life of their communities.

The intensity of empowerment and participation of ordinary residents in the sample communities was found to be weak (Figure 7.2 and Box 7.4). The local mayors held the key decision-making power with regard to important issues in their communities. As discussed in Chapter Two, the World Bank (World Bank 2003a: 6-7) distinguishes four categories of empowerment, ranging from weak to intensive: passive access, active participation, influence, and control. Community members in the sample communities had access to their leaders ('passive access') and opportunities to exercise their voice and express their demands and preferences ('active participation'). At the same time, they had limited 'influence' in local decision-making with regard to the formulation and implementation of local policies and programmes and resource allocation. Community members had virtually no 'control' over local affairs, and the channels of 'vertical' and 'social accountability' were generally weak in all of the studied communities.⁶⁸ Following the World Bank's (World Bank 1996a: 11) categorisation of participation by its nature (discussed in section 2.1.1 of Chapter Two), participation in the sample communities was of weak intensity, and it was mostly restricted to 'listening' and

⁶⁸ The forms of accountability described in this chapter draw on the conceptual framework on social accountability prepared by the Participation and Civic Engagement group of the World Bank (World Bank 2003b).

‘consultation’. The examination of ASIF micro-project processes in Chapter Eight vividly illustrates the key role that the local mayors played in the decision-making with regard to the choice, design and implementation of the micro-projects and resource allocation in the local communities.

The local mayors dominated the local formal decision-making structures, the elected Councils of Elders. These bodies were designated to approve all of the key decisions made by the mayors and oversee that these decisions correspond to the needs of community members. In reality, the real power was in the hands of the local mayors. Most respondents considered the role of the Councils only formal.

Figure 7.2: The Intensity of Empowerment and Nature of Participation in the Sample Communities

<i>Intensity</i>	<i>Weak</i>		<i>High</i>	
<i>Empowerment</i>	<i>Passive access</i>	<i>Active participation</i>	<i>Influence</i>	<i>Control</i>
	Yes	Yes	Limited	No
<i>Participation</i>	<i>Listening</i>	<i>Consultation</i>	<i>Collaborative decision-making</i>	
	Yes	Yes	Limited	

The local mayors in the sample community had a top-down management style and rarely involved residents in the policy-making and management sphere. The mayors normally themselves defined the boundaries or ‘spaces’ for community participation in local policies and programmes. In all of the studied communities, local policy choices and initiatives were undertaken by the local mayors after consultations with community members, and they reflected the local needs and priorities. At the same time, the mayors themselves made all important decisions, and it was up to them to what extent they were willing to accommodate the demands and preferences of the community. Thus following the framework of ‘spaces’ (Cornwall 2002), spaces for community participation in the sample communities can be characterised as ‘closed’. The extent and nature of participation of community residents varied depending on the personality and leadership style of the local mayor (more discussion on the types of leaders follows in section 7.4 of this chapter). The respondents explained that only few decisions were taken by the community as a group. These mostly referred to the organisation of

communal works or planning and preparation for the new agricultural season. The input of community members was not solicited by the local mayors in the prioritisation and allocation of local resources, management of local services and development programmes and in dealing with external institutions. All respondents of this study reported that their mayors were the key decision-makers in their communities. A resident in P Sevak said, “The mayor is the sole master and organiser here” (PS-14). The mayor of Khachik said, “People mostly accept what the village mayor tells and decides” (K-1).

Consultations with community members were conveyed through formal meetings and informal channels. The local mayors held meetings to inform people of planned initiatives, gather opinion, plan important communal activities or mobilise community support and contribution. Such formal meetings were not institutionalised, and they were mostly assembled irregularly, depending on emerging needs. The infrequent character of formal meetings does not imply that decisions made by the local mayors did not have community basis and support. In most cases, the local mayors consulted community residents through existing informal mechanisms. The relations between the mayors and community members were informal and personalised. The local mayors learned about everyday problems and preferences of people, as they lived in the same community and interacted with the villagers on a day-to-day basis. In all villages, some of the most active community members, mostly men, regularly gathered in the local government office or at the village square nearby, exchanged information and discussed local problems. Community residents were not afraid or reluctant to convey their voice to their leaders, and usually expressed their preferences and criticism during informal and formal meetings and in their everyday interaction with the local mayors. This does not necessarily mean that the local mayors were willing or able to accommodate their wishes and criticisms. Community meetings generally rarely served as a forum for collective decision-making.

In all of the sample communities, the level of transparency with regard to important decisions affecting the lives of community members was generally poor. The mayors in the sample communities did not feel obliged to share information about important issues with community members. They did not report to the community on the financial aspects of local management. Chapter Nine will demonstrate that the local mayors made

most important decisions with regard to water allocation and distribution and the O&M of irrigation facilities in the sample communities. Community members did not receive any reports from their leaders on how user charges for irrigation and potable water were managed. In Arevadasht and Karin, the mayors did not inform community members of the precise reasons for the poor water supply in their villages. Residents were not clear whether the mayors turned over the management of their irrigation systems to the local District Water Committee (DWC) or their community was still responsible for managing the irrigation system. The fact that people were not provided with ample information left room for rumours and doubts. There were no formalised channels for information sharing in any of the sample communities. As will be shown in Chapter Eight, the management of the ASIF micro-projects by the local mayors in the sample communities reflected this pattern, and it was neither transparent, nor participatory.

The level of accountability of the local mayors towards their community members was generally low. In all of the sample communities, residents alleged that their leaders were involved in corruption. Many respondents believed that their mayors took advantage of their position and benefited from various development projects. In particular, respondents believed that the mayors gained personal benefits from making deals with contractors under donor-funded construction projects and public works programmes, and from managing the allocation and distribution of humanitarian aid. Residents in Eghegnavan, Arevadasht and Khachik alleged that water charges were arbitrarily waived by the local mayors for some community members. Several respondents in Khachik said they did not pay taxes and water charges as they were not convinced that these would be transferred to the central budget and would not “end up in the pocket” of the local mayor (K-G2). The respondents in Ashnak alleged that the head of the local WUA had a deal with some villagers and allowed them to draw additional water for cash. They also suspected that the collected water charges were not fully transferred to the local DWC and were misappropriated by the WUA leaders. A resident in Ashnak said, “It is possible that not all of the collected water charges reach the DWC. I think that the water distributor appropriates some of the money, for letting some people use water for extra time. It is easy then to say that insufficient money was collected because of water losses. I am not sure how the WUA relates to its superiors, but I suspect some illegal deals being made between them” (AK-9). A more detailed discussion of corrupt

practices in Arevadasht follows in section 7.4 of this chapter, which examines the role of community leaders in local development.

The local mayors in the sample communities were in the best position to take advantage of existing economic and social opportunities. Due to their formal position, the local mayors had direct access to information and financial resources, which allowed them and their immediate circles to be involved in income generating opportunities. Most local mayors had their own businesses, or were involved in some sort of entrepreneurial activity. The local mayors and their families benefited most from the local infrastructure improvement projects. In all of the villages, it was the mayor's house that had the most regular water supply. By observing living conditions of the local mayors and ordinary residents, it was obvious that the local mayors and their deputies were some of the better-off residents in their communities. In Khachik, for example, many residents were unable to cultivate their land plots because of the high cost of agricultural inputs. Many residents leased their land to the mayor, who had the financial means to invest in the cultivation of a total area of 70 ha. He was one of the two farmers in the village who were engaged in commercial farming as their main activity. He also had a cattle farm, where he produced cheese for sale. The mayor in Ashnak owned a shop in the village centre and was involved in other business activities in the region.

The existing mechanisms for exacting transparency and accountability from local authorities were generally weak in all of the sample communities. The election of village mayors by local residents as a traditional *vertical* mechanism of democratic control does not appear to be an effective instrument for accountability in Armenia. The fact that the mayors were elected by the local population did not necessarily make them more responsive and accountable to the local population. The mechanisms of *social* or bottom-up accountability were also weak. Thus, the degree of participation of local citizens and grassroots associations in exacting accountability from their local governments between the elections was very low. Community members did not attempt to monitor the actions of their mayors and to demand greater transparency and accountability with regard to policy formulation, project management and resource allocation and spending. In all of the studied communities, ordinary residents were not aware of or felt entitled to query financial aspects of local management. Community members in the sample communities seemed to be tolerant towards the rent-seeking

behaviour of their mayors. Many residents did not believe in the effectiveness of bottom-up accountability. People realised that they had limited avenues to hold the authorities accountable, and some even believed that top-down accountability could be most effective in the circumstances of Armenia. A resident in P Sevak said, “The mayor should be appointed so as he fears those who appointed him and takes responsibility. Now he does not feel responsible, as he would give some small things to some people, and they will re-elect him” (PS-12).

The weak level of accountability of local leaders to their community members can be explained by several factors (Box 7.3). As discussed in the previous section of this chapter, the Soviet-style hierarchical institutional relations are still prevailing, and traditions of democratic participatory governance have not established roots in Armenia. The existing informal norms and practices of authorities at the central, regional and local level still reflect the autocratic traditions of the Soviet ‘command-administrative’ system. Local mayors do not feel the need to be accountable to local communities, and they are not compelled to do so by the existing formal governance structures and rules. The *horizontal* mechanisms of accountability, i.e., systems of oversight and checks and balances within the state itself, have not been fully developed yet (World Bank 2000e). Thus the existing fiscal, administrative and legal mechanisms do not encourage and enforce accountability and transparency within the public sector both at the national and local level.⁶⁹

Box 7.3: Factors Conditioning Weak Horizontal, Vertical and Social Accountability

- The existing fiscal, administrative and legal mechanisms do not encourage and enforce accountability and transparency within the public sector both at the national and local level.
- Patron-client relationships between local leaders and community residents create dependency, limit the power base of community members and weaken formal channels of accountability.
- Social embeddedness of local mayors and the personalised nature of local social relations can often restrict people from exercising their voice.

⁶⁹ The World Bank’s Institutional and Governance Review (IGR) on Armenia (World Bank 2000e) describes in detail the existing systemic factors that contribute to the weak accountability within the government.

As discussed in section 7.2 of this chapter, the weakness of the rule of law and poor state capacity to deliver goods and services in Armenia encourage patron-client relationships at the local level. Patron-client relationships within the context of developing countries are usually referred to as mutually beneficial, but unequal relations between individuals who have power, wealth and social status, and individuals, who are powerless and poor.⁷⁰ The control of patrons over critical goods and services that people need creates compliance on the part of clients, and may even 'legitimise' dependence (Scott 1977: 25). The key formal and informal role that local mayors in Armenia play in managing local development and securing livelihoods for community residents provides the mayors with significant discretionary control and influence. As will be demonstrated in further sections of this chapter, community members are almost entirely reliant on their leaders in their survival. Besides their formal position as elected officials, an important source of legitimacy of local mayors are their personal abilities and resources, such as social networks and access to information. As formal avenues for attracting resources are limited, they benefit their communities not as much by the virtue of their formal position and mandate, but rather due to their organisational skills, informal connections and sense of civic responsibility. Local mayors in their turn derive various benefits from their formal positions, including influence, social status and access to economic and social opportunities and development resources.

This dependency narrows the power base of community members and weakens formal channels of accountability. Community members become 'obliged' to their leaders for the benefits they derive from their leadership, and hence tolerate rent-seeking behaviour. Local communities are often restricted in their choice of 'effective' leaders, and residents may not choose to oust their leaders for corruption or lack of transparency, if the leaders at the same time effectively contribute to their communities. The extent to which people are prepared to tolerate corrupt leaders is largely determined by the degree to which the leaders support their communities. The mechanism of voting out the elected representatives can work when local leaders do not adequately deliver to their communities. For example, in Arevadasht the community's intention was to oust the allegedly corrupt and ineffectual local mayor in the forthcoming local elections.

⁷⁰ For a more detailed discussion on patron-client relationships see, for example, Blau (1964), Gellner and Waterbury (1977), and Rose-Ackerman (1999).

The embeddedness of local mayors in the local communities and the personalised nature of local social relations can often restrict people from appealing to the regional and central authorities, and thus protects local leaders from upwards accountability. For example, a resident in Tsilkar tried to organise a petition to the *marzpetaran* in order to demand subsidised fertilisers, but most residents refused to appeal to the *marzpet* directly, as they would not want to “put their mayor on the spot”. In Karin, the mayor said, “They [residents] would always come to me with their problems, and they would not go without me to superior bodies, for example, to complain to the *marz*. I would sort their problems myself” (K-1). As discussed in section 7.1 of this chapter, scarce financial resources of local governments reduce expectations of residents and also legitimise the weak accountability of local mayors.

Box 7.4: The Intensity of Empowerment and Nature of Participation in the Sample Communities

- Local mayors play key role in local decision-making with regard to the formulation and implementation of local policies and programmes and resource allocation.
- Low level of empowerment of local residents. Community members have access to their leaders (passive access) and opportunities to exercise their voice and express their demands and preferences (active participation). Community members have limited influence and virtually no control in local decision-making.
- Community participation is of low intensity. Participation of community members in decision-making is restricted to listening and consultation.
- The channels of vertical, social and horizontal accountability are generally weak. Local mayors exercised top-down control and little transparency in managing local development, and were alleged to be involved in rent-seeking activities. Community members rarely exact accountability and transparency from their leaders through vertical and/or bottom-up mechanisms.

7.4 Community Leaders and Local Development

The analysis of fieldwork data allows a distinction to be drawn between two types of local leaders in the sample communities: developmental and predatory (Figure 7.3).⁷¹ The most influential leaders in the local communities are local mayors and school directors, although informal leaders can also play a key role (Box 7.5). The section

⁷¹ The distinction between developmental and predatory community leaders adopts the classification made by Evans (1989) with regard to the state in developing countries. Evans uses the term developmental with regard to the states that attempt to promote development; and the term predatory with regard to the states that impede transformation and undermine people’s welfare.

below discusses the role that the local mayors played in their communities. In particular, it examines how the performance and personal characteristics of local mayors affected important economic and social outcomes in the local communities.

7.4.1 Developmental Community Leaders

Developmental leaders played a crucial role in managing local development (Figure 7.3). One can characterise the local mayors in all sample communities, except Arevadasht, as developmental. Developmental mayors initiated and managed various small-scale communal works initiatives, for which they mobilised community residents to contribute money and labour. They raised external funds for investing in the essential local infrastructure and services. They often applied to donor organisations for funding and technical support. Most local mayors had experience of working with donor agencies, various NGOs and the UN agencies. Local mayors often had to lobby or bargain with the higher echelons of government on behalf of their communities to attract resources and development programmes.

All developmental mayors in the sample communities possessed strong leadership abilities, formal and informal authority and important social connections. Most developmental mayors were from the former elite, and they held influential posts in Soviet times. Their former positions enabled them with important experience, leadership and organisational skills and knowledge that helped them effectively manage local affairs. From their previous positions they also inherited social status and important contacts. Before his election in 1996, the mayor in Khachik worked as the director of *sovkhos* and as head of the former village executive council (*gyughsovet*). His brother was the regional judge, and his brother-in-law was the regional attorney at the time of this research. The mayor in Eghegnavan was the regional *Komsomol* official in the 1980s, after which he held the post of mayor for twelve years. The mayor in Ashnak belonged to the local business elite. During Soviet times he used to work in the trade industry in the regional centre Talin. He was an influential businessman and had many contacts among the economic and political elite in the country. The deputy mayor in Tsilkar was the head of the local *sovkhos* for 16 years. The mayor of Karin had an influential brother and multiple connections among political circles in Yerevan. The mayor of P Sevak was a 'new comer', as he did not hold a powerful position during

Soviet times. He, however, was associated with *Erkrpah* political party, which was rather influential in Armenia in the late 1990s.

Using their connections, the mayors managed to attract resources and 'bring projects' for their communities. The mayor in Khachik established friendly relations with the *marzpet*. This translated into continuous support to the village by the *marzpet*. A resident said, "The *marzpet* comes to the village quite often and he has a very good attitude towards the residents" (K-7). The brother of the *marzpet* was a member of the National Assembly (the Parliament), and he helped secure funding for the rehabilitation of the road and renovation of the village church. As the mayor of Khachik was the deputy director of the regional agricultural credit bank, he helped some fifty community members to obtain agricultural credit. The mayor of Ashnak obtained funding from a Diaspora benefactor to renovate the local Culture Club and secured commitments for renovating the secondary school. The mayor said, "Don't ask me how we found the money [for the Culture Club]. We have some friends in Yerevan, and we got together and had something to eat and drink and we got the project" (AK-1). Through his connections, the mayor arranged sales of fertilisers at a subsidised rate for the village residents. An employee of the local office said, "We managed this as we know people in *marzpetaran*" (AK-2). A community resident said about the mayor, "The mayor is trusted, and he has lots of really good connections; so it is good for the village... He used his contacts to get programmes for the village... Without him it would have been very difficult" (AK-5). The mayor in Eghegnavan was on friendly terms with the *marzpet*, who "helps with what he can". Through his connections, the mayor organised rehabilitation of the irrigation pipeline and renovation of the roof of the local club. The mayor organised delivery of fertilisers at a subsidised price. The mayor of P Sevak helped fifteen community residents to become members of the local Mutual Help Bank. A resident in P Sevak said, "Without his intermediation it probably would not have worked" (PS-7).

Both connections and leadership abilities are crucial for effectively managing local development. The mayor of P Sevak used to be well-connected at the time when the *Erkrpah* political union was powerful. With the changes in the National Assembly, he had lost most of his connections. Now when he had to rely only on his personal abilities to get things done, he became less effective. The community did not perceive their

leader as a very effective one. Compared to other neighbouring communities, he did not manage to attract external support for the village. A community member said, “He has to go ask and beg and get things done for us. Look at other mayors, how they care for their people. This one is very passive, and he cannot even cultivate his field... He has to help people” (PS-10). People complained that the village did not have a telephone communication, and the roads were in a bad condition. A community resident in P Sevak complained about the mayor, “They say the mayor is clever, but he is not tough enough, one must be tough to get things sorted” (PS-9). A resident in P Sevak said, “He is not very active now, yes he has his friends from Ararat [the stronghold of *Erkrapah* union], but it would be better if he was more active and tried to solve more problems” (PS-11). Such high expectations can often emerge from comparison with other local mayors, who seem to be more entrepreneurial and better connected. A female respondent in P Sevak said, “Our mayor is very nice, but many people are not happy with him. People take him for granted, they think he should be delivering all the time... They are always dissatisfied, once he delivers one thing, they think it was not enough, they want something else. They think the mayor should be sorting every single issue for them. But the local government does not have those possibilities, they are constrained by their situation” (PS-14).

The developmental leaders established good contacts with the representatives of NGOs and international organisations. The mayor of Khachik, for example, visited their offices from time to time to “chat and ask them for help” (K-1). He managed to secure funding from IFAD for the rehabilitation of the second irrigation pipeline on the village. He also collaborated with the Norwegian Refugee Council (NRC) and the WFP Wood for Work Programme. The mayor of Karin had a long history of interaction with international organisations. Many organisations themselves targeted Karin as a refugee village. Thus Oxfam set up a revolving drug fund, renovated and furnished the medical point, and rehabilitated the electricity network there. WFP supported a public works programme to rehabilitate roads. The Armenian Assembly of America (AAA) set up green houses, where it employed thirteen people from the village. NRC renovated the school, and the Shelter programme built 110 houses. At the time of this research, the mayor of Karin was in the process of negotiating projects with WFP, Save the Children and *Shen* NGO.

The motives of developmental leaders can be characterised as both self-interested and altruistic. As described in section 7.3 of this chapter, local mayors derived personal benefits from their formal positions, which enabled them with access to opportunities, resources and influence. At the same time, developmental mayors were strongly embedded in the local social networks, and had a strong sense of civic responsibility. They were well aware of local problems, and felt responsible to support their communities not only as elected officials but also as co-villagers. They often referred to the government as ‘them’ and detached themselves from the formal structures of the government. The motivation of these leaders to contribute to their communities was not only driven by pragmatic considerations of self-interest, but also by their sense of civic responsibility. Thus, one can characterise developmental local mayor not only as ‘patrons’ who delivered goods and services in exchange to personal benefits (described in section 7.3 of this chapter), but also as ‘social entrepreneurs’, who were enmeshed in local communities and committed to contribute to their communities.

Box 7.5: Elite Alliance in a Refugee Community

Local mayors are usually the most influential leaders in Armenian communities. Sometimes, however, informal leaders can play an important role too. In the village of Nor Khachakap, the local mayor shared his power with an informal leader. After large scale violence against Armenians in Azerbaijan in 1989-92, the village hosted many ethnic Armenian refugees from various parts of Azerbaijan. The local mayor in Nor Khachakap was a refugee himself, and he was democratically elected by the residents. However, as he had spent most of his life outside Armenia, he did not have important connections and influence. In order to effectively manage local development, he entered into an alliance with the informal leader. The informal leader had numerous connections from Soviet times, including regional government officials and entrepreneurs. Due to his connections and leadership ability, he managed to solve some of the most imminent community problems. At the same time, the formal leader represented the public face of the local government. As the informal leader said, the mayor is “very educated, and he knows how to deal with the public and listen to women”. This alliance proved to be very effective. The leaders allocated development benefits equally to all community members, including the indigenous residents and new-comers. As a consequence, the relations between community members were exceptionally cordial, and the residents successfully co-operated in solving common problems.

Based on the data that I gathered during the pilot phase of the fieldwork, June 2001.

7.4.2 Predatory Community Leaders

In contrast to the developmental leaders, the local mayor in Arevadasht was neither effective nor committed. He can be described as a predatory leader (Figure 7.3).⁷² The local mayor and the local government administration were perceived by the residents as the main cause of their poverty. The mayor had little influence and leadership skills. He was unable to effectively network, obtain external resources, initiate development projects and manage local development. His ineffective management of the ASIF irrigation micro-project resulted in a failure to ensure reliable access to irrigation water and triggered a conflict among residents (described in detail in Chapters Eight and Nine).

The village of Arevadasht was extremely poor. Even visually it was strikingly different from the other communities visited during the research. There were objective reasons for this. The village is situated in a very dry area (its name Arevadasht literally means ‘sun field’ in Armenian), where it is extremely difficult to grow fruits and vegetables. There was no single tree in the whole village. Poor local leadership, however, made the situation worse. The economic and social infrastructure in the village completely deteriorated. The potable water and irrigation systems were malfunctioning (more details on the irrigation system follow in Chapter Eight). The village did not have a medical point and even a grocery shop, where people could buy bread and items of first necessity, such as soap and basic medicines. The village used to have a revolving drug fund set up by Oxfam, but as the majority of residents were unable to make cash contributions, the drug fund was dissolved. For four years, the village did not have electricity supply.

It seems that the energy and efforts of the local mayor were channelled into obtaining personal profit. He was accused by the community residents of selling communal property, extorting bribes and misappropriating development aid. A resident said, “The village is pilfered. Aid is always coming to the village but very few people receive it. State property is being taken away and sold” (AR-4). Another resident said,

⁷² Another predatory leader was the former mayor in Ashnak, who mismanaged the construction of the ASIF micro-project. More discussion on this follows in section 8.1.2.

“Everything is being stolen and ‘eaten’⁷³ here” (AR-6). The respondents alleged that the mayor sold the communal artesian wells and electrical wire to the rich landowners in the neighbouring area. The residents also accused the mayor of selling fertilisers and other agricultural inputs designated as aid to their village. A village resident described the situation, “Things like this happen very often; whenever the village receives something, people from other villages come and take things away; some of his [the mayor’s] close friends take them and sell at higher prices” (AR-4). The potable water system in the village was renovated by the All Armenia Fund in 1998. The village, however, did not have potable water for two years. The mayor explained the lack of water by the fact that the water pump had burnt down. Community residents, however, suspected that with the permission of the mayor, potable water of the village was used by several rich individuals for irrigating their fields in the neighbouring villages. A resident said, “It is all their mafia, they take advantage of any aid or initiative; it is all his circles that benefit, nobody else” (AR-4).

The mayor in Arevadasht seemed to be indifferent to the needs of the most marginalised families in the village. For example, a single female who did not have any income and who had to support her three disabled children, did not receive any social assistance benefits. She was unable to travel to the hospital for people with mental disabilities in Nubarashen to complete paperwork in order to become eligible for social assistance benefits. She appealed for help to the mayor several times, but he did not do anything to help. In reality, he could have easily helped the woman by providing his car to one of his staff or a community resident to travel to Nubarashen (which is about one hour drive away) to complete the required paperwork. She suspected that she was registered as a social assistance recipient, and that the money was appropriated by the *marz* officials.

The dire situation in Arevadasht did not just start with the present mayor, but it was inherited from the former mayor. The former mayor was the head of the local Agricultural Mutual Help Bank. According to the residents, he would only give credits in exchange for bribes of 10,000 *drams* (\$20) per person or for lending him half of the borrowed money. Many rural residents borrowed money on those terms, which contributed to their impoverishment. As a respondent said, “Today everyone is indebted

⁷³ Armenian jargon for illegal money misappropriation.

[to him] and still pays interest” (AR-6). The present mayor served as deputy mayor for three years, which helped him take up the mayor’s post. A resident said, “He managed to become a mayor as they together [with the former mayor] made many dirty deals, and it was not easy to get rid of him. So they appointed him to conceal some of these deals” (AR-4). Local residents in Arevadasht saw the only solution to their difficulties in the election of a new local mayor. They were resolute not to support the present mayor during the upcoming elections. A female respondent said, “The only panacea for this village is a good leader, and until the whole staff of the local government is not replaced, our situation will not change” (AR-14).

7.4.3 Alternative Leaders: Schools Directors

Schools play an important role in consolidating communities in Armenia. Schools have traditionally been considered a pillar of the Armenian society. Historically, education helped Armenians to preserve their language and ethnic identity. Although the quality of schooling has deteriorated in the post-Soviet period, people still consider school education as the utmost priority for their children. Schools are important centres of community life because of strong values attached to education. People do not perceive a ‘community’ without a school. Some very important social events such the graduation, celebration of return of army conscripts, and national holidays are typically organised at schools. Most respondents in this study referred to the school as the foundation of their community.

School directors were important leaders in the sample communities. Local mayors did not interfere in the school activities, and school directors retained full autonomy in making decisions and managing schools. For example, the local mayor in Khachik seemed to be involved in managing every aspect of community life, but he acknowledged that he was “not quite aware about the activities at the school” (K-1). The mayors supported their schools as needed, upon an appeal from school directors. In Khachik, P Sevak, Ashnak and Eghengnavan, school directors had good leadership and organisational skills. They raised funds from external donors for renovating school buildings, and mobilised local residents to contribute resources, time and labour for school maintenance and for extra-curricular activities and events. The school director in Ashnak contributed her own money when applying to the World Bank funded School

Improvement programme. She topped up the money assembled from parents from her own funds in order to fulfil the ten percent community contribution requirement.

7.4.4 Maintaining and Defying Social Justice

The developmental local mayors played an important role in maintaining social justice in their communities. The respondents believed that their mayors were fair in their treatment of community residents. The mayors in Ashnak, Karin and Eghegnavan attempted to help some of the poorest residents by waiving their mandatory contribution requirement for public works and infrastructure projects financed by Save the Children, ASIF and Oxfam. In Eghegnavan, the mayor supported the poorest households by waiving land taxes and water charges, so that as he said, “they could breathe”. In Karin, the mayor waived all taxes for poor households. The mayor in P Sevak allowed single female headed households to pay water charges with delays and often waived them.

The local mayors in the sample communities played a key role in verifying eligibility of poor household for humanitarian aid and for the state funded social assistance (family benefits). Most residents thought that their mayors distributed humanitarian food aid fairly. Humanitarian aid was provided by the UN agencies (UNHCR and WFP under the Food for Work Programme), and included limited amount of flour, beans, chick peas and vegetable oil. The mayors complained that distribution of humanitarian aid was a very difficult task. As aid was limited, some households were bound to be left out. As a result, those who did not receive aid would start protesting and arguing with aid recipients and their local mayors. The mayor in Karin came up with a solution to distribute aid to a larger group of people in order to avoid discontent. The village received forty sacks of flour (50 kg each) designated for forty households. The mayor instead distributed half a sack per household, as a result of which some eighty households received aid. The respondents thought that most recipients of social assistance genuinely deserved it. At the same time, several respondents in Khachik and Eghegnavan expressed concern that some of the non-poor were also included in the beneficiary lists.

The refugee respondents in Karin were content with their mayor’s treatment. The mayor himself was not a refugee, but he was reported to be equally attentive to the needs of the

refugee and non-refugee population of the village. A refugee woman said, “We like our village. For example, they were talking about merging with the neighbouring Sasounik as one unit, but we refused it” (KN-4). Most refugees thought that their mayor was “very caring,” as he knew all of them personally and he was aware of their problems. The residents compared him with other mayors, “who would not even talk to people and do not like refugees” (KN-G1). Eghegnavan and P Sevak too had some refugee households, who did not report any unfair treatment.

Respondents in Arevadasht reported that their mayor excluded the truly needy residents. According to respondents, a small group of better-off residents benefited from humanitarian food aid, whereas some of the poorest residents did not receive any aid. Over one third of the village residents were extremely poor, but most of them did not receive food aid (as for example, the single female with three disabled children, whom I mentioned earlier in this chapter). The mayor himself drew the list of persons eligible for food aid, and, according to the residents, the list contained the names of some deceased community members. Some respondents suggested that the mayor sold some of the food aid, as they had seen it in the market in the neighbouring village. Some respondents suspected that the food aid was brought to the village in a ‘secretive’ way, during the night, so that people would not know how much aid was received. A resident complained about the preferential treatment by the mayor, “A lot of people receive aid and other benefits, otherwise why are people with the same land next to each other so different? We have the same income, but all of a sudden some people turn out to be better-off” (AR-9).

7.4.5 Generating and Destroying Social Capital

The extent to which leaders are embedded in local networks, endowed with leadership and managerial skills and committed to contribute to their communities, determines the level of social cohesion in local communities. Developmentally effective leaders tend to unite people in their communities. High levels of social cohesion and support by local residents in their turn enable mayors to effectively manage local development.

An example of a mayor’s influence on local social relations can be shown in the case study of Karin. The village of Karin was founded in 1992 to accommodate ethnic

Armenian refugees from Azerbaijan. The refugee population of the village was composed of diverse social groups, with different backgrounds and educational level, who had come from various geographic areas of Azerbaijan. Many refugees were from urban intelligentsia in Baku, and they had never lived or worked in rural areas before. The village also accommodated some indigenous Armenian families from the neighbouring villages. According to the local mayor, the village was composed of an “eclectic mix” of people, who did not have a shared experience of living as a community (KN-1). The residents had a very difficult adjustment period, in which they were slowly getting acquainted with the new area, new neighbours and new lifestyle and working conditions. At the beginning, most people were atomised and isolated from each other. They did not attend ceremonial events, as, for example, funerals of their co-villagers, for which the attendance by most community members is required by the Armenian tradition. Gradually, within ten years of living together, the community grew into a more cohesive entity. According to the residents, people became more united and more trusting of each other; they were more willing to co-operate and support each other with labour, money and moral encouragement.

The mayor in Karin had an important role in developing the community. He made a conscious effort to foster a collective spirit among local residents and unite people under common objectives. In order to achieve this, he often assembled community meetings, organised community-wide social events and mobilised people for community works. As a result of repeated positive interaction, the level of trust among residents increased. The mayor said, “Previously, people were not united here. When there was a funeral, nobody would leave their home, only the immediate relatives would attend, and not even neighbours. I would assemble everybody and explain to them that it is a shame, and they are all part of the same community. Gradually, within the last five years, the whole village has become as one fist” (KN-1). The relations among community members strengthened also thanks to the fair and respectful treatment by the mayor, who did not discriminate against the refugee population, and provided both refugees and local Armenians with equal opportunities.

Local leaders can also destroy the existing stocks of social capital, as it happened in the case of Arevadasht. Here, the lack of effective management and accountability by the local mayor has transferred into social cleavages and tension. As described earlier, the

mayor reportedly allocated development resources to his immediate circles and excluded the poor and voiceless community members. This contributed to the division of the community's residents into several factions. These included:

- The immediate friends of the mayor and local government staff, who, as community members alleged, entered into deals with the mayor and benefited from development aid and resources.
- There was a small group of local entrepreneurs who undertook voluntary initiatives to resolve some local problems. They managed the delivery of containers with potable water to the community, funded the repair of the irrigation water pump and organised purchase fertilisers at a reduced price. These entrepreneurs were the most vocal members of the community as they felt that the mayor and his environment stifled any initiative in the village and marginalised some of the poor residents. They felt that they were in a minority, and that they would not be supported by other community members if they raised their voice against the mismanagement in the village.
- Yezids,⁷⁴ who constituted half of the population of the village, were reluctant to go against the mayor and his environment. The ethnic Armenian residents of the village believed that the Yezids supported the mayor as he regularly purchased dairy produce from them, and that “they probably get something from him” (AR-4). At the same time, the Yezids were as marginalised as the Armenian residents of the village.
- Finally, there was a group of extremely poor residents, several of them with severe disabilities, who were powerless and were dependent on other community residents in their survival.

This social division in Arevadasht translated into the inability of residents to get together to pursue common objectives and to demand accountability from the local mayor. People rarely took part in collective initiatives, as they believed that the benefits

⁷⁴ Yezids (Zoroastrian Kurds) represent the largest ethnic minority in Armenia (1.5% of total population). They are mostly pastoralists and have been traditionally engaged in livestock breeding.

of the collective action were going to be captured by the elite. A resident referred to the lack of unity in the village, “People will not support each other in this village. They are all by themselves; this village is very disintegrated” (AR-9). The residents described how an attempt to petition the government failed. After a severe drought in the region, the central government pledged to provide emergency aid to the village. However, the village never received it. Several residents got together and decided to complain to the *marzpetaran*. However, the mayor managed to turn people back. As several respondents alleged, the mayor promised benefits to some petitioners, and they agreed not to complain. A resident said, “There are people around him who are not happy with him, but they would not go against him, as he compensates them on little things, for example, he would waive them water charges or the land tax...There is no unity, the village will not act as a single person, there is no community in this village, they all get something from him and would not support us” (AR-4).

7.4.6 Inter-Community Relations

All villages in the sample had limited connections with the neighbouring communities. The difficulties of everyday survival forced local residents to focus on their own immediate needs and limited possibilities for co-operation and reciprocity with neighbouring communities. Often several villages in the same geographic area may be rivals and compete for the same scarce economic resources, such as potable or irrigation water. In Karin, for example, the residents complained that they had limited water because the neighbouring village would sometimes cut their water supply. In Karin, P Sevak and Ashnak, residents reported that sometimes parts of water pipelines outside the community boundaries were vandalised by residents of neighbouring villages.

The respondents in Ashnak described a case of informal inter-community co-operation. In the northern region of Armenia, where Ashnak is situated, most residents are descendants from the Western Armenian region Sasoun (Eastern Turkey), and they share a strong sense of solidarity. Often residents of Sasoun origin from several villages get together for ceremonial events and celebrations. In Ashnak, for example, the mayor once hosted a gathering of 8,000 people from all neighbouring villages.

One example of formal co-operation was the initiative by the mayor in Eghegnavan to establish an Inter-Community Council – a union of twenty communities of Ararat *marz*. According to the by-law of the Council, every community could become a member of the Council. The communities were represented in the Council by their mayors, and were obliged to pay membership duties of five *dram* per household. The objective of the Council was to provide financial support to member communities. When one community had an excess of money in its budget, it lent the money to the neighbouring community that most needed money at that time, for example, for undertaking a community project. As many local projects were opportunity driven, the availability of cash allowed communities to seize the presented opportunities. Despite the fact that membership was open to any community in the *marz*, personal connections seemed to determine the eligibility for credit. The Council in reality was driven by a group of influential local leaders who knew each other from Soviet times and used the Council to support each other. All members of the Council were relatively affluent communities. It seems unlikely that a poor community could actively participate in the work of the Council as it would simply not have excess money to lend to other members.

Figure 7.3: Local Leaders in the Sample Communities

Developmental Leaders	Predatory Leaders
Organise community wide initiatives, mobilise community residents for communal works and raise cash contributions.	Ineffective management of local economic and social issues.
Raise external funds for investing in local infrastructure and collaborate with donor agencies and NGOs.	Tend to misappropriate communal resources and use public funds for their private interests.
Maintain social justice by allocating resources in a relatively fair manner.	Exclude the poorest and marginalised from development assistance.
Attempt to reach out to and support the poorest residents.	Induce social divisions and tensions within community.
Tend to unite people in their communities.	

7.5 Community Members and Local Development

This section analyses the nature of local social capital and forms of participation of community residents in the sample communities (Figure 7.4). In particular, the section

focuses on the nature of interpersonal relations, networks of mutual support and solidarity, participation in social life and the involvement of ordinary community residents in community projects and initiatives. As described in sections 7.2-7.3 of this chapter, the existing forms and nature of community participation in the sample communities were limited. At the same time, despite the existing preconceptions prevalent in development practice in post-Soviet countries (described in section 2.4.1 of Chapter Two), ordinary community members in the sample communities were not distrustful, apathetic and paternalistically oriented. They actively supported each other and were involved in the social and economic life of their communities.

7.5.1 Social Capital

‘Human relations’ have been traditionally cherished in Armenia.⁷⁵ Armenians highly value informal reciprocal relations with their family members, relatives, friends and colleagues. Kinship ties and a sense of communal affiliation performed an important regulatory function in pre-Soviet rural Armenia (Box 7.7). As described in Chapter Two, personalised social networks played a crucial role in providing people with access to goods and services during Soviet times. A Soviet proverb says, “It is better to have a hundred friends, than a hundred roubles”. Relations of reciprocity in Armenia are often ascribed to long-standing traditional values. These values often require placing human relations above professional and other formal obligations. Thus even in the absence of pragmatic considerations of reciprocity, mutual help is a necessity for inclusion and full acceptance within a community.

The fieldwork data provides indications that the existing social relations in post-Soviet Armenia underwent changes after independence. On the one hand, ties between people have intensified due to the difficulties imposed by the collapse of the socialist economy. In the absence of effective state support, mutual assistance has become a crucial resource upon which many households can draw to survive the transition. Transition has also made it more difficult for people to co-operate and support each other. Often due to material and social deprivation, people are forced to concentrate on their own everyday survival needs, and have less time and resources to dedicate to their relatives, friends

⁷⁵ ‘Human relations’ is a common term for describing interpersonal or social relations in the Armenian language.

and fellow community members. Many respondents noted that despite their desire to help, it is often impossible or difficult to be helpful.

There were strong endowments of social capital in all of the studied communities (Box 7.6). Relations of trust and reciprocity in the sample communities existed both within smaller groups, such as kinship and friendship networks (bonding social capital), and between different groups in a community (bridging social capital). As resources at the disposal of a household were limited, informal assistance prioritised kinship networks. In all studied communities, people provided support to their co-villagers who were outside their kinship or friendship networks, where they have available resources. The respondents described many instances when they would help people whom they were not connected with kinship and friendship ties. Relations with neighbours were no less important than relations with relatives and kin related co-villagers. A resident in P Sevak said, “It is the neighbours who come first to help you and not the relatives” (PS-13).

In all studied communities, people helped each other with ‘what they could’. Mutual help included limited cash assistance (donation and lending), in-kind assistance (food donation and lending, donation of clothes, donation of agricultural inputs, such as fertilisers and pesticides and lending machinery and spare parts), and labour assistance (agricultural works, e.g., harvesting, or repairing houses and taking cattle to pastures). People helped each other not only materially, but also offered psychological support in times of crisis and stress. A female respondent in P Sevak said, “My husband fell ill, and the whole village was in my house” (PS-14). In case of a death of a family member of a co-villager, the entire village would assemble money to help with the funeral expenses. Local leaders often assisted the poor by waiving the requirement for community contribution in community-based projects funded by ASIF, Save the Children and local NGOs. As mentioned earlier in this chapter, in all of the studied communities, there were some extremely poor households who were entirely reliant on humanitarian food assistance, state-provided social assistance benefits and material support by their neighbours and co-villagers.

People borrowed cash from their co-villagers, usually in small amounts, to cover the cost of essential needs (for example, for buying food and hygiene items and paying

utility bills). A female respondent in P Sevak said, “We fully trust people here; there is no problem with lending money, the other day I accidentally gave 5,000 *drams* [\$10] extra to a co-villager, and he came to give it back to me” (PS-13). In all studied communities, local shops sold goods for credit. People usually repaid their debt after they obtained cash from selling their crops or receiving remittances from abroad or social assistance benefits. Many respondents said they often lend small amounts of money without the expectation that the money would be returned. The shopkeeper in Khachik said that requiring customers to pay cash at the time of purchase was not realistic, and the only way to continue their business was to sell goods for credit. In most cases, people paid back for the borrowed items, although sometimes repayment could take up to six months. A resident in Khachik said, “Everybody in the village is indebted to each other” (K-G2).

Mutual assistance networks were especially strong at schools. Schools helped some of the most impoverished schoolchildren by donating clothes, shoes, stationary and small amounts of money for renting textbooks and medical emergencies. Access to schools becomes limited during the winter times, as the poorest cannot afford warm clothes and shoes. Poor schoolchildren are usually too embarrassed to appeal to teachers themselves. In many schools, teachers established a monitoring system and themselves identify the poorest children in order to help them. Teachers often visited their pupils at home in case of their frequent absences. Some relatively well-to-do parents helped the poorest schoolchildren by donating clothes and food, paying for textbooks or subsidising the cost of school events for which parental contributions were required (for example, school excursions or graduation ceremony).

The informal relations of reciprocity and communal solidarity transfer into the formal sphere. The representative of the local DWC in Karin said she was successful in collecting water charges only because many people knew that in case of low collection rates, she would not receive her three percent commission. As described in section 7.3 of this chapter, many respondents felt inappropriate to complain against their local leaders, as they felt it would indicate their disloyalty to their community members.

Moralistic judgement was sometimes applied towards some extremely poor persons or households, however, these persons or households were not denied community

assistance in reality. In the villages studied, some negative social attitudes were apparent towards those households who relied on humanitarian aid and social assistance benefits. Some respondents thought that humanitarian food aid had created dependency and disincentives for work. However, such attitudes did not transfer into denial of access to formal or informal social assistance benefits or essential services and did not create social divisions. The respondents in Khachik described a household, whose poverty they attributed to their 'laziness'. The community, however, offered a lamb as a gift to that household in order to help them start cheese production, but the household members declined the offer. Many villagers in the refugee village of Karin expressed their dissatisfaction with humanitarian aid and thought it created a dependency culture. They believed that some villagers were reliant on aid and did not want to make any effort to improve their situation. At the same time, the villagers did not blame the aid recipients, but were rather critical of the governmental and donor policies and programmes that encouraged food aid instead of providing economic opportunities to the poor.

The respondents often referred to the traditions of co-operation and solidarity in their villages by describing their communities as 'cohesive' or 'united'. In Khachik, Tsilkar, Eghegnavan and Karin, the residents referred to their communities as 'united'. Their interpretation of 'unitedness' referred to the extent to which people were willing to participate in collective activities and support each other at community-wide level. Residents in Arevadasht described their community as 'divided' and 'lacking any cohesion'.

Social networks and relations of solidarity developed in different ways in different communities in the sample. An important source of social cohesion is common kinship ties. The residents of Ashnak, for example, originate from Sasoun region in Western Armenia (Eastern Turkey), and share common kinship, identity and sense of belonging to the same place of origin. Descendants from Sasoun are known in Armenia for their strong bonds and sense of solidarity. The mayor in Ashnak said, "People trust each other, they help each other, this village is known in the whole country as very strong and united. You cannot imagine what happens here during festivities and events like weddings, funeral, birthday, graduations; the whole village celebrates together, not only just relatives. We all are from Sasoun!" (AK-1). The community of Khachik descends

from three extended kin groups, who have lived in the same village for more than one hundred years. The village is rather remote and difficult to access, and there was very little migration into the village, which helped maintain the historical social composition of the village. The fact that the village is on the border with Nakhichevan region of Azerbaijan also contributes to the cohesion of the village.

Box 7.6: Features of Social Capital in Rural Armenia

- Relations among community members are governed by pragmatic considerations of reciprocity, adherence to traditional norms and altruistic motives.
- There are strong traditions of mutual assistance and reciprocity in Armenia.
- Relations of trust and reciprocity exist both within smaller groups such as kinship and friendship networks and across various groups within communities.
- People have a strong sense of solidarity and concern for the common good.
- Economic and social deprivation constraints the ability of people to support each other and participate in the life of their communities.
- The degree of effectiveness and accountability of local mayors directly influences the levels of social cohesion in the communities.
- Conflicts in local communities occur over economic resources, most often for sharing potable or irrigation water.

The lack of kinship ties does not preclude the formation of social capital. A common positive history of interaction is crucial for establishing trustworthy relations. The village of P Sevak was founded in the early 1970s by young families, who came from different regions of Armenia. A female respondent in P Sevak said, “Maybe one reason that our village is so peaceful is that we all came here as very young families, without our parents-in-law” (PS-14). According to her, the presence of older community members would have compelled them to give greater significance to the issues of kinship and origin of their co-residents and reinforce traditional hierarchies. There were three ethnic Armenian refugee families from Azerbaijan in P Sevak, and they were well integrated in the village life. A refugee woman said, “I love this village, and I would never leave this village” (PS-13). As described in section 7.4 of this chapter, developmental local leaders played crucial role in fostering trusting relations among community members by creating spaces for community interaction and maintaining social justice. Thus the communities in Karin and Eghegnavan composed of local

Armenians and ethnic Armenian refugees from Azerbaijan developed a sense of common identity thanks to the positive experience of interaction facilitated by the efforts of the local mayors.

As described in section 7.4.2 of this chapter, the ineffective management and corrupt practices by the predatory local mayor significantly contributed to social divisions in the community of Arevadasht. The village was split into various factions based on the degree of people's allegiance to the local elite. Such division prohibited the community from taking a united action against the corrupt mayor. At the same time, traditions of mutual assistance among community residents still persisted. A respondent in Arevadasht said, "People help each other with what they can" (AR-G2). Relations of reciprocity existed both among Armenians and between Armenians and the ethnic Yezidi residents of Arevadasht. Armenians and Yezids co-operated and shared food and resources. In the situation where the local leadership was ineffective, the informal networks of social assistance played a key role in keeping the community alive. In fact, some of the community members were able to survive only due to the assistance from their co-villagers.

In all of the sample communities, occasional conflicts and disagreements occurred over economic resources, mostly for sharing potable or irrigation water (more details follow in section 9.6 of Chapter Nine). Scarcity of water is a major factor causing disagreement and negatively affecting interpersonal relations. Conflicts occur when, for example, some villagers draw water above the amounts allocated to them. This often deprives other villagers, especially those who have fields at the tail end of the irrigation system. The respondents reported that during the drought in 1999-2001, when water supply in Armenia was especially scarce, conflicts over water were very frequent. These conflicts were not violent and were usually resolved peacefully by the community members themselves or through the intermediation of the local mayor. A resident in Ashnak said, "We all are neighbours here, and we don't live just for one day. Sometimes we have conflicts, but they are always quickly resolved" (AK-G2). The respondents in Khachik said that as most people "live with each other", they are compelled to resolve conflicts peacefully.

Box 7.7: The Pre-Soviet Armenian Community

The family, the village and the Armenian Church were the main social institutions in pre-Soviet rural Armenia. The patriarchal family (*azg*) was the primary unit of pre-Soviet social organisation of Armenian rural communities. In the 19th century the Eastern Armenian rural family was composed of twenty to fifty members related by kinship, issuing from one father by the descending line and its branches. Economic resources were redistributed within the family, and each member performed their share of communal work. Most labour in the village was organised according to family units. Preservation of the unity of the extended family was a matter of social prestige. The extended families formed a village commune. They elected the village headman (*tanouter*), who was in charge of the communal governance. Social control was retained by custom, conformity to which was enforced by the fear of social disapproval. There were no sharp class or social distinctions in the Armenian communities, although some traditionally better-off families (*ojakh*) retained privileged positions. Land, pastures and sometimes irrigation canals and mills belonged to the communal property. Land was distributed among families according to the number of family members. Certain activities, such as building of a house, were undertaken by the village as a whole. Community members sought to maintain the “solidarity and distinctiveness” of their community (p. 8). Good relations with neighbours were deemed important. Birth, marriage and death gathered the entire community. The Armenian Church was extremely significant in people’s lives, not only as a religious institution, but also as the intellectual centre and the source of the national identity of Armenians.

Source: Kilbourne Matossian (1962)

7.5.2 Participation in Social Life

Social events, traditional celebrations and social interaction have historically played an important role in the life of Armenian communities. Celebrations of birthdays, weddings, national and religious holidays, and visits to relatives, friends and neighbours play a crucial role in uniting communities and strengthening social bonds. Most respondents believed that participation in social life was important for keeping the community spirit and supporting people psychologically. A resident in Ashnak expressed a common view, “We all participate in social events, it is important to support each other morally” (AK-11). A woman in P Sevak said, “We get together, mostly with our friends and relatives, for a birthday or a holiday celebration. We are still human” (PS-14).

Most respondents noted that there was a decrease in the level of their social interaction as compared with that in Soviet times. They complained that “life these days is not the same as it used to be”. They explained this by the lack of economic resources and time to host friends and relatives and pay the costs incurred by ceremonial events and festivities. At the same time, the respondents noted that compared to the times of the

severe economic crisis in the early 1990s, their social life improved. As the overall economic situation in Armenia improved in the late 1990s, participation in community-wide social events increased.

The local mayors and school directors in the sample communities played an active role in organising social events by mobilising cash, managing logistical arrangements and involving community residents. In order to mobilise resources for social events, the local mayors collected money from the better-off residents, asked local shopkeepers to contribute cash, and contributed resources from the local government budget and often from their own personal savings. The poorest were often excluded from contributing, but were allowed to take part in the events. Community-wide events were normally hosted in a local club, school or at someone's house. School directors and teachers organised graduation ceremonies and celebrated birthdays of schoolchildren.

Khachik and Ashnak had greater rates of participation in social life, perhaps because their leaders were more active in the organisation of community-wide social events. Khachik was the only community which had a church. It also had a café at the village square, and a local culture club, where the residents sometimes organised a discotheque. Khachik, Ashnak, and Eghegnavan had culture clubs, which were used for social gatherings and celebrations. Karin, where the refugee residents with urban background were especially culturally aware, did not have any cultural facilities to cater to their needs. The residents in Karin were longing for a local library and a culture club.

7.5.3 Participation in Communal Initiatives

In all of the studied communities, residents took part in various local initiatives and communal projects, initiated by the local mayors and school directors. People were willing to contribute time and money towards the common community good and were dealing with their local problems to the best they could. The mayor in Khachik said, "People are now accepting that they should contribute in order to get things done in their communities" (K-1). Community residents took part in these initiatives even when they did not personally benefit from the initiatives, mostly as a sign of solidarity with their co-villagers. People seemed to be genuinely interested in the life of their

community, their fellow community members and the future of their communities. Most of them thought that the problems of their communities were their own problems.

Participation in communal activities in Arevadasht was more limited in its scope than in other communities. As the local mayor was rather ineffectual, there were few community initiatives undertaken in the village. The residents did not trust the local elite and they were doubtful whether their contribution would ultimately produce benefits for them. At the same time, community members in Arevadasht were not overly inactive. They, for example, contributed cash and voluntary labour for the ASIF's irrigation micro-project.

The most common form of participation in the sample communities was the contribution of voluntary labour in community infrastructure and environmental maintenance initiatives. In particular, residents participated in cleaning canals, rehabilitating roads and potable water and irrigation pipes, collecting rubbish, planting trees, and improving school areas. Both men and women contributed labour, however, it was mostly men who were involved in physically demanding works. In many instances, residents themselves identified problems and faults with community infrastructure and undertook the required small repairs. The number of residents who contributed labour in these initiatives varied depending on the specific requirements of civil works.

Residents also contributed money for the rehabilitation and maintenance of community infrastructure as well as for community events and celebrations. For example, residents in Khachik collected 3,000 *drams* per household and contributed free labour for the rehabilitation of the internal potable water system. As a result, the new system provided 120 villagers with access to potable water. They also worked as volunteers on the rehabilitation of the building for the new bakery. Mobilisation of monetary contributions normally had a poverty targeting element – the poorest residents were exempt, and higher amounts were solicited from the relatively better-off residents. For example, the mayor in Ashnak collected cash from the residents in order to lay a canal for the livestock. The residents collected 400 *dram* from those who had a cow, and 100 *dram* those who only had sheep.

In all studied communities, parents, children and teachers were actively involved in the school life. Participation of parents in school affairs had informal nature. Parents participated in informal Parents' Committees, which were established in most Armenian schools in Soviet times. The Parents' Committees played a key role in organising extra-curricular activities and social and educational events, mobilising parents around important issues, managing school maintenance, liaising with teachers and school directors and helping the poorest schoolchildren.

Parents and teachers in the sample communities provided material contribution for the O&M of their schools. The state provision for school O&M were insufficient to cover even the most urgent O&M needs. The schools were compelled to raise cash contributions from parents and teachers to supplement their budgets. This money was used for small-scale repairs and renovation works. Most schools aimed not to collect money from parents frequently because of the material constraints most people experienced. Parents also provided volunteer labour for small-scale rehabilitation and maintenance works. By the initiative of the school directors, teachers organised regular 'maintenance days' (*subbotnik or shabatoryak*), during which schoolchildren, parents, both men and women, and teachers cleaned the school territory and school buildings' interiors. Section 9.4 shows that community residents actively participated in the O&M of the irrigation facilities.

7.5.4 Gender Participation

Rural communities in Armenia are distinguished by a highly patriarchal structure, which has preserved since the pre-Soviet times. Kilbourne Matossian (1962) describes gender relations within the pre-Soviet Armenian household. The main decision-maker in the family was the patriarch, and there was a clear division of labour between men and women. Women were usually engaged in domestic work, and men performed agricultural and construction activities. As part of its effort to transform traditional institutions, the Soviet regime attempted to 'emancipate' women by guaranteeing equal constitutional rights with men, providing free access to education, encouraging them to take jobs outside the home, and involving them in the public sphere. Despite a considerable secularisation of many traditional values and practices, patriarchal

relationships in the Armenian family and the traditional division of labour between men and women have survived.

Patterns of gender participation in communal initiatives in the sample villages reflected traditional norms, which tend to strictly prescribe roles for men and women. In all of the communities, the man was considered the breadwinner and head of the family, and woman was perceived to do housework and take care of children. Women participated in the public sphere, but their participation was limited to specific areas. In particular, women had greater involvement in school affairs, and had limited participation in ‘hard’ sectors such as irrigation and potable water, which were regarded as the male domain. A rather exceptional case was the female WUA head in Eghegnavan. She was most likely advanced to the post by the local mayor, with whom they were work colleagues in Soviet times, and who trusted her. Thanks to her experience, she had strong leadership qualities that helped her perform her job effectively. Section 8.2.5 of Chapter Eight provides analysis of the dynamics of gender participation in the ASIF micro-project processes.

Figure 7.4: Community Participation and Empowerment in Armenia

Forms of Participation	Nature of Participation and Intensity of Empowerment
Strong networks of mutual support based on trust and reciprocity.	Local mayors play key role in local decision-making with regard to the formulation and implementation of local policies and programmes and resource allocation.
Participation in community-wide social/ceremonial events is an important part of community life.	The nature of community participation is of low intensity, and it is restricted to listening and consultation.
Community members take part in local projects and initiatives by contributing voluntary labour, materials and cash.	Weak intensity of empowerment. Community members have access to their leaders (passive access) and opportunities to exercise their voice and express their demands and preferences (active participation).
Participation is mostly informal, and there are very few formal groups and associations.	
Community members rarely exercise leadership and undertake independent initiatives. They mostly rely on local leaders to get things done.	Community members have limited influence and virtually no control in local decision-making and resource allocation.
Local leaders (local mayors and school directors) play an important role in organising community-wide events, mobilising community members, liaising with external organisations and raising resources.	The channels of vertical, social and horizontal accountability are generally weak. Local mayors exercised top-down control and little transparency in managing local development, and were alleged to be involved in rent-seeking activities.

Community members rarely exact accountability and transparency from their leaders through vertical and/or bottom-up mechanisms.

7.6 Conclusions

This chapter examined the existing local institutions and forms and nature of community participation in the sample communities after the ASIF micro-projects (Figure 7.4). It showed that ‘participation’ in the sample communities was not accepted as a ‘normal’ or ‘usual’ method for service delivery, problem-solving and decision-making. The prevailing institutional arrangements for getting things done in the sample community were reliance on authorities, social networks and informal payments.

In particular, the research found that community members, who had limited access to resources and networks, were mostly reliant on local leaders in getting things done. Local action was induced by local leaders, who played a key role in securing benefits and solving problems through their position of influence and informal connections. Ordinary community residents took part in various local initiatives and communal projects, initiated by local mayors and school directors. Participation of community members, however, was limited to the provision of essential inputs, such as contributions of labour, cash and materials. There were very few formal and informal groups or associations established by the residents in order to pursue their objectives in any of the studied communities. Community members rarely exercised leadership and undertook independent initiatives, raised funds, liaised with external organisations and mobilised other community members for collective action.

The intensity of empowerment of local residents was weak. Community members had limited influence and virtually no control in decision-making with regard to formulation and design of local policies and programmes and resource allocation. The channels of horizontal, vertical and social accountability were generally weak in all of the studied communities. Community members were not active in demanding accountability and transparency from their leaders. Local authorities did not feel accountable to community members. In particular, they did not disseminate sufficient information, attempt to

involve community residents in decision-making processes or govern local affairs in a transparent and inclusive manner.

The chapter suggested that the nature of governance both at the macro and micro levels largely affects the existing local institutions, the forms and nature of community participation and the intensity of empowerment in Armenia (Box 7.2 and Box 7.3). The formal organisations of the state in Armenia fail to effectively deliver goods and services and operate in accordance with the rule of law. In this situation, collective action and associational activity do not appear to be a viable means for getting things done. Ordinary community residents are often forced to rely on local leaders, who can attract external resources and advance the interests of their communities using their position of influence and personal connections. These patronage-based relationships between local leaders and community residents create dependency, limit the power base of community members and weaken formal channels of accountability. The value system and normative orientation of authorities at the central, regional and local level still reflect the hierarchical traditions of the Soviet ‘command-administrative’ system and reinforce top-down governance practices at the local level. In addition to the governance environment, the insufficient financial, organisational, human and psychological resources significantly constrain the ability of community members and local leaders to undertake local projects and initiatives (Box 7.1).

This chapter examined the role and functions that local leaders play in managing local development (Figure 7.3). It demonstrated that leadership and organisational skills, social status, informal connections and the extent of civic responsibility of local mayors significantly affect local institutional capacity and economic and social outcomes. The chapter classified local mayors as developmental and predatory. Developmental leaders play a key role in organising local communal works initiatives, raising development resources for investing in the essential local infrastructure and services, maintaining social justice and strengthening social cohesion in local communities. Predatory leaders tend to misappropriate communal resources, mismanage local affairs and exclude poor and marginalised households from development benefits. This negatively affects the level of economic development and availability of essential social services in a community and results in social divisions and tensions among various social groups.

This chapter demonstrated that the limited community participation in the sample communities was not conditioned by the weakness of social capital and/or attitudinal factors. There were strong networks of mutual support based on trust and reciprocity in all of the studied villages (Box 7.6). They existed both within smaller groups, such as kinship and friendship networks (bonding social capital), and between different groups within a community (bridging social capital). Mutual help included cash, in-kind and labour assistance and psychological support. Social events, traditional celebrations and social interaction played an important role in the life of local residents. Community members were not distrustful, apathetic, and paternalistically oriented. They actively supported each other and participated in the economic and social life of their communities. They were willing to get together to take part in local projects and initiatives and contribute free labour, materials and cash. Despite the availability of strong endowments of social capital, community participation in the sample villages remained restricted in its forms and nature (Figure 7.4). Section 10.2.4 of Chapter Ten will provide a conceptual interpretation of the observed link between social capital and community participation.

The next chapter, Chapter Eight, analyses the service delivery outcomes of ASIF micro-projects and discusses the nature and patterns of community participation in the ASIF micro-project cycle. It examines the institutional responses and social processes stimulated by the micro-project interventions in the sample communities.

Chapter Eight. ASIF's Service Delivery Outcomes and Micro-Project Processes

This chapter discusses the service delivery outcomes and processes of the ASIF micro-projects in the sample communities. It is composed of two main sections. The first section provides information and analysis on the service delivery outcomes of the ASIF micro-projects in the sample communities. The second section discusses the nature and patterns of participation of local communities in the ASIF micro-project cycle. The latter section, in particular, focuses on participation of local leaders and community residents in the initiation, identification, preparation, implementation and management of the ASIF micro-projects.

By examining the micro-project service delivery outcomes and processes this chapter seeks to establish some of the key factors that accounted for the specific participation and capacity building impacts of the ASIF micro-projects. As described in section 5.1.3 of Chapter Five, linking processes to outcomes can help better understand and explain the specific project outcomes. According to the theory-based evaluation method, in order for a project to achieve the desired outcomes, a specific phased sequence of causes and effects envisaged by the assumptions underpinning the project design should hold. By comparing these assumptions to actual developments it is possible to identify whether or not the intended linkages occur. This chapter examines the data on the micro-project service delivery outcomes and processes to establish whether the assumptions behind the ASIF project have been met. In particular, this chapter seeks to establish whether the ASIF micro-projects promoted genuine community participation, successful service delivery outcomes and positive experience of community interaction in the sample communities. This analysis has been employed to explain and interpret the key impacts of the ASIF micro-projects presented in Chapters Nine and Ten.

In addition, the examination of the ASIF micro-project service delivery outcomes and processes constitutes a case study of its own. In other words, by studying the nature of institutional responses and social processes stimulated by the micro-project interventions at various stages of the micro-project cycle we can deepen our understanding of the local institutional and social organisation in the sample communities. Thus, the analysis of community participation and the experience of

collective action presented in this chapter complements the analysis of local institutions and social relations presented in Chapter Seven.

8.1 The ASIF Micro-Project Service Delivery Outcomes

This section examines how the service delivery objectives of the ASIF micro-projects were accomplished in the sample communities. In particular, it assesses the quality of construction/rehabilitation and the extent to which community residents were able to utilise the newly available services. An examination of the micro-project service delivery outcomes is important for assessing the impacts of the ASIF project on community participation and institutional capacity. It is assumed that positive outcomes of collective action are important for increasing the probability of future community activities (Hypotheses 2 and 5, Chapter Five). Following this assumption, the success of a collective action manifested in positive service delivery outcomes of the social fund micro-projects can be instrumental in strengthening interpersonal trust and increasing the willingness of community members to form associations and to get together to undertake new initiatives and projects in their communities. On the contrary, negative service delivery outcomes may discourage future endeavours and discourage local participation.

Prior to the ASIF micro-projects, all of the communities in the sample had irrigation systems in place. However, the existing systems in these communities only partially satisfied local demand for irrigation water. In order to improve water availability, these communities applied for ASIF's funding. The irrigation micro-projects in the Ashnak and P Sevak dealt with the construction of irrigation pipelines to deliver water from an alternative source to the land plots. The micro-project in Eghegnavan supported construction of an irrigation canal to increase the volume of water supply. The micro-projects in Khachik, Karin, Tsilkar and Arevadasht financed construction/rehabilitation of irrigation networks. The micro-project in Khachik involved rehabilitation of the existing drainage system, and the micro-project in Arevadasht financed the construction of a pump station.

One of the key objectives of ASIF in supporting these micro-projects was to rehabilitate the essential irrigation infrastructure in order to resume/improve people's access to

irrigation. An output indicator that can be used for measuring the success of the ASIF objectives is whether the beneficiaries regained or improved access to irrigation water as envisaged by the initial micro-project design. Based on the fieldwork evidence, one can identify two important factors that predetermined the extent of beneficiary access to irrigation water after the completion of the ASIF micro-projects. Firstly, the quality of the engineering design and civil works appeared to be instrumental in determining the effectiveness of the newly constructed/rehabilitated infrastructure.

Secondly, the actual service delivery outcomes depended on the availability of water supply from the main source. All of the sample communities reported that during the period of 1998-2001 they received very little irrigation water. On the occasions when they received water during that period, water supply was unreliable and insufficient to satisfy their needs. Water was provided only a few times during an irrigation season. As a result, the essential crops did not receive the required water intake. The situation changed during the irrigation season of 2002, when as a result of heavy rains and mild climatic conditions, the availability of water improved throughout the country. This section focuses on the service delivery outcomes in the summer of 2002, at the time when this research was conducted.

8.1.1 Positive Service Delivery Outcomes

In four of the seven ASIF communities (Eghegnavan, Tsilkar, P Sevak, and Khachik), the ASIF micro-projects resulted in the improvements in the essential irrigation infrastructure facilities and improved access of local residents to irrigation services. The respondents in these communities felt that the ASIF micro-project helped them solve their immediate priority needs. They expressed their satisfaction with the quality of works and the operation of the facilities. According to the IA members involved in the supervision of civil works and the ASIF supervision records, the quality of construction/rehabilitation works in these communities corresponded to the Construction Norms and Standards set by the Armenian government and reflected in the technical specifications of the micro-projects. The micro-project benefits matched the prior expectations of community residents. Provided there was sufficient supply of water from the main source, the ASIF financed facilities in these communities delivered water in the amounts envisaged by the initial micro-project design. At the time of this

research in the summer 2002, all of the four communities received irrigation water on a relatively reliable basis and in the amounts sufficient to satisfy local demand.

There were a number of residents in these communities who did not benefit from the newly constructed/rehabilitated irrigation infrastructure. This research did not observe cases of intentional exclusion from the ASIF micro-project benefits. As a result of material deprivation, some 3-4 poor households in each of these communities were unable to cultivate their land plots. These households were most commonly composed of a single mother, elderly persons living alone, and/or a disabled breadwinner. The members of these households were unable to perform hard physical work, and/or did not have enough cash to pay for the essential agricultural inputs, including water, fertilisers and the rent of agricultural machinery. They either did not cultivate their land, or sold their land as considered it a burden. There were also several households in each community who did not have access to land. These households did not receive land as they did not reside in the village at the time of the redistribution of the communal (*kolkhoz* and *sovkhoz*) land in 1991-1992.

8.1.2 Negative Service Delivery Outcomes

The ASIF micro-projects did not deliver the expected benefits in three communities (Ashnak, Arevadasht and Karin). The micro-projects in Ashnak and Arevadasht did not improve irrigation water availability, and the newly constructed irrigation network in Karin did not deliver water at all. The negative service delivery outcomes in Ashnak and Arevadasht were primarily conditioned by the poor quality of construction as a result of inadequate supervision of civil works by the local mayors (IA heads) and the ASIF supervisors (Figure 8.1). Section 8.2.8 of this chapter will demonstrate that the effectiveness of supervision and service delivery outcomes were much dependent upon the leadership characteristics and the governance environment in the sample communities (Box 8.1). In particular, the quality of construction was inadequate in the communities with predatory leaders (the mayor in Arevadasht and the former mayor in Ashnak), who were not sufficiently effective and committed to their communities. As community members had limited involvement in the decision-making processes during the micro-project implementation, they were not able to exercise effective supervision and influence the course of construction works. The negative service delivery outcomes

in Karin were conditioned by the lack of water supply from the main source. The remaining part of this section discusses the specific service delivery outcomes in these communities.

Figure 8.1: Factors Influencing Service Delivery Outcomes in 2002

Community	Supervision of Civil Works	Construction Quality	Water Supply Availability	Service Delivery Outcomes
Ashnak	Low	Low	High	Low
Arevadasht	Low	Low	Low	Low
Karin	High	High	Low	Low
Eghegnavan	High	High	High	High
Khachik	High	High	High	High
Tsilkar	High	High	High	High
P Sevak	High	High	High	High

The objective of the ASIF micro-project in Ashnak was to increase water supply by replacing the existing open canal with a new pipeline. The contractor used old pipes, which were provided by the community as part of the mandatory community contribution. These old pipes were narrower than those required by the technical specifications of the micro-project. As a result, instead of increasing, water supply in Ashnak decreased four times. The amount of water delivered by the new pipeline was only sufficient for watering orchards but not the land plots. All of the respondents in Ashnak maintained they would have been better-off by keeping the existing canal and not initiating the micro-project at all. The village mayor called the micro-project the “misfortune of the village”⁷⁶ (AK-1). A village resident said, “There is no water, this is the most important problem, all we need is water, as for the rest - we can manage it” (AK- 3). The residents were convinced that the former mayor personally benefited from the micro-project funds by ‘making a deal’ with the contractor and letting him use the old pipes.

In Arevadasht, the poor quality of the irrigation infrastructure was partially conditioned by the drawbacks in the engineering design. The engineering design of the micro-project specified an obsolete model of pumps with low capacity. During the execution of civil works, following a petition by the IA, ASIF changed the initial specifications in

⁷⁶ The ASIF micro-project was initiated and implemented by his predecessor – the former mayor of Ashnak.

the design, prescribing a model with higher capacity. The change in the technical specifications did not translate in a change in the overall micro-project budget. As this change was going to cost more money to the contractor, he purchased and installed a pump that was of much lower capacity than the model specified by the new design. As a result, the pump station did not function adequately. According to the residents, the newly constructed system provided only 100 cubic metres of water instead of the planned 250 cubic metres. In addition, the layout of the pipeline prescribed by the design proved to be unsuitable. Thus, when the water pressure was strong, there was very little water supplied into the system.

In addition, there were a number of problems related to the execution of civil works. The contractor used pipes that did not correspond to the technical specifications of the micro-project. The technical specifications envisaged that the old pipes provided by the community could only be used on a small segment of the whole pipeline. However, the contractor used the old pipes for the whole system, after repainting them to make them appear as new. The residents in Arevadasht complained about a number of other defects related to the lack of care and diligence by the contractor. The roof of the pump station was poorly laid, its foundation was not asphalt covered, and the automated switches of the pumps were not installed. Similar to Ashnak, residents in Arevadasht suspected that their mayor had entered into an illegal deal with the contractor, and purposefully ignored many of the construction faults. According to the mayor in Arevadasht, he was unable to obligate the contractor to redo some of the poorly executed works, as after receiving the final payment, the contractor 'disappeared'.

During the month of this research, the situation with water supply in Arevadasht worsened because of the poor management of the irrigation system by the local mayor. Residents in Arevadasht complained about the mismanagement of the local irrigation system by the mayor. According to the new state regulation, the community was supposed to transfer the management of the local irrigation system to the local District Water Committee (DWC). The mayor delayed the transfer of the local pump station to the DWC. Most community members thought that the mayor hoped to receive personal profit by keeping control over the pump station and intermediating between the community and the DWC. As the mayor delayed the transfer, the DWC stopped

supplying water to the community. The mayor did not explain this situation to the residents, and people only made guesses about the reasons for the lack of water.

In Karin, the negative service delivery outcomes were due to the lack of water supply from the main source. Between 1998 and 2001, Karin received little water because of the severe drought in the country, and the ASIF funded pipeline delivered water to the village only on a few occasions. As of June 2002, when the drought was over, the ASIF irrigation pipeline still did not deliver water. This time it was conditioned by the ineffective management of the village irrigation system by the local mayor. In the absence of a WUA, water delivery in Karin was organised and managed by the local mayor. The situation here was similar to the one in Arevadasht. The community was required to transfer the management of the local irrigation system to the DWC, but the mayor intentionally delayed the transfer. His motivation was that in case of the official transfer, the community would be required to pay water charges on a regular basis. As the collection rate of water charges in the village was extremely low, the mayor was convinced that the community would not be able to mobilise the required amount of cash in the future. He believed that the inability to pay all the required charges would prompt the DWC to cut the water supply of the village. In order to avoid this, the mayor made an informal agreement with the DWC to receive water for the community without the official transfer of the irrigation system. As of June 2002, the mayor was unable to secure water for the community through his informal arrangement with the DWC. Most residents themselves were not aware of this situation, and many of them believed that water was not supplied because the DWC was unofficially selling it to other villages.

In Karin, in addition to the problem of water supply, there was also a problem of access to irrigation water by different residents in the village. The village had two parts: an upper part, which consisted of sixty households, mostly ethnic Armenian refugees from Azerbaijan, and a lower part, consisting of forty households of indigenous origin. As the ASIF funded irrigation system did not function, the residents laid an alternative pipeline from the neighbouring village Sasounik. This pipeline, however, only delivered water to the lower part because of the low water pressure. Water supply from Sasounik was neither regular nor sufficient to meet the needs of the residents in the lower part itself. Most residents in the lower part used potable water for watering their land plots. Potable water was supplied once in two days for four hours per day. As of June 2002, the upper

part had not received water (both irrigation and potable) for at least two years. The residents in the upper part relied on their neighbours in the lower part in obtaining water. When the news about water supply reached the residents in the upper part, they hurried to the lower part and filled their buckets from the taps in their neighbours' houses.

In summary, in four of the seven ASIF communities in the sample (Eghegnavan, Tsilkar, P Sevak, and Khachik), the micro-projects were successful in reaching their service delivery objectives. In three communities (Ashnak, Arevadasht and Karin), the micro-projects did not deliver benefits as expected. The negative service delivery outcomes in Ashnak and Arevadasht were primarily conditioned by the inadequate supervision of civil works by the local mayors. In Karin, the system malfunctioned due to the lack of water supply, which was initially caused by a severe drought and at a later stage by the poor management of the local irrigation system.

8.2 The ASIF Micro-Project Processes

This section analyses the processes of community involvement in the ASIF micro-project cycle. In particular, it examines the patterns and nature of community participation and leadership roles throughout the stages of initiation, identification, preparation and implementation of the ASIF micro-project cycle (Figure 8.3). This section also examines the nature of community involvement in the IA and the dynamics of gender participation throughout the micro-project cycle. In addition, it explores how the specific patterns of participation in the implementation of civil works influenced the quality of construction and hence the service delivery outcomes of the ASIF micro-projects.

The examination of micro-project processes allows establishing and explaining the impacts of the ASIF micro-projects on community participation and institutional capacity. It is assumed that participation and capacity building effects of social funds can occur only when community members have genuine involvement in the micro-project cycle (Hypothesis 1, Chapter Five). In particular, community groups are expected to participate in the initiation, identification, preparation and implementation of micro-projects. Community members are also envisaged to participate in the co-

financing of the micro-projects by providing in-kind, cash or labour contribution towards the micro-project's cost. Another theoretical assumption of social funds is that positive experience of community interaction during the micro-project cycle is an important precondition to building local social capital and increasing local institutional capacity (Hypotheses 2 and 5, Chapter Five). This chapter seeks to establish whether these assumptions were realised in practice. In particular, it examines whether the ASIF micro-projects promoted genuine community participation and positive community interaction during the micro-project cycle in the sample communities.

8.2.1 Participation in the Micro-Project Initiation and Identification

ASIF's operational procedures required beneficiary participation in the micro-project initiation and identification. This was to ensure that the micro-projects were demand-driven, i.e., that they were selected by the beneficiaries themselves and reflected their immediate needs. It is assumed that demand-driven investment choice induces local ownership and willingness to participate in the micro-project cycle. The involvement of community members in the participatory processes from the very beginning of the micro-project is also believed to ensure successful service delivery and capacity building outcomes.

The initiation and formulation of the ASIF micro-projects in the studied communities belonged to the local mayors. In all of the communities, the local mayors continued their active role in the micro-project management throughout the whole micro-project cycle. The sources of information of the local mayors about the ASIF micro-projects varied (Figure 8.2). In four communities (Khachik, Eghegnavan, Arevadasht and Ashnak), the mayors learned about ASIF from the ASIF promotion officers who visited the villages to carry out promotion campaign and encouraged them to apply for micro-project funding. In Tsilkar and Karin, the mayors heard about ASIF from neighbouring villages, which had implemented ASIF micro-projects before, and in P Sevak - from the *marz* authorities and applied to ASIF by their own initiative.

The local mayors were the focal point for the ASIF's promotion campaign in the first set of communities. The ASIF promotion officers presented to the local mayors the main requirements and operational procedures of ASIF, which they needed to follow to

obtain ASIF funding. During these discussions local leaders had an opportunity to formulate understanding about the possibilities and conditions for financing infrastructure micro-projects in their communities. The promotion officers conducted a 'local study', i.e., they gathered information about the urgent needs in these communities and assessed the ability and willingness of the community to come up with a micro-project proposal. The promotion officers discussed the existing local problems with the local mayors and encouraged them to apply to ASIF for funding.

In all of the communities in the sample, the mayors had an important role in influencing the micro-project selection. In the communities that were visited by the promotion officers, the prioritisation and identification of the micro-projects was conducted by the local mayors already during their preliminary discussions with the ASIF promotion officers. In all of these communities, the local mayors had already made the choice of the micro-project to be requested before the general community meeting. As the mayor of Khachik said, the micro-project was decided after they "sat down and decided together with the guys from ASIF about what needs to be done in the village" (K-1). Following ASIF's requirement, the local mayors organised a general community meeting in order to select a micro-project. In all of the sample communities except P Sevak, general community meetings were held in the presence of at least thirty percent of community residents, with almost half of them female.⁷⁷ These meetings were envisaged as an opportunity for the community members to discuss local problems, make a prioritisation of alternative investment options and select a micro-project. However, the final choice of the micro-project in all of these communities was largely driven by the local mayors. The local mayors influenced the decision-making at the community meeting by presenting the option of their own choice as 'optimal' and advising the residents to support it.

In the three communities, where ASIF did not hold promotion meetings (Tsilkar, Karin and P Sevak), the local mayors applied to ASIF directly, with an already formulated micro-project proposal (Figure 8.2). The mayor in P Sevak said, "The idea to rehabilitate the irrigation system was mine, and I carried it through" (PS-1). In P Sevak,

⁷⁷ I verified the accuracy of community members' recollections about their participation in the general community meeting through my review of ASIF's records, containing the lists of participants of the general community meetings in the sample communities.

the micro-project started before the application to ASIF. The local mayor in P Sevak secured financial support from the Ministry of Agriculture and from the *marz* authorities. This funding, however, was only sufficient for the construction of a small segment of the pipeline. In order to continue the micro-project, the village applied to ASIF for additional funding. In Karin and Tsilkar too, the mayors heard about the ASIF activities and applied to ASIF with a request to finance their irrigation systems. Following ASIF's advice, they conducted formal general community meetings to seek the approval of the community residents for their proposals in order to be eligible for the micro-project financing. In P Sevak, the micro-project was approved by a referendum and not at a general community meeting (this procedure was acceptable by ASIF's operational guidelines). The mayor organised a collection of signatures from half of the village population in order to have the micro-project approved by ASIF. The residents were not presented with several micro-project options, but were asked to support the option chosen and presented by the mayor.

Figure 8.2: Micro-Project Initiation and Identification

Community	Source of Information	Application Initiative	Formal Micro-Project Identification
Ashnak	ASIF promotion	ASIF	Community meeting
Arevadasht	ASIF promotion	ASIF	Community meeting
Eghegnavan	ASIF promotion	ASIF	Community meeting
Khachik	ASIF promotion	ASIF	Community meeting
P Sevak	Marz authorities	Community	Referendum
Tsilkar	Neighbouring villages	Community	Community meeting
Karin	Neighbouring villages	Community	Community meeting

All respondents perceived their community micro-projects as identified and initiated by their local mayors. Even when community members participated in the community meetings and voted for a specific micro-project, they largely attributed the merit to their mayor who secured the funding from ASIF. Some community members were convinced that the mayors managed to secure funding through their connections and influence. For example, several respondents in Ashnak thought that the micro-project in their community was possible due to the support which their mayor received from his acquaintance in the central government. A villager said, "The former mayor brought the project... he and his deputy controlled everything in the village... he managed to obtain the funding through his contacts in the government..." (AK-4). Another resident in

Ashnak said, “The ASIF project was brought from above, some people in the government helped the village” (AK-9).

The findings of this research have been confirmed by other ASIF assessments (Babajanian 2002; 2003), which demonstrate that most ASIF micro-projects were initiated and managed by community leaders. The role of different community leaders in the ASIF micro-project processes varied according to the type of the micro-project. Normally, local mayors were influential in the irrigation and potable water sectors; school directors were the initiators of school micro-projects, and polyclinic/hospital directors were in charge of polyclinic/hospital rehabilitation activities. According to ASIF’s definition of a community, the whole village was considered to be the ‘community’ in irrigation and potable water micro-projects, whereas, in school and polyclinic micro-projects, the ‘community’ was confined to the immediate users and staff members of the school and polyclinic. Thus it seems natural that local mayors usually assumed responsibility for the irrigation and potable water micro-projects, where the need for mobilisation of diverse groups on a village-wide scale required strong leadership skills and community-wide authority. In those communities, where school or polyclinic directors were not sufficiently active and effective, the micro-projects were initiated and managed by the more proactive local mayors.

The key role of local mayors in the micro-project initiation and identification (as well as in the micro-project preparation and implementation) processes was conditioned by the existing institutional environment in the local communities. As Chapter Seven shows, local mayors had a significant discretionary control and influence in their communities. Due to their leadership and organisational skills and their influence in local communities, local mayors were in the best position to comply with ASIF’s application procedures for micro-project identification and preparation.

ASIF’s implementation procedures capitalised on the important role of the local mayors in order to gain legitimacy and ensure a successful application process and smooth implementation of micro-projects once the funding is granted. Thus, ASIF viewed local mayors as key partners within the local communities. As described in Chapter Four, during their promotional activities in the local communities, ASIF’s promotion teams were supposed to have meetings with community leaders and community members

representing various groups of ‘stakeholders’ (for example, with informal leaders, women, the elderly, refugees, and socially excluded members). In reality, the promotion teams restricted their communication to local leaders.⁷⁸ The ASIF promotion officers did not attempt to reach out to diverse groups of local residents and to facilitate greater inclusion and participation of community residents in the ASIF micro-project initiation and planning activities.

The domination of the local mayors in the micro-project processes effectively implied exclusion of ordinary community residents from important decision-making processes. The following sections of this chapter show that the key decision-making role of the local mayors restricted participation of community members in the IA and in the micro-project preparation and implementation processes.

Figure 8.3: The Micro-Project Cycle in the Sample Communities

Initiation	Identification	Preparation	Implementation
ASIF promotion campaign and local study (All).	General community meeting to select micro-projects (K, AR, AK, E, KN).	Obtaining formal permits (All).	Organising bidding and selecting contractors (All).
Reaching preliminary agreements with local mayors (K, AR, AK, E).	Referendum to select the micro-project (PS).	Securing O&M commitments and preparing Sustainability Plans (All).	Monitoring the progress and quality of civil works(All).
Community itself initiates micro-projects (PS, TS, KN).	Establishing IAs at community meetings (All).	Mobilising community contribution from community residents, local govt budget (E) or from external donors (KN).	Negotiating with the contractor and liaising with ASIF (All).
		Preparing description of works and tentative budgets with the micro-project estimated costs (All).	Verifying the state of completed works and approving statements of accomplished works (SAW) (All).
		Completing the application package and submitting the micro-project proposal (All).	Submitting a Request for Payment to ASIF (All).
			Certifying satisfactory completion of work by contractors (All).
			Signing hand-over agreements (provisional and final) (All).

⁷⁸ After establishing through the local study and their discussions with local mayors that investments were needed for the school or polyclinic rehabilitation, ASIF promotion officers usually continued negotiations with the school or polyclinic directors.

8.2.2 Demand Orientation of Micro-Projects

As it was shown above, the micro-project initiation and identification processes were dominated by the local mayors. At the same time, the micro-projects in all of the sample communities were demand-driven. Thus, the choice of the micro-projects reflected the most immediate needs of community members, and it was acceptable for the absolute majority of residents present at the general community meeting. The local mayors themselves were residents of their villages and closely interacted with other villagers on a daily basis, and hence they were well aware of the priority problems in their communities. All respondents reported that the selected micro-project was important for their community.

ASIF's operational features did not adequately ensure the expression of a 'true' community demand. ASIF used a 'closed menu' approach, which restricted the types of micro-projects it could support. This constrained the choices of community members, who adjusted their 'demand' according to the available funding options. The investment options of ASIF were further limited by funding constraints. ASIF was unable to support complex construction projects that required significant monetary investments exceeding the set micro-project cost threshold of USD150,000. Also, as the funding allocated for specific regions decreased over time, ASIF was often unable to support costly micro-projects, even if they were below the required threshold (for example, above USD50,000). As a result, an important role in the community's choice of the micro-projects was played by pragmatic considerations. When initiating micro-projects, local mayors were guided by 'realistic' objectives and proposed micro-projects that were more likely to be supported by ASIF because of logistical and financial considerations. For example, the mayor in Karin did not apply for the rehabilitation of the village road, a priority that was equally important for the community. As a road rehabilitation micro-project would have required more funding, the mayor feared that ASIF could reject their request. Instead, he decided to apply for the irrigation micro-project, which was more feasible to implement, as it required less funding and hence was more likely to be selected by ASIF. Thus whilst proposing a 'feasible' micro-project, local communities may not choose their top priority area. The ASIF's case confirms findings from other social funds showing that social funds can often restrict local demand (discussed in section 3.2.2 of Chapter Three).

It is thought that the demand-driven nature of community based projects can produce inequitable representation of needs of various groups (Schmidt and Marc 1995: 6; Tendler 1999: 117). Chapter Two maintains that communities are typically composed of various groups with different needs and preferences, and reconciling their needs and preferences in development projects can often be a challenging task. This was also true in the case of ASIF micro-projects. Community members in the sample communities had the opportunity to discuss various micro-project options and express their viewpoints and felt needs during the identification process. ASIF's operational guidelines, however, considered the approval by the majority of residents as sufficient for providing micro-project funding. The preferences of the majority, however, may not be those of the minority. Even in the case of democratic prioritisation, the majority demand may not be the minority welfare preference. Hence there could be individuals whose needs and preferences may not be represented through the demand-driven mechanism. ASIF's operational guidelines did not offer institutional mechanisms to accommodate the needs and preferences of minority residents. This is how the school director in Ashnak describes the micro-project identification process in her village: "I remember the community meeting for the ASIF micro-project. It was clear that they wanted to have the irrigation approved. I wanted to raise all the problems with the school, but I realised that irrigation was priority as well, so I didn't. The village dreamt of that pipeline. And they [the local mayor] presented so as if irrigation was the most important. Then I thought, we'd better get a project done, it is better than nothing" (AK-10). Thus ASIF's demand-driven mechanism was not sufficiently adaptable to reflect and reconcile the diversity of interests and preferences in beneficiary communities.

8.2.3 Participation in the Implementing Agency (IA)

As part of its participation and capacity building objective, ASIF required establishment of an informal community-based entity – the Implementing Agency (IA). The IA was designed to provide a space for community participation in the micro-project preparation, implementation and management on behalf of the beneficiary community. It was envisaged that after the micro-project completion, IAs would remain as institutional structures and serve as vehicles for further community activities.

In all sample communities, the IAs were elected by the majority of community residents during the general community meeting (Figure 8.4). In P Sevak, where the micro-project was selected through a referendum, a community meeting was summoned to elect an IA. The IAs were composed of four members, except Karin, where the local mayor was the only IA member. IA members in the sample communities included a local government accountant or finance specialist, an engineer or a person who had some understanding of construction, and one or two ordinary community residents who were chosen because of their personal qualities and popularity among villagers. Following ASIF's requirement, all of the IAs (except Karin) had one female member, who was a member of the local government staff (accountant or secretary).

Figure 8.4: Formal Involvement of Local Mayors in the IAs

Community	IA Head	Established	Number of IA Members
Ashnak	Local mayor	Community meeting	4
Arevadasht	Local mayor	Community meeting	4
P Sevak	Local mayor	Community meeting	4
Karin	Local mayor	Community meeting	1
Tsilkar	Deputy local mayor	Community meeting	4
Khachik	Local mayor (initially) Community resident*	Community meeting *Appointed by mayor	4
Eghegnavan	Community resident	Community meeting	4

The IAs in all of the communities were dominated by the local mayors (Figure 8.4). In Ashnak, Arevadasht, P Sevak and Karin, the local mayors were also the IA heads. In Karin, the local mayor was the only IA member. In Tsilkar, Khachik and Eghegnavan, where the local mayors were not the formal IA heads, they were still influential in managing the IA work and micro-project processes. In Tsilkar, the IA head was the deputy village mayor, who immediately reported to the mayor on the micro-project management progress. In Khachik, the local mayor was initially selected as the IA head, but he later resigned and became local supervisor for the micro-project. The mayor designated a community member (engineer) to replace him as the IA head. The newly elected IA head had very little involvement in the micro-project, and the local mayor continued to be in charge of the micro-project management. In Eghegnavan, the IA head was a community resident who did not have any formal authority or leadership skills. In reality, all of the important micro-project management functions were performed by the

local mayor. The IA head did not take part in the micro-project supervision or organisation of micro-project activities. As he said, his “main function was to sign the statements of accomplished works” (E-3). The IA head was not even aware that the micro-project contractor was hired through competitive bidding, and he was convinced that the contractor was “brought by the mayor” (E-3).

After the micro-project identification, the local mayors continued playing a key role throughout the preparation and implementation stages of the micro-project cycle. During the preparation stage, they obtained formal permits necessary to initiate construction works, prepared sustainability plans, mobilised community contribution from community residents and from external donors (Karin), and prepared and submitted micro-project proposals to ASIF. The local mayors took a lead in the micro-project implementation, which included monitoring of civil works, negotiating with contractors, certifying completion of works and liaising with ASIF.

As the local mayors dominated the micro-project preparation and implementation processes, the role of the elected IA members throughout the micro-project cycle was limited. The local mayors were reluctant to delegate significant discretionary authority and responsibilities to the IA members. The mayor in Eghegnavan said, “To be honest, the IA is useless, and it only adds extra logistical effort” (E-1). The IAs mostly carried out monitoring during the micro-project execution and other logistical tasks assigned by the IA heads. There was no clear division of functions and responsibilities among the IA members. The IA members rarely came up with their own initiatives or attempted to influence the micro-project management processes. So little was their involvement, that the local mayors in Khachik and P Sevak had difficulty remembering the names of the IA members. In Ashnak, the mayor called the IA “fictitious” (AK-1).

Most IA members acknowledged that their role in the micro-project was rather formal and limited. As the IA members associated the micro-project preparation and management with the local mayors, they saw the establishment of the IA as a formality meant to satisfy ASIF’s requirement. They did not view the IA as a vehicle through which they could represent community interests and preferences and influence micro-project processes on behalf of the community residents. Most of the IA members were farmers who were already overwhelmed by their everyday work and quest for survival,

and they did not have much time or energy to invest in the micro-project preparation and management. ASIF did not provide any special training and capacity building to the IA members in order to enable them to take a more pro-active role in the micro-project processes and enhance their capacity for successful micro-project preparation and management (Box 10.1; more discussion follows in section 10.2.6 of Chapter Ten).

The respondents of this study were convinced that participation of their local mayor in the micro-project was crucial for its success. According to the respondents, the leadership and organisational skills, formal authority and informal connections of their local mayors allowed them to effectively solve problems related to the micro-project preparation and management. In particular, the local mayors managed to quickly obtain construction permits and speed up the paperwork, mobilise the required community contribution and effectively negotiate with ASIF and contractors. Even though the IAs were elected by the community residents during the general community meetings, most respondents did not view the IAs as institutions acting on their behalf and representing their interests. As local mayors performed most of the important micro-project management functions, community residents identified the IA in their community with the mayor who secured and managed the micro-project.

8.2.4 Participation in the Micro-Project Implementation

As discussed in section 3.2.1 of Chapter Three, the direct involvement of ordinary community residents (non-IA members) in social fund micro-projects becomes more limited after the identification stage, when a group of community representatives - the IA - is selected to represent and act on behalf of the beneficiary community. The IA takes up most of the micro-project implementation management tasks, hence limiting the role of the members of the greater community. In the ASIF micro-projects, the IAs were formally responsible for the micro-project preparation and implementation. Hence whilst the majority of community members took part in the identification meeting, the number of residents involved in the implementation processes was expected to decrease.

Nevertheless, as discussed in section 4.2.2 of Chapter Four, ASIF's design features presupposed that community members (non-IA) would continue their participation onto the micro-project implementation stage. In particular, community members were

expected to provide support to the IA in the execution and supervision of the micro-project. It was also expected that community members would exact accountability from the IA, the local government officials and the contractors. The involvement of community members in the micro-project processes was thought to be achieved through information dissemination and regular community-wide consultation meetings. ASIF stipulated the IAs to provide systematic information to the community on the progress of the micro-projects and the allocation of the micro-project funding. In order to do that, the IAs were required to assemble a community meeting for at least once a month and maintain a public board with announcements and important micro-project documents in the community. This was believed to help establish institutional channels for community residents to participate in the implementation processes and convey their voice to the local leaders and IA members.

In all of the sample communities, the involvement of ordinary community residents in the micro-project implementation phase was limited (Figure 8.5). The respondents believed that the micro-project implementation processes were managed either by their mayors, or by the ASIF supervisors. A villager in Ashnak said, “It was all done and controlled by the mayor” (AK-4). In Khachik, the residents said that the micro-project was managed and controlled by “them” [local leaders and ASIF]. The response in P Sevak was that “it was the mayor’s office that dealt with the micro-project”. A respondent in Arevadasht said, “We would not know about the micro-project... it was all their own kitchen” (AR-4).

The local mayors did not attempt to involve community members in the micro-project management and decision-making processes. In none of the beneficiary communities, did the local mayors make a conscious effort to inform community members about the progress of civil works and financial status of the micro-projects. Despite ASIF’s requirement, the local mayors did not organise consultation and information meetings to inform community residents, or post micro-project documents in public areas. The mayors assumed that as the community members were receiving information about the micro-projects through informal channels, formalising information sharing was unnecessary.

Participation of community members was limited to the contribution of labour, materials and/or cash, and occasional support to the IA in the monitoring of civil works and its everyday logistical tasks. Community members rarely interfered in the micro-project processes, and mostly relied on the mayor to manage the processes and make important decisions. They did not inquire how the micro-project funding was spent and whether the resources were spent efficiently. The residents did not ask the IA members and local mayors to demonstrate micro-project related administrative and financial paperwork. The respondents saw the requirements about community participation as a “formality”, as they perceived the micro-project management as the responsibility of the mayor’s office. The mayor in P Sevak said, “The community was of course interested in the outcome and progress [of the micro-project], but they did not interfere as they considered that the mayor was dealing with it” (PS-1).

In all communities, there were community members who helped the IA as volunteers during the execution of civil works. For example, community members in P Sevak provided the labourers with free housing, food and drink; in Khachik, the local engineer shared his knowledge of the local terrain with the contractors; and in Arevadasht, a local resident worked as a night guard at the construction site. In P Sevak and Tsilkar, 5-7 community members worked as volunteers on the construction, as part of the community contribution requirement. There were 2-3 community members in each village who inquired about the micro-project processes and outcomes by visiting the micro-project sites and monitoring the course of civil works, conversing with contractors and the IA members.

In Eghegnavan, Arevadasht and Ashnak, a number of residents took part in the execution of civil works on a paid basis (as unskilled labourers). In Ashnak, the residents were happy that they had a chance to take part in the civil works. Although their remuneration was very low, and the construction works lasted only for four months, their participation provided important short-term material support to their households. In Arevadasht, participation in civil works proved to be a negative experience. Community members complained that they were cheated by the contractor. The villagers worked very hard to earn some money; however, the contractor disappeared without paying them their salaries. The respondents said that they had given up any hope that they would ever receive their wages. The contractor also

borrowed construction materials from the villagers and never paid for them. This seriously undermined their faith in the credibility of ASIF and the local mayor, who was unable to hold the contractor accountable.

All of the respondents were aware of the ASIF micro-projects in their communities. Community residents were interested in the progress and final outcome of the micro-projects. They received information about the micro-projects through informal contact with the local mayor, the IA members, the contractor and community residents. The residents who were involved in the monitoring or in the execution of civil works also disseminated information to the rest of the community. The information available to the community was often inadequate. People were left to guess as what happened to the micro-project funds. Often they had serious suspicions that the funds were misappropriated. A villager in Ashnak said, "We did not have much information about the micro-project... the mayor did it himself... we don't know what they stole, and what kind of dark deals they made" (AK-9). The residents in Arevadasht were in doubt whether the money that they had contributed was actually used for the micro-project needs.

The attempt by the community members in Arevadasht to exercise voice and demand accountability failed to achieve any effect. The problems with the construction works in Arevadasht - described earlier in this chapter - became apparent already during the execution phase. A community member conveyed his dissatisfaction about the micro-project works to the IA and the contractor. He was one of the labourers involved in the construction works, and hence was well aware of the existing problems. The resident submitted two petitions to ASIF, a letter to the *marzpetaran* and a letter to the Ministry of Agriculture. In these letters, he suggested that the construction works were not held in accordance to the standard technical requirements and the micro-project specifications. A special committee from the *marz* visited the village in response to the letters, and after investigating the situation concluded that his assumptions were not justified. According to the respondents, the contractor in Arevadasht boasted that he could do "whatever he wished" and that the residents were not in a position to hold him accountable. The inaction of the authorities further reinforced the general sense of powerlessness that prevailed in the village.

Figure 8.5: Forms and Nature of Participation in the Micro-Project Cycle

Social Funds Assumptions	Evidence from Sample Communities
Community identifies a micro-project that reflects its immediate priority demand.	Local mayors were instrumental in making the micro-project selection. The micro-projects reflected community priorities.
Community members elect the IA.	Community members elected the IAs. The IAs in all communities were dominated by local mayors.
Community provides in-kind/cash/labour contribution.	Community contribution was provided by residents in all communities, except Eghegnavan and Karin.
The IA is delegated with the tasks of micro-project preparation and implementation.	Local mayors continued played dominant role throughout the preparation and implementation stages of the micro-project cycle.
Ordinary community residents effectively participate in the micro-project preparation and implementation.	Participation of community residents was limited to the provision of community contribution and physical involvement in the execution of civil works (paid/unpaid labour and occasional support to IA).
Community participates in decision-making processes.	Most decisions about the micro-project management and resource allocations were made by local mayors. Both the IA and ordinary residents were excluded from decision-making processes.
Community members hold the IA, local leaders and contractors accountable.	Residents in most communities did not attempt to exact accountability from the IA, local leaders and contractors accountable. In Arevadasht, the attempt by residents to intervene in the micro-project processes and demand accountability failed.
The IA is required to regularly consult community residents (non-IA) and report on micro-project progress and financial status.	The IA did not regularly consult community residents (non-IA) and report on micro-project progress and financial status.
The experience of community's interaction during the micro-project cycle.	The experience of community interaction in Ashnak and Arevadasht was negative, as it revealed the lack of accountability of the local mayor, and reinforced the sense of powerlessness of local residents.

8.2.5 Gender Aspects of Participation

One of the objectives of ASIF was to increase participation of women in development activities in Armenia. ASIF's operational procedures required female participation in the micro-projects. Thus, the micro-project appraisal criteria required that women participated in the identification of the micro-projects and in the selection of the IA.

ASIF also stipulated that every IA included female representatives. These measures were thought to increase the role of women in decision-making within their communities (World Bank 1995: 94). ASIF monitored women's participation through quantitative indicators, which included the percentage of women participating in the general community meeting and the number of female IA members.

In all of the communities in the sample, women were involved in the general community meetings and took part in the micro-project identification and the IA selection (Figure 8.6). As mentioned earlier, all of the IAs (except Karin) had female representatives. The role of women selected as IA members in the irrigation micro-projects was mainly formal. Female members of the IAs perceived their roles as formal and did not attempt to use their position to participate in the decision-making processes.

The limited role of women was conditioned by the dominant role of the local mayors in the micro-project processes. As described earlier in this chapter, the local mayors excluded both male and female community members from the micro-project decision-making and management.

In addition, participation of women in the micro-project cycle reflected the traditional norms of the Armenian society. As described in section 7.5.4 of Chapter Seven, rural communities in post-Soviet Armenia have maintained patriarchal gender relationships and the traditional division of labour between men and women. As irrigation is considered a 'male' domain, the main responsibility for the implementation of irrigation micro-projects was carried out by men. It was mostly men who were involved in volunteer work, monitoring and information dissemination. All of the female respondents said that it was the men's responsibility to deal with the micro-project.

Despite their limited involvement in the irrigation micro-projects, women were equally interested in the micro-project progress and outcomes. Many female respondents had good knowledge of the key micro-project related issues and problems. They mostly received information about the micro-project activities from male household members, neighbours and other community members.

Other ASIF assessments (Babajanian 2002; 2003) show that women were much more active in the ASIF micro-projects in ‘softer’ sectors, such as education and health (Figure 8.6). In fact, many IA heads and most of the IA members in the ASIF school and health clinic micro-projects were female. Female respondents in the sample communities of this study had much greater awareness than men about local education and health services in their communities.

Figure 8.6: Participation of Women in the Micro-Projects

	Irrigation and Potable Water Sectors	School and Health Sectors
General community meeting	Present	Present
Representation in the IA	Passive	Active
Micro-project cycle	Passive	Active

8.2.6 Involvement in Community Contribution

ASIF’s operating procedures required beneficiary communities to provide mandatory cash, in-kind or labour contribution of ten percent of the micro-project cost. This was thought to ensure that the micro-projects were truly demand-driven, and that the community had a stake in the investment choice. Community contribution was also thought to engender a sense of ownership over the micro-projects, contribute to successful micro-project and service delivery outcomes and motivate community members to participate in the O&M of the newly constructed facilities.

All of the sample communities provided the required contribution of ten percent of the total micro-project cost (Figure 8.7). The contribution was provided by the local residents in cash (Arevadasht, Khachik and Tsilkar), in-kind (Arevadasht, Ashnak, Khachik, and P Sevak), and in the form of voluntary labour (P Sevak and Tsilkar). The contribution in the refugee populated Karin was provided on behalf of the community by the UNHCR. The contribution in Eghegnavan was funded from the local government budget. Community contribution in cash and materials was mobilised by the local mayors and collected by the IA members. Usually, all households were asked to contribute as much as they could afford and were willing to. The amount of cash that

people contributed varied, and it usually depended on the level of the household's income. In Khachik, the amount of contribution was determined by the local mayor, in proportion to the size of the land holding of the residents. In-kind contribution included provision of pipes and pumps that there were left in the communities from Soviet times. In all of the communities, the poorest households were exempt. The community leaders did not apply any fines or other penalty measures to those households who did not contribute.

Most residents were willing to contribute in order to have their essential infrastructure rehabilitated and services restored. In all of the villages in the sample, community residents also contributed money, labour and/or materials for other development projects that were carried out in their communities before and after the ASIF micro-projects. Due to the high levels of material deprivation, most respondents found it extremely difficult to make contributions in cash. They preferred labour contribution, but they said they would be willing to pay cash, provided they had the needed resources. All of the mayors were confident that community residents would be willing to provide contribution for a second ASIF micro-project. The residents in Arevadasht said they would be reluctant to provide a contribution in the future. As the ASIF micro-project here did not deliver the expected benefits and the micro-project funds were not handled in a transparent manner, the residents doubted that the money they had contributed was used towards the micro-project needs.

In Ashnak, Arevadasht and Khachik, the in-kind community contribution had a direct negative impact on the service delivery outcomes. In Ashnak and Arevadasht, the residents contributed pipes that were available in their communities from Soviet times. These pipes were of substandard quality and did not match the micro-project technical specifications of the micro-projects. In Khachik, the community provided a drawing (engineering design) of the local irrigation network that it had obtained long before the micro-project initiation. The drawing had serious technical flaws and caused problems during the execution of civil works. It is doubtful whether in-kind contribution could directly engender a sense of ownership within these communities. In-kind contribution did not have a cost to beneficiaries as residents mostly contributed materials that they had found in storages or removed from non-functioning parts of old systems.

This research did not establish a link between the community contribution and the level of sustainability of the rehabilitated infrastructure. Community contribution in Karin and Eghegnavan was not provided by the residents themselves. The provision of the contribution by an external donor in Karin and by the local government in Eghegnavan on behalf of the community enabled these communities to undertake the micro-projects. This, however, undermined the significance of ASIF's participatory operating procedures designed to promote involvement of community residents in the micro-project processes. At the same time, the fact that residents did not provide the contribution themselves did not have any observable adverse effect on the extent of local ownership and O&M arrangements in those communities. Residents in all sample communities contributed money and voluntary labour towards the O&M of the newly rehabilitated facilities. It was difficult to establish any link between community contribution and the level of the O&M in the communities, where the residents themselves provided contribution in cash or labour. More detailed discussion on the existing O&M arrangements will follow in Chapter Nine.

Figure 8.7: The Amount, Form, Source and Impact of Community Contribution

Community	Amount	Form	Source	Impact
Ashnak	11%	In-kind*	Community members	*Negative service delivery outcomes
Paruyr Sevak	11%	In-kind Voluntary labour	Community members	No observable impact
Eghegnavan	10%	Cash	Local government*	*ASIF's participatory procedure not fulfilled
Khachik	21%	In-kind* Cash	Community members	*Problems in the execution of civil works
Karin	9%	Cash	UNHCR*	*ASIF's participatory procedure not fulfilled
Tsilkar	12%	Cash Voluntary labour	Community members	No observable impact
Arevadasht	10%	In-kind* Cash	Community members	*Negative service delivery outcomes

8.2.7 Contractor Selection

According to ASIF's operational guidelines, beneficiary communities themselves were responsible for the contractor selection. However, the procedure of contractor selection through competitive bidding was quite complex, and in order to speed up micro-project implementation, the ASIF staff played a dominant role in the preparation and organisation of bidding for building contracts. The IA heads disseminated bidding packages prepared by ASIF and registered the applicants. ASIF made bidding announcements in the regional media and disseminated information through the regional governor's office. The IAs were given printed advertisements to disseminate within the community and its neighbouring areas. ASIF organised pre-bidding consultations with contractors in order to explain to them ASIF's requirements and procedures. The actual bidding and analysis of bids were conducted by the ASIF staff in the presence of the IA heads. In some communities (Khachik, P Sevak and Tsilkar), a number of community members were present at the actual bidding.

Most IA heads and IA members in the sample communities were aware of the requirements for competitive bidding and procedures for contractor selection. In all communities, except Arevadasht, beneficiaries perceived the selection of contractors as fair. The respondents in Arevadasht maintained that the choice of the contractor was not fair and that it was externally driven. They claimed that the winning company won the bid only because it was supported by a senior government official. Many residents were not sure whether there was any bidding held in the village. In Eghegnavan, the IA head was not well aware of the contracting procedure and thought the contractor "was brought by the mayor" (E-3).

8.2.8 Supervision and the Quality of Works

The IAs were responsible for the supervision of the micro-project implementation progress and the quality of civil works. The key aspect of supervision was to monitor whether the contractors abided by the Construction Norms and Standards set by the Armenian government and reflected in the technical specifications of the micro-projects, and whether the civil works were executed according to the approved design, time-frame and technical specifications of the micro-projects. As mentioned in Chapter

Four, the IAs were able to ensure the contractor's compliance thanks to their authority to certify accomplished works and approve instalment payments to the contractor. The IA also had the right to fine the contractor for not complying with the contract. A representative of the IA was required to take part in the Hand-over Committee to certify satisfactory completion of construction works.

The local mayors played the most active role in the supervision of civil works in the sample communities. Their functions included regular monitoring of the progress and quality of civil works, dealing with the contractor and liaising with ASIF with regard to problems occurring during construction. The IA members regularly monitored the course of civil works and reported to the local mayors.

The ASIF supervisors also had an important role in the micro-project supervision. They made the final approval of payments to the contractor and hence had the authority to exert leverage on the contractors as needed. The ASIF supervisors regularly visited the construction sites, discussed the progress of works with the contractors and IAs and were available to discuss issues and problems arising during micro-project implementation. The IA members could also visit the ASIF office in Yerevan to discuss and clarify issues and ask for support.

Effective supervision had an immediate positive effect on the quality of civil works. As described in section 8.1 of this chapter, in the communities with developmental leaders, who exercised sufficient control and managed to hold the contractors accountable, the quality of civil works was generally good (Khachik, Eghegnavan, P Sevak, Karin, and Tsilkar). At the same time, the lack of rigorous and consistent supervision of the micro-projects resulted in the poor quality of civil works and poorly functioning irrigation systems in communities with predatory leaders (Ashnak and Arevadasht). The analysis of the fieldwork data allows drawing several factors that determined the extent of the effectiveness of micro-project supervision by the local mayors (Box 8.1).

Firstly, the effectiveness of supervision depended on the experience, leadership skills and personality of the local mayors. The mayors in Khachik and Eghegnavan were effective in managing the execution of civil works and demanded the contractor to deliver adequate quality of works. The mayor in P Sevak felt that he had been given

sufficient power to make the contractor accountable, “When the community is responsible for and signs under the project, it changes a lot of things... the community’s involvement makes the contractor more accountable and more dependent, and the result more effective” (PS-1). On the contrary, the mayor in Arevadasht was not an effectual leader and did not manage to organise regular and rigorous supervision of civil works. As there was no adequate supervision, the contractors did not conduct works with appropriate honesty, diligence and care.

Secondly, the effectiveness of supervision depended on the extent to which the local mayors were accountable to their communities and transparent in handling micro-project funds. In communities with predatory leaders (Arevadasht and Ashnak), the contractors were able to use materials and equipment of sub-standard quality, which did not correspond to the technical specifications of the micro-projects. The mayors were aware of these problems, but did not require the contractors to improve the quality of works. In order to ensure the contractors’ compliance they could refuse to authorise payments and to sign off ‘the completion of works’ certificates. As mentioned in section 8.1.2 of this chapter, the residents in these communities thought that their mayors intended to benefit from the micro-project funds and “closed their eyes” to many technical faults. The villagers alleged that the mayors had an informal deal with the contractor and pocketed the money saved from using cheap materials and equipment. The mayor in Ashnak said, “We don’t know why they [the former mayor] did this, they probably had their own guys as contractors, and they split some money over this deal” (AK-1). It is difficult to ascertain the extent to which the allegations of the community members were substantiated. Nevertheless, such perceptions are indicative of deep mistrust between the local leaders and ordinary residents, caused by the weak channels of accountability within these communities.

Thirdly, as community members had limited involvement in the decision-making processes during micro-project implementation, they were not able to exercise effective supervision and to influence the course of construction works. Residents in Arevadasht and Ashnak did not have sufficient power to demand transparency and accountability from their leaders in managing micro-project funds and to exert leverage on the contractors to deliver better quality of works. As described earlier in this section, the attempt by the community members in Arevadasht to exercise voice and demand

accountability failed to achieve any effect. The mismanagement of the micro-project funds and the poor service delivery outcomes had a negative impact on the local social and interpersonal relations in these communities (more detailed discussion follows in section 9.1 of Chapter Nine).

Fourthly, the effectiveness of ASIF's supervision significantly affected the quality of civil works. The respondents in communities with positive service delivery outcomes mentioned that due to ASIF's effective supervision many problems appearing during construction were eliminated. The ASIF engineers were able to observe technical faults, which the IA members with their lack of appropriate technical knowledge had overlooked. At the same time, the ASIF engineers in Ashnak and Arevadasht did not exercise rigorous supervision. ASIF did not have any follow-up procedures to monitor the situation and undertake action in the micro-projects communities, where the contractors still had pending obligations.

Box 8.1: Factors Affecting the Effectiveness of Community's Supervision

- The level of experience, leadership skills and personality of local mayors.
- The extent to which local leaders are accountable to their communities and transparent in handling micro-project funds
- The ability of community members to participate in decision-making processes and hold their leaders and contractors accountable.
- The effectiveness of the ASIF engineers and 'local supervisors' in exercising supervision.

Finally, the local supervisors, whom ASIF hired to monitor the execution of civil works, were not effective. 'Local supervisors' were independent experts, who were required to ensure everyday presence at the construction sites and carry out impartial monitoring of civil works and the performance of the IAs and the ASIF supervisors. The local supervisors in all of the sample communities did not seem to be effective in their supervision. Most community members were not clear about their status and referred to them as the "ASIF's person". In Khachik, the local mayor himself served as a local supervisor. In Arevadasht, residents were convinced that the local supervisor was the "mayor's person", as he had never flagged any problem issues and had always reassured local residents that the micro-project was on the 'right' track.

8.3 Conclusions

The findings of this chapter are important for understanding the impacts of the ASIF micro-project presented in Chapter Nine. According to the theory-based evaluation method, in order for a project to achieve the desired outcomes, a specific phased sequence of causes and effects envisaged by the assumptions underpinning the project should hold. This chapter sought to establish whether the theoretical assumptions behind the ASIF project were realised in practice. In particular, the chapter examined whether ASIF promoted genuine community participation, successful service delivery outcomes and positive experience of community interaction in the sample communities (Figure 8.5). According to the main assumptions underpinning social fund projects, these conditions are important for increasing the probability of future community activities and community participation.

This chapter showed that the ASIF interventions did not alter the existing local institutions, which determined the existing forms and nature of participation and problem-solving mechanisms in the sample communities. The existing local institutions themselves determined the processes and service delivery outcomes of the ASIF micro-projects. In all of the sample communities, the local mayors took the lead in the initiation, identification, preparation and implementation of the ASIF micro-projects. As Chapter Seven shows, the local mayors had significant discretionary control and influence in their communities. Due to their position of authority and their leadership and organisational skills, they naturally assumed a central role in the micro-project cycle. ASIF's implementation procedures capitalised on the important role of the local mayors in order to gain legitimacy and ensure successful micro-project outcomes.

This dominant role of the local mayors in the micro-project processes reinforced rather than challenged the existing power structures in the local communities. Local mayors did not involve community members in the micro-project management and decision-making processes. The mayors did not view the micro-project identification and implementation processes as an opportunity to build community capacity and empower community residents. Instead, they quite pragmatically 'used' the ASIF micro-projects as a means to obtain funding for the rehabilitation of local infrastructure. The IAs were

established for satisfying ASIF's formal requirement and were mostly driven by the local mayors. Community residents, who were elected as members of the IAs, had limited discretionary power and perceived their role in the micro-project processes only as formality. Participation of community residents (non-IA) in the micro-projects was restricted in its scope and nature and was limited to the contribution of labour, materials and cash, occasional monitoring of civil works and small logistical tasks. Community residents had limited opportunities to influence important decision-making and demand accountability and transparency from the local mayors and contractors. At the same time, despite the fact that the micro-project processes were dominated by the local mayors, the choice of the micro-projects was demand-driven and reflected the most immediate needs of community members.

This chapter discussed the micro-project service delivery outcomes in the sample communities. It demonstrated that the ASIF micro-projects resulted in both positive and negative service delivery outcomes. The service delivery outcomes were positive in the communities with developmental leaders. In four of the seven ASIF communities (Eghegnavan, Tsilkar, P Sevak, and Khachik), the micro-projects were successful in reaching their service delivery objectives. In three communities (Karin, Ashnak, and Arevadasht), the micro-projects did not deliver benefits as expected. In Karin, this was due to the lack of water supply from the main source. The poor service delivery outcomes in Ashnak and Arevadasht were primarily conditioned by the inadequate supervision of civil works by the local mayors. Both Ashnak and Arevadasht had predatory leaders, who were not accountable and transparent in managing the micro-project funds.

The experience of community interaction in the communities with predatory leaders proved to be negative. Community members in Ashnak and Arevadasht suspected that the local mayors had entered into an illegal deal with the contractors, and purposefully ignored many of the construction faults. The residents, however, did not have sufficient power to demand transparency and accountability from their leaders in managing micro-project funds and to exert leverage on the contractors to deliver better quality of works. The attempt by the community members in Arevadasht to exercise voice and demand accountability failed to achieve any effect. The information available to the community members during the micro-project cycle was often inadequate, and people were left to

guess as what happened to the micro-project funds. Community members in Arevadasht doubted that the money they had contributed was used towards the micro-project needs. In addition, participation in civil works in Arevadasht proved to be a negative experience. Community members who took part in civil works as paid labourers were not paid their salaries by the contractor.

The next chapter, Chapter Nine, analyses the impact of the ASIF micro-projects on community participation and institutional capacity building in the sample communities. It uses the analysis of micro-project processes and service delivery outcomes presented in this chapter to explain and interpret the specific impacts of the ASIF micro-projects.

Chapter Nine. ASIF's Impact on Community Participation and Local Institutional Capacity in Rural Armenia

This chapter discusses the impact of the ASIF micro-projects on community participation and local institutional capacity in the sample communities. The chapter comprises six sections. The first three sections examine the impact of the ASIF micro-projects on social capital, skills and abilities of community residents, the intensity of empowerment and the nature and forms of participation in the sample communities. The remaining three sections discuss the impact of the ASIF micro-projects on the local institutional capacity for managing communal irrigation systems. In particular, these sections focus on the O&M arrangements, capacity building of WUAs and the organisation of water allocation and distribution in the sample communities.

Chapter Seven explored in detail the existing local institutions, forms and nature of community participation, the intensity of empowerment of local residents, social capital, and institutional capacity in the sample communities *after* the ASIF micro-projects. This chapter complements Chapter Seven and examines the extent to which the ASIF micro-projects influenced these variables.

This chapter uses the analysis of the micro-project service delivery outcomes and processes presented in Chapter Eight to explain and interpret the key participation and capacity building impacts of the ASIF micro-projects. Social fund projects assume participation and capacity building effects of social funds can occur only when community members have genuine involvement in the micro-project cycle (Hypothesis 1). Another theoretical assumption of social fund projects is that positive service delivery outcomes and positive experience of community interaction during the micro-project cycle are important preconditions to building local social capital and increasing local institutional capacity (Hypotheses 2 and 5). Therefore, I employed the analysis of the micro-project service delivery outcomes (Figure 8.1) and the extent and nature of community participation in the micro-project decision-making and implementation processes (Figure 8.5) in explaining and interpreting the ASIF micro-project impacts in the sample communities.

9.1 Social Capital Impact

This section examines the impact of the ASIF micro-projects on social capital in the sample communities (Figure 9.1). As described in Chapter Five, social fund projects presume that frequent positive interactions among community members and positive service delivery outcomes can reinforce trusting relations and attitudes of co-operation (cognitive social capital) and can result in strengthening of old and creation of new formal and informal groups, associations and partnerships (structural social capital) (Hypothesis 2).

The participatory features and orientation of the ASIF micro-projects did not have an observable social capital building effect in the communities with developmental leaders (Khachik, Eghegnavan, P Sevak and Tsilkar). The improved access to irrigation had an important role in decreasing conflicts over water and improving co-operation in sharing water resources (more details follow in section 9.6 of this chapter). This was due to the successful service delivery outcomes of the micro-projects and the availability of water supply from the main source in these communities.

The absence of a positive impact on social capital in these communities can be explained by two factors. Firstly, the strong bonds of trust and reciprocity and traditions of solidarity and mutual assistance, described in section 7.5 of Chapter Seven, existed in the sample communities before the initiation of the ASIF micro-projects. All respondents in communities with developmental leaders said that the relations among residents in their communities have always been based on trust and reciprocity. Secondly, as discussed in Chapter Eight, the involvement of community residents in the micro-project processes was restricted in its scope and nature, and the micro-projects provided little space for community interaction and networking (Figure 8.5). Hence the opportunities for building and strengthening social capital in these communities were limited.

At the same time, the ASIF micro-projects did not have a negative impact in these communities either. As shown in Chapter Eight, smooth management of the micro-project processes by the local mayors resulted in successful service delivery outcomes. The experience of community interaction during micro-project preparation and

implementation was positive. The respondents were generally satisfied with the micro-project in their community. They valued the ASIF micro-projects, which helped improve access to irrigation services in their communities.

The ASIF micro-projects strengthened the position of developmental leaders in those communities where the micro-project processes were positive and service delivery outcomes were successful. The local mayors in these communities were driven by strong communitarian motives and were determined to contribute to people's well-being in their communities. They enjoyed the trust and respect of the community members before the ASIF interventions. The ASIF micro-projects provided the local mayors with an opportunity to strengthen their position by giving them control over resources and decision-making with regard to local infrastructure development. Most community members perceived their micro-projects initiated and managed by their mayors. The ability of the mayors to secure benefits through external agencies was perceived as their personal contribution to their communities and strengthened their reputation. The ASIF micro-projects strengthened people's trust of their mayors, who worked hard and demonstrated commitment during the micro-project preparation and execution.

The ASIF micro-projects had a negative impact on local social relations in the communities where the micro-project service delivery outcomes and the experience of community participation were negative (Ashnak and Arevadasht). These were communities with predatory leaders. In particular, the micro-projects widened the gap existing between the local leaders and local residents in these communities. As the local mayor in Arevadasht and the ex-mayor in Ashnak were not accountable and dedicated to the residents, the ASIF micro-projects undermined their reputation and authority even further. Most respondents in these villages alleged that the poor micro-project outcomes resulted from the illegal deals between the contractors and their mayors, who personally benefited from the micro-project funds. They believed that a more rigorous and demanding supervision by the local mayors could have helped ensure better quality of construction and successful micro-project outcomes. When community residents attempted to influence the course of the micro-project implementation in Arevadasht, they encountered resistance from the contractor and inaction from the local mayor and regional authorities. As discussed in Chapter Eight, participation of community members in the execution of civil works in Arevadasht also proved to be a negative

experience. The negative experience of participation in the micro-project processes reinforced the residents' mistrust of authorities and the sense of powerlessness in Ashnak and Arevadasht. As several respondents said, it was frustrating for them to see that a significant investment of money, including their own contribution, did not result in any improvement in their living standards. The respondents in both communities were very cynical about development projects funded by external agencies, as they were convinced that these projects mostly benefited the local elite and not common residents.

In addition, the ASIF micro-projects further reinforced the existing social tensions and divisions among community residents in the communities with predatory leaders. The ASIF micro-projects did not serve as a vehicle for building social cohesion and reconciling the existing tension and disagreements between various groups. As described in Chapter Seven, as a result of the poor management by the local mayor, the community of Arevadasht was divided into various factions. The residents here were unable to reconcile various interests and get together to demand accountability and transparency from the local mayor. The failure to achieve collective action to ensure successful micro-project implementation in Arevadasht reinforced the mistrust and division existing between various factions in the community. It created a belief among the residents that they could not rely on their co-villagers in pursuing important common objectives. Both in Ashnak and Arevadasht, where the micro-projects did not improve access to water supply, conflicts over water persisted and were a constant source of social tension (more detailed discussion follows in section 9.6 of this chapter).

The micro-project in Karin indirectly contributed to the tension among community members. The lack of water in Karin after the construction of the irrigation pipeline under the ASIF micro-project was due to the poor water supply from the source. Although this was not attributable to the micro-project as such, the fact that the long-awaited micro-project did not result in any benefits for the community contributed to the general sense of pessimism and despair prevailing in the village. As described in section 8.1.2, due to the poor supply of water, the upper part of the village did not receive any water, whilst residents in the lower part received water from an alternative source. Many residents of the upper part expressed their readiness to give up their land plots and houses and move to flats in urban areas if they had the opportunity. The exclusion of the residents in the upper part resulted in the tension between the residents

in the two parts of the village. Although the residents in the lower part co-operated and shared water, the residents in the upper part felt excluded and deprived. A resident said with bitterness, “Unlike some of the residents in the lower area, we do not have nice green orchards” (KN-4).

The ASIF micro-projects did not have any impact on the existing level of structural social capital in the sample communities. There were no formal and informal groups and associations established by and for community members as a result of the micro-projects. The IAs established for the implementation of the ASIF micro-projects ceased to function shortly after the micro-project completion in all of the sample communities. As discussed in section 7.2 of Chapter Seven, community residents rarely organised into informal groups in order to undertake development initiatives or petition authorities. The respondents did not perceive formal associations as a viable means for achieving successful outcomes in their communities. They were primarily reliant on the local leaders in getting things done. The improvements in the irrigation infrastructure and the subsequent availability of water in the irrigation systems increased the capacity of the WUA in P Sevak to organise an effective system for water allocation and distribution. Sections 9.5 and 9.6 of this chapter discuss in more detail the effects of the ASIF micro-projects on the WUAs and local self-governance procedures in the sample communities.

Figure 9.1: Social Capital Impact

Social Fund Hypothesis	Micro-Project Impact	
	Communities (Khachik, Eghegnavan, P Sevak and Tsilkar)	Communities (Ashnak, Arevadasht and Karin)
Hypothesis 2. Participation in the micro-project cycle builds positive social capital.	Positive experience of community interaction during micro-project preparation and implementation (All).	Negative experience of community interaction during micro-project preparation and implementation (AK and AR).
	Positive service delivery outcomes (All).	Negative service delivery outcomes (AK, AR and KN).
	Stocks of social capital unchanged. No negative impact on local social and interpersonal relations (All).	Negative impact on local social and interpersonal relations (AK, AR and KN).
	Water conflicts successfully resolved due to the successful service delivery outcomes (All).	Water conflicts persisted due to poor service delivery outcomes (AK and AR).

Strengthened position of local mayors and positive impact on relations between local mayors and community members (All).	Weakened position of local mayors and negative impact on relations between local mayors and community members (AK and AR).
No formal and informal social networks, groups, associations and partnerships (All). Strengthened WUA due to water availability (PS).	No formal and informal social networks, groups, associations and partnerships (AK, AR and KN).
No impact on associational membership (All).	No impact on associational membership (AK, AR and KN).

9.2 ‘Learning by Doing’ Effects

This section examines whether the ASIF micro-projects helped improve skills, knowledge and abilities of community members and local leaders in the sample communities (Figure 9.2). Social fund projects assume that local capacity building can be induced by the ‘learning by doing’ effect of social fund micro-projects. In particular, it is believed that participation in a social fund micro-project can enhance community’s access to information and experience and help develop new technical, organisational and administrative knowledge and skills (Hypothesis 3). People may come to realise the benefits of a collective action and learn new ways and methods of tackling local problems. They may then utilise their knowledge and experience in other activities in their community.

Community residents (both IA and non-IA) who took part in various stages of the micro-project cycle in the sample communities did not report improvements in their skills, abilities and knowledge. The only respondent who reported a learning effect was a member of the IA in Khachik. He mentioned that he acquired specialist technical skills. In particular, he learned how to carry out construction works in a difficult terrain. Chapter Eight shows that participation of community members in the micro-project cycle was restricted to the provision of community contribution and voluntary labour (Figure 8.5). Consequently, community members had little opportunity to develop their organisational and leadership skills, knowledge and abilities.

Community members did not perceive ASIF’s method of service delivery to be especially useful or innovative. For the respondents of this research, the ASIF micro-

project approach was not any different from other institutional instruments that used traditional, top-down service delivery arrangements. They did not regard the participatory, community-based mode of ASIF as an opportunity to promote their interests and get involved in local issues. The respondents were not aware of ASIF's vision of the IA as a vehicle for future collective action. None of the respondents mentioned that they in any way benefited from the participatory orientation of ASIF. There was little sense of individual or collective identification with the ASIF's participatory objectives and mode of operation.

ASIF's approach helped reinforce the notion that provision of community contribution is an essential prerequisite to attracting resources and programmes from external donors. As the mayor of Khachik said, "People realise that in order to get things done for their community they should contribute money or labour" (K-1). As discussed in section 8.2.6 of Chapter Eight, the respondents in communities with successful micro-project outcomes expressed their willingness to contribute labour, materials and cash (when available) towards the cost of rehabilitation of other important community facilities.

The ASIF micro-projects were an important learning experience for most local mayors.⁷⁹ For the mayor in P Sevak, the micro-project was a chance to 'prove himself' and gain self-confidence. The mayor said, "The whole project was very important for me. Nobody thought it would be possible to accomplish. It was very difficult, but at the end we managed, and it is a great satisfaction" (PS-1). The mayors in Khachik and Karin admitted that their participation in the ASIF micro-project was an opportunity to learn fund-raising skills and improve their ability to deal with donors. The mayor in Karin said that working with ASIF was important for him as he realised that transparency in working with donor organisations can help attract more investments in the future. The mayor said, "I have learned a lot from ASIF. In order to receive future benefits you have to work with honesty and transparency, otherwise they [donors] will not work with you again. I worked hard to make sure the micro-project works out as needed" (KN-1). The mayor in Arevadasht also perceived his involvement in the micro-project as a learning experience. He said he had realised that he could have been more

⁷⁹ The former mayor of Ashnak who initiated and managed the ASIF micro-project was not available for the interview during the fieldwork.

demanding with regard to the quality of construction, and that next time he would be able to better exercise his power.

The local mayors were not convinced in the importance or usefulness of ASIF's participatory approach. As discussed in Chapter Eight, they all considered the ASIF micro-projects in purely instrumental terms, and did not think that their communities could ultimately benefit from its participatory processes.

All mayors had already had a prior experience of dealing with donors and external agencies before the ASIF micro-projects. Their interaction with ASIF was not their first encounter with a donor agency. As described in section 7.4 of Chapter Seven, local mayors were active in their communities even before the ASIF interventions. Most local mayors believed that they had learned a lot from working with various donor agencies and organisations. Many of these organisations, for example, Save the Children and Oxfam as well as a number of local NGOs developed a community-based mode of operation, similar to the one of ASIF. In particular, they all required local communities to identify their own problems, contribute cash, materials and/or labour and take part in project implementation and management.

Figure 9.2: Learning by Doing Effect

Social Fund Hypothesis	Micro-Project Impact	
	Community Members	Community Leaders (except AK)
Hypothesis 3. Participation in the micro-project cycle enhances community's access to information and experience and helps develop new knowledge and skills ('learning by doing').	Community members generally did not acquire new skills, knowledge and experience.	Local mayors acquired useful skills and experience.
	Community members did not perceive ASIF's method of service delivery to be especially useful or innovative.	Local mayors did not perceive ASIF's method of service delivery to be important or useful.
		The history of interaction with donors contributed to the capacity building of local mayors.

Through numerous interactions with donor agencies the local mayors learned how to write proposals, manage application process in order to raise funds for local projects and effectively deal with the paperwork and reporting requirements of funding agencies.

The mayor in Khachik said, “The ASIF micro-project was not the only lesson for me, as I had looked for funding before” (K-1). The mayor in Karin thought that “ASIF has obviously had its impact, although I would not attribute my actions solely to ASIF” (KN-1). From his experience of interaction with various donors, he, for example, learned to send ‘thank you’ letters to all organisations he was in contact with, even if they refused funding. Participation in the ASIF micro-projects further contributed to the improvement of the skills and experience of the local mayors.

9.3 Empowerment and Participation Impact

This section examines the empowerment and participation impacts of the ASIF micro-projects in the sample communities (Figure 9.3). As discussed in Chapter Five, social fund projects assume that participation in the social fund micro-project can empower community members, and produce changes in attitudes and behaviour (Hypothesis 4). As a result of a positive experience of collective action, people can become more self-confident and more willing to exercise voice. It is also thought that participation in the micro-project cycle can enhance community participation in the local development. In particular, it is assumed that participation in the micro-project cycle can help build social capital (Hypothesis 2), enhance people’s knowledge and experience (Hypothesis 3), and produce attitudinal changes (Hypothesis 4), as a result of which, individuals may more willing and able to participate in local development in order to solve community problems (Hypothesis 5). Chapter Seven discussed in detail the intensity of empowerment of local residents and the existing forms and nature of community participation in the sample communities after the ASIF micro-projects (Box 7.4). This section examines the extent to which the ASIF micro-projects influenced the intensity of empowerment and the forms and nature of participation in these communities.

The research did not establish any empowerment impact of the ASIF micro-projects on the local residents in the sample communities. Section 7.2 of Chapter Seven shows that respondents did not feel they had the power and resources to get things done for their communities. People perceived that goods and services in their communities could mostly be obtained through influence, connections and informal payments. This research did not identify any cases whereby the micro-project ‘activated’ previously

passive or socially excluded residents.⁸⁰ The marginalised community residents identified in this research did not have any involvement in the ASIF micro-project processes.

As discussed in Chapter Eight, in the communities with predatory leaders (Arevadasht and Ashnak), the negative experience of participation and poor service delivery outcomes further reinforced the sense of powerlessness among community residents. It is likely that this negative experience adversely affect the willingness of community members to contribute cash/labour or materials in these communities. For example, as mentioned in section 8.2.6, several respondents in Arevadasht said they would be reluctant to provide cash contribution for future community initiatives.

The poor service delivery outcomes in Karin reinforced the sense of pessimism dominant in the village. As discussed in Chapter Eight, the ASIF funded irrigation system in Karin did not function because of shortage of water supply from the source. The residents of Karin did not have any hope that the irrigation infrastructure would bring them any benefits and considered their investment 'useless'. As the irrigation system did not deliver any water, local residents vandalised the newly constructed pipeline (more detailed discussion on the O&M follows in section 9.4). Most respondents in Karin were frustrated with their situation and did not see any immediate prospects for change.

As Chapter Seven demonstrated, local residents in the sample communities generally were not found to be apathetic and paternalistically orientated. In all sample communities, the majority of local residents took part in various village-wide initiatives. They contributed voluntary labour, cash and materials for various community initiatives, including locally initiated actions and projects funded by external agencies. Their participation can hardly be attributed to the ASIF micro-projects. The respondents who were involved in the micro-project processes reported that they and many of their co-villagers had participated in other community initiatives before the ASIF micro-projects. The respondents stated that the existing traditions of participation had existed in their

⁸⁰ As it was mentioned in Chapter Five, the small sample size and the limited time frame of this research may not allow capturing the individual experiences of those community members who participated and/or benefited from the ASIF micro-project, but who were not identified and interviewed during the fieldwork.

communities before the ASIF micro-projects (“our village has always been like this”). As mentioned in Chapter Five, the qualitative methodology used in this research restricted my ability to examine the scope of community participation in the sample communities. Thus, I was unable to empirically estimate a possible change in the number (or proportion) of community residents involved in local initiatives before and after their participation in the ASIF micro-projects.

The research findings indicate that the existing forms and nature of participation of community members in development activities and the intensity of empowerment of local residents remained unchanged after the ASIF micro-projects. The local mayors were dominant in managing all important aspects of community life. They remained the main initiators of local initiatives and development projects for community improvement after the ASIF micro-projects. This research did not identify any cases of involvement of ordinary residents or the former IA members⁸¹ in the initiation and leadership of any activities and projects in the sample communities after the micro-project completion. As prior to the ASIF micro-projects, participation of community residents in community-wide activities was limited to ‘physical’ participation, i.e., to contribution of labour, cash and materials. Chapter Seven shows that community residents were able to exercise voice, but their ability to influence and control local decision-making was limited (Figure 7.2 and Figure 7.4). The ASIF micro-projects did not increase the ability of local residents to participate in policy formulation and resource allocation in their communities. They were not effective and active in exacting accountability and transparency from their leaders.

There were a number of development projects undertaken in all of the studied communities after the completion of the ASIF micro-projects. These projects and initiatives, however, were not a direct consequence of the ASIF micro-projects. Some of the development projects were driven by donor agencies, who targeted these communities themselves. Other initiatives were initiated by the local mayors, who had been active in their communities before the ASIF micro-projects. As discussed in section 7.4 of Chapter Seven, the active role of the local mayors in their communities after the micro-project was not driven by their participation in the ASIF micro-project,

⁸¹ The exception was the IA head in Tsilkar (the Deputy Mayor), who was active in the community both before and after the ASIF micro-project.

but was rather preconditioned by their prior experience, skills and social connections. As discussed in section 9.2 of this chapter, the experience of participation in various donor supported initiatives had significant capacity building outcomes for the local leaders. The ASIF micro-projects in their turn contributed to strengthening the reputation and abilities of developmental local mayors.

Figure 9.3: Empowerment and Participation Impacts

Social Fund Hypotheses	Micro-Project Impact
Hypothesis 4. Participation in the micro-project cycle empowers community members.	<p>The research did not establish any empowerment impact.</p> <p>Increased sense of powerlessness in communities with predatory leaders (AR and AK) and where service delivery outcomes were poor (KN).</p> <p>Residents in the sample communities were not apathetic and paternalistically orientated. They had participated in community initiatives even before the ASIF micro-projects.</p> <p>The research did not establish any impact on the ability of community members to exercise influence and control over decision-making and resource allocation and hold leaders accountable.</p>
Hypothesis 5. Participation in the micro-project cycle enhances community's participation in local development.	<p>The research did not establish any impact on the existing forms and nature of participation in local development. It is likely that the micro-project in AR have a negative impact on the willingness of residents to participate.</p> <p>It was not possible to assess the change in the scope of participation in local projects.</p> <p>New local projects and initiatives were not a direct consequence of participation in the ASIF micro-projects.</p> <p>ASIF did not have a transformative effect on local leaders, although it helped strengthen their capacity.</p>

The absence of a positive impact of the ASIF micro-projects on empowerment and participation in the sample communities can be explained by analysing the breaches in the theoretical assumptions underlying the ASIF project. In particular, community participation in the micro-project decision-making and implementation processes was limited, and hence it did not translate into successful participation and empowerment outcomes, as it was expected by the main assumptions of social funds. Chapter Eight shows that the local mayors played the key role in the decision-making with regard to the choice, design and implementation of the micro-projects and resource allocation in

the local communities (Figure 8.5). Consequently, community members did not have a chance to benefit from the ASIF micro-projects and the learning experience they offered. There was little space for community interaction and networking, through which community members could receive new information, skills and experience, strengthen their relations with other community members and develop new networks and associations. Community residents were excluded from the important decision-making processes with regard to the management and resource allocation of the micro-project. As a result, the ASIF micro-projects did not have a positive impact on the intensity of empowerment and the existing forms and nature of participation of community members in local development.

9.4 Participation in the Operation and Maintenance (O&M)

The sustainability and effectiveness of an irrigation system over time depend on the efficient management of the flow of water it produces and the regular maintenance of the facilities that provide that flow. Effective management and maintenance of irrigation is especially difficult considering its nature as a public good (Tang 1992: 3-6; Kähkönen 1999: 3). Irrigation services have the characteristics of common pool goods. Thus, irrigation services are rival: as the flow of water available at any one time is limited, consumption of water by one user reduces the amount available to others. This implies that in the absence of a fair and transparent water allocation system, conflicts among competing farmers are unavoidable. Irrigation services are also non-excludable: it is costly and technically complicated to exclude farmers from using the irrigation system. As the farmers cannot be easily excluded from the use of the system, they can draw more water than the allocated amount; and they have no incentives to contribute to maintenance and pay for services. The combination of these two characteristics – rivalry and non-excludability – can lead to conflicts in water allocation, inefficient use of irrigation water and depreciation of the irrigation facilities from the lack of maintenance.

This section examines to what extent the ASIF micro-projects influenced the local capacity to support the sustainability of the rehabilitated irrigation systems (Figure 9.4). As shown in Chapter Five, social fund projects assume that participation in the micro-project cycle can help ensure the O&M of the newly constructed/rehabilitated

infrastructure. It is assumed that the demand-driven nature of micro-projects and participation of community residents in the micro-project cycle can engender local ownership and willingness of residents to participate in the O&M (Hypothesis 6). Strengthened stocks of social capital can increase the likelihood of establishment and acceptance of rules and procedures for the O&M and facilitate their enforcement.

The research shows that access to the benefits of the newly constructed/rehabilitated infrastructure had a direct impact on the level of the O&M in the sample communities. In the communities where residents had access to irrigation water, effective O&M arrangements were in place. In Ashnak and Arevadasht, the ASIF micro-projects did not result in improved access to water; however, as the facilities in these communities still delivered water, local residents were committed to their O&M. As mentioned in section 9.1, in Karin, where the micro-project supported irrigation facility did not deliver water between 1998 and 2002, local residents vandalised the newly constructed pipeline. They dismantled parts of the irrigation pipeline and used them as materials in the construction of the communal potable water network. The residents also broke some of the valves on the irrigation pipeline.

The formal responsibility for the O&M of the irrigation systems in the studied communities lied with the local Water Users Associations (WUAs) and District Water Committees (DWCs). At the time of this research, WUAs existed in P Sevak, Eghegnavan, Khachik, and Ashnak. The WUA staff members were required to organise allocation and delivery of water, monitor the condition of the irrigation system, collect water charges, conduct maintenance works on the system and manage water allocation and distribution. The O&M budget, including remuneration of the WUA staff and funding for maintenance works, was supposed to be funded from the collected water charges. Thus, twenty percent of collected water charges were designated for the O&M expenses. In 2001, irrigation users were required to pay 6 *drams* per cubic meter of water, 1.8 *drams* (30 percent) of which were to be allocated for the O&M.

In Arevadasht, Karin and Tsilkar, the existing WUAs were abolished, and these communities were in the process of transferring the management of their irrigation systems to DWCs. As described in section 6.3.3 of Chapter Six, this transfer was stipulated by a governmental decree, which presupposed abolition of all WUAs in the

communities with ‘unsatisfactory’ collection rates. In these communities, the respective local DWCs were put in charge of carrying out the O&M and managing water distribution through their locally appointed staff.⁸²

The nature of participation in the O&M of the newly constructed/rehabilitated facilities was consistent with the dynamic of participation in other community activities and projects. In all of the sample communities, the local mayors assumed primary responsibility for initiating and managing the O&M. The local mayors mobilised collection of cash or materials, assigned responsibilities for rehabilitation and maintenance works and oversaw their implementation. In organising the O&M, the local mayors worked with the WUAs (where they existed). In most cases, the WUAs implemented decisions made by the local mayors. Only in P Sevak, the WUA was relatively independent in its actions (more detailed discussion follows in sections 9.5-9.6). In the communities where the WUAs were abolished, the local mayors managed the maintenance of the irrigation systems through the local distributors hired by the DWCs. The WUA staff and local distributors regularly supervised the condition of the irrigation system in order to undertake timely repair of breakdowns in the system. Community residents actively participated in the O&M activities by contributing free labour for small-scale rehabilitation and maintenance works (such as minor repairs, cleaning canals, purchase of spare parts, etc.). Community residents periodically monitored the condition of the irrigation systems and reported problems to the WUA or the mayor.

The importance of irrigation in sustaining rural livelihoods created immediate incentives for community members to sustain the micro-project investments. As discussed in Chapter Eight, the irrigation micro-projects in the sample communities reflected the most immediate priorities of local residents. The fact that the micro-project choice in all of the sample communities was demand-driven contributed to the willingness of residents to ensure the O&M.

The ASIF participatory design features did not have an instrumental role in the establishment and acceptance of rules and procedures for the O&M in the sample

⁸² The O&M expenses were supposed to be financed through user charges, but the DWCs were now responsible for funding the staff salaries.

communities. The fieldwork data indicates that all of the sample communities had established institutional mechanisms for the O&M of essential communal infrastructure before the ASIF micro-projects. The absence of effective and reliable provision and delivery of essential services by the state contributed to the increased self-reliance of local communities. As the government was unable to adequately support the O&M of important economic and social infrastructure, community residents and local leaders assumed responsibility for the O&M of many local services vital for their livelihoods. This research found that even before the ASIF micro-projects, local residents had participated in the O&M of communal infrastructure (schools, clinics, roads, potable water networks, etc.) and that the local mayors had assumed leadership roles in the management of the O&M arrangements. As Chapter Eight demonstrates, the involvement of community residents in the ASIF micro-projects was limited, and it was unlikely to have contributed to the existing O&M arrangements of the irrigation infrastructure in the sample communities.

As discussed in section 4.2.2 of Chapter Four, ASIF required beneficiary communities to submit formal Sustainability Plans with O&M commitments, which were thought to increase the likelihood of the micro-project sustainability. All of the sample communities submitted standard Sustainability Plans to ASIF as part of their micro-project proposal package. In the Sustainability Plans, local governments expressed their commitment to the future O&M of the irrigation infrastructure after the micro-project completion. The Sustainability Plans also specified a tentative budget necessary for the O&M and indicated the funding source for the future O&M (for example, local government budget, community contributions, or state or *marz* budget financing). ASIF's requirement for submission of Sustainability Plans was important for accentuating the importance of future O&M of the ASIF supported infrastructure. The Sustainability Plans, however, did not serve as effective guarantees for ensuring adequate O&M. As material resources available at the disposal of local communities were limited, the formal O&M commitments were not always observed.

All of the sample communities experienced serious problems with funding the O&M expenses of their irrigation facilities. Section 7.1.4 of Chapter Seven described the impact of fiscal constraints and material deprivation on the ability of local communities to mobilise resources for collective initiatives. The extreme level of material deprivation

made it very difficult for the residents to pay the required water charges. Most respondents said they were willing to pay water charges in order to have a reliable water supply. However, as most of them were impoverished, they had difficulties in raising the required contributions. The average annual collection rate of water charges throughout the country stayed at around 30 percent between 1999 and 2001.⁸³ As the collection rate of water charges was low, local communities were not able to withhold funding for the O&M expenses, and were compelled to transfer all of the collected money to the local DWCs.

Figure 9.4: Participation in the Operation and Maintenance (O&M)

Social Fund Hypothesis	Micro-Project Impact
Hypothesis 6. Participation in the micro-project cycle enables individuals to effectively carry out their roles and responsibilities with regard to the O&M.	<p>O&M arrangements were found to be in place in communities where the facilities delivered benefits. In Karin, where the micro-project supported irrigation facility did not deliver any water, local residents vandalised the newly constructed pipeline.</p> <p>Community residents actively participated in the O&M activities by contributing free labour and cash and monitoring the condition of irrigation systems.</p> <p>The ability of communities to ensure adequate O&M was limited due to material and fiscal constraints.</p> <p>The demand-driven choice of micro-projects induced willingness to participate in the O&M.</p> <p>The formal Sustainability Plans required by ASIF did not serve as effective guarantees for adequate O&M.</p> <p>The existing rules and procedures for the O&M and their enforcement mechanisms were not conditioned by the ASIF micro-projects, but had existed in the communities before the micro-projects.</p>

In order to finance O&M expenses, the local mayors sometimes contributed money from the local government budget or even from their personal funds (for example, in Khachik). The mayors also mobilised cash from the residents, for example, when a major accident happened to the system. Community contributions in cash and voluntary labour were only sufficient for simple small-scale repairs, for example, for cleaning canals, or for welding works. The WUA staff members often conducted maintenance works without payment. Most commonly, the WUA staff received their salaries in

⁸³ Data provided by the Irrigation Rehabilitation Project Unit, Ministry of Agriculture, Yerevan.

autumn, when, with the sales of the agricultural produce, the collection rates of water charges temporarily improved. The respondents reported that their communities were not able to carry out the needed relatively complex maintenance works that required significant investments and technical solutions. The 1999 Social Assessment of the ASIF communities (Oganessian 1999: 22-26) found that the key factors that negatively affected the sustainability of the ASIF supported facilities were the limited financial capacity of local governments and the inability of community residents to provide cash contributions.

9.5 Water User Associations (WUAs)

This section examines the impact of the ASIF micro-projects on the capacity of WUAs in the sample communities (Figure 9.5). In order to ensure that the beneficiary communities could use the micro-project benefits in the long run, ASIF's operational guidelines stipulated strengthening the capacity of local groups in charge of the O&M of the rehabilitated infrastructure. In particular, following the recommendations of the World Bank's supervision team, ASIF committed to co-operate with the WUAs and build their capacity to ensure high levels of future sustainability of the rehabilitated infrastructure. ASIF pledged to establish partnerships with the sectoral agencies responsible for the irrigation development in Armenia (the Ministry of Agriculture and the World Bank supported Irrigation Rehabilitation Project Unit) in order to co-ordinate capacity building efforts and effectively respond to the specific needs in the local communities. These objectives became the explicit goals of ASIF after the irrigation reform of 1998, which decentralised management of local irrigation to community-based WUAs.

The ASIF micro-projects did not have a direct observable impact on enhancing the capacity of the WUAs.⁸⁴ ASIF did not make sufficient effort to involve the WUAs in the micro-project processes and build their capacity. For example, ASIF did not require participation of WUA members in the IA, or the involvement of the WUAs in the O&M of the newly rehabilitated facilities. There were no training workshops conducted with

⁸⁴ This refers to the micro-projects in Khachik, Eghegnavan and Arevadasht, where WUAs already existed at the time of the micro-project initiation. The micro-projects in P Sevak, Ashnak, Tsilkar and Karin commenced before the summer of 1998, when the Law on WUAs was not yet effective.

the WUA committee members in the sample communities.⁸⁵ ASIF did not establish partnership links with the Irrigation Rehabilitation Project Unit for a more focused and effective capacity building of communities with irrigation micro-projects. At the same time, ASIF had an indirect positive impact on the organisation of water allocation and distribution and contributed to the reduction in water conflicts by improving access to irrigation water (more detailed discussion follows in section 9.6).

The local institutional and political environment of the local communities largely determined the organisational characteristics and the role of the WUAs in the sample communities. The WUAs in Eghegnavan, Khachik and Ashnak were mostly controlled and managed by the local mayors and had little discretionary authority. The mayors themselves appointed the WUA heads, and the WUA heads regarded themselves accountable to the mayors. In Ashnak, the WUA head was the deputy mayor, and most of the decision-making was shared between him and the local mayor. The mayors made most important decisions with regard to water allocation and distribution and the O&M of the irrigation facilities and tertiary canals. The WUA staff members implemented these decisions, for example, they collected water charges, monitored water distribution and mobilised residents for labour or material contribution.

There was little attempt by the local mayors to involve community members in the WUA decision-making and management. Formal meetings with the irrigators were rare. Thus in Ashnak and Khachik, only one community-wide meeting to discuss irrigation related matters was conducted during the preceding year. In Egheganvan, no meetings were held with the irrigators during that year. Participation of farmers was solicited only when there was a need to carry out maintenance works or mobilise cash. The WUA head in Ashnak thought that in order to be effective the WUA must operate in a top-down manner. He said, "It is absurd that people can get organised themselves. We often have to be tough and even rude to be effective" (AK-2). The mayor in Khachik thought that a private operator would be in a better position than the farmers themselves in organising a fair system of water distribution. The mayor thought that community participation could actually undermine the effective management of the system. At the same time, the local mayors took into account wishes and demands of community

⁸⁵ Workshops on O&M of irrigation, potable water and school micro-project communities were conducted by ASIF in several other communities.

residents in managing the WUA work. As described in Chapter Seven, the mayors were well aware of important issues and problems of their communities through their informal interaction with local residents.

The WUAs did not provide a common forum for communication, negotiation and organised action for the community members in the sample communities. The involvement of the community in decision-making and organisational activities was minimal, and farmer participation was limited to the payment of water charges. Residents in the sample communities did not view the WUAs as vehicles through which they could co-operate to solve their problems, influence important decision-making processes and advance their interests. Paul (1994: 31) maintains that WUAs must be viewed as the “voice” of farmers. They are established to bring farmers together, allow them to exercise voice, claim their rights and influence policies and budget allocation affecting local irrigation services. Local residents in the studied villages rather perceived the WUAs as organisations established to collect water charges, monitor water distribution and co-ordinate the maintenance of tertiary canals. Although all irrigators were formally considered to be WUA members, they had little ownership and sense of individual responsibility for the functioning of the group. They associated WUAs with the WUA staff members, who received salaries (usually, the WUA head and two to four water distributors) and who had a formal responsibility for the WUA activities. Thus, the WUAs were viewed by local residents as yet another formal institution of the state, and not as an entity organised and managed by the farmers and for the farmers.

The involvement of the local mayors in the WUA work was justified in the eyes of the community members. The reliability of water supply in the sample communities was largely influenced by the informal connections of the mayors. For example, the mayor in Khachik managed to build strong ties with the local DWC, and consequently his village received water on a regular and stable basis. I was present at an informal meeting of the mayor with the head of the DWC, who said that he “would make sure this village receives water whenever it needs it”. Some respondents in Eghegnavan thought that water conflicts in their village stopped thanks to the local mayor’s involvement. A resident said, “It is mostly due to the village mayor, he managed to introduce order” (E-7).

The intermediation of the local mayors helped solve problems, but undermined the participatory basis of WUAs, as farmers themselves did not have a direct contact with the respective DWCs to discuss their pressing problems and exercise immediate influence. Paul (1994: 31) maintains that direct frequent meetings of farmers through their representative WUA committees with service providers can increase people's voice and promote transparency in the processes of water allocation and distribution and in the WUA relations with service providers. This situation was also typical of other WUAs in Armenia. The WUAs generally had little influence upon the actions of service providers, and their relations with the respective sectoral agencies were characterised as 'mistrustful' (Melikyan 2002: 33).

The WUA in P Sevak was more participatory than the WUAs in other sample communities. The mayor in P Sevak was relatively hands-off with regard to the WUA activities. The mayor was still involved in the important decision-making with regard to local irrigation issues. The mayor said, "It is important that the mayor is involved in the WUA work; when the farmers have problems with the WUA, they immediately come to me, and I would sort their problems" (PS-1). At the same time, the WUA staff had more autonomy in their day-to-day work, and according to the villagers, the mayor "trusts the WUA to do the job" (PS-8).

The WUA in P Sevak was genuinely grassroots-based and had the support of the whole community. The WUA head was elected by the community at a community meeting, where about seventy percent of the community members were present, including women. The community residents were eager to select someone knowledgeable and accountable as they were extremely dissatisfied with the work of the former WUA head. The new WUA team members worked hard to manage water allocation and distribution, and to maintain the irrigation system. They were respected by the villagers and perceived by most residents as 'honest'. The WUA made an effort to co-operate with the community residents. There was a farmers' committee comprised of some active villagers, who were elected by the community. The committee occasionally got together with the WUA staff to discuss the irrigation needs of the farmers. Community-wide meetings with the irrigators were organised at the beginning and end of each agricultural season to discuss common problems. The mayor liaised with the local DWC

together with the WUA staff members. Section 9.6 of this chapter will provide more detail on the WUA's involvement in the management of water allocation and distribution in P Sevak.

Figure 9.5: WUAs in the Sample Communities

Participatory WUA (PS)	Non-Participatory WUAs (K, AK and E)	DWC Management (AR, KN and TS)
WUA head elected at an open community meeting.	WUA head appointed by mayors.	Irrigation management is transferred to DWCs. Transfer to DWCs incomplete (AR and KN).
Regular meetings with community residents.	Community meetings infrequent, although informal consultations with farmers are held.	Community meetings infrequent, although informal consultations with farmers are held.
WUA makes the important decisions with regard to water allocation and distribution.	The main function of WUA is to collect water charges and supervise water distribution.	Local water distributors hired by DWCs collect water charges and supervise water distribution.
The local mayor is involved in decision-making, but not dominant.	Local mayor makes the important decisions with regard to water allocation and distribution.	Local mayors make the important decisions with regard to water allocation and distribution.
Farmers' access to DWC is intermediated by the mayor and WUA staff.	Farmers' access to DWCs is intermediated by mayors.	Farmers' access to DWCs is intermediated by mayors.

9.6 Governing Local Irrigation

Irrigation management must address two important issues: the allocation of irrigation water (the assignment of water rights and contingency of delivery) and its provision (the physical distribution) (Subramanian *et al* 1997: 17). As section 9.4 discussed, the common pool characteristics of irrigation services (rivalry and non-excludability) can lead to conflicts in water allocation and to inefficient use of irrigation water. As discussed in Chapter Two (section 2.1.5), the literature on collective action maintains that by drawing on social capital, farmers can establish a fair and transparent water allocation and distribution system, or 'self-governance rules', which can help reduce conflicts among competing farmers and increase the efficiency of services.

This section examines the impact of the ASIF micro-projects on the allocation and distribution of irrigation water in the sample communities (Figure 9.6). Social funds presume that participation of community members in micro-project activities can increase social capital and enhance the community's propensity for collective action. In particular, it can increase the likelihood of establishment and acceptance of rules and procedures for governing irrigation systems and facilitate effective enforcement of these rules and procedures (Hypothesis 7).

This research shows that the improvements in the irrigation infrastructure and the subsequent availability of water in the irrigation systems significantly increased the ability of the local communities to co-operate and effectively organise allocation and distribution of water.⁸⁶ As it was discussed in section 9.1 of this chapter, this research did not establish any positive changes in the existing stocks of social capital as a result of participation in the ASIF micro-projects. The ASIF micro-projects had a positive impact on local social relations more as a result of the successful service delivery outcomes of the micro-projects than of participatory procedures of ASIF. The water distributor in Arevadasht said, "The most important thing is water, if you have water, you will have order" (AR-3). In the communities, where ASIF successfully constructed or rehabilitated irrigation infrastructure and where there was a relatively adequate and reliable water supply, farmers stopped to draw water excessively and started to co-operate (Eghegnavan, Tsilkar, Khachik and P Sevak). As a result, according to the residents in these communities, water conflicts in their communities came to an end. The impact of the ASIF supported irrigation services was especially notable in P Sevak, where the WUA successfully organised an effective system for water allocation and distribution.

In the communities with inadequate water supply (Ashnak and Arevadasht), many residents continued to tamper with the system and to draw water above the allocated amount, which gave rise to constant arguments among the villagers. In Arevadasht, the

⁸⁶ It is suggested that there is an inverted-U relationship between water scarcity and effectiveness of collective action (Kähkönen 1999: 11). When water supply is abundant and irrigation needs are met, farmers have little reasons to organise. Moderate water scarcity may improve farmers' ability to co-operate and deliver water. As water becomes scarcer, farmers are more willing to act collectively to be able to acquire and distribute it. When water supply is extremely scarce (e.g., during severe drought), even well-organised co-operative action cannot alleviate the water shortage, and thus the benefits from co-operating are low.

residents at the head end of the irrigation system ‘stole’ most water, often leaving people at the tail end without water. The local water distributor said, “There is little consideration for each other, whoever gets first, he gets the water” (AR-3). In Ashnak, the mayor said, “There are conflicts because of the water shortage, people are not happy, they come to me all the time and complain constantly” (AK-1). The local government in Ashnak imposed a fine of 3,000 *drams* (6 USD) for illegal water drawing. The fine, however, did not prove to be effective. Although most households in Ashnak and Arevadasht established informal ‘rotation plans’ for sharing water, not everybody co-operated. Most respondents in these communities reported that because of water shortage, villagers were preoccupied with their own survival. The respondents believed that neither strict penalties nor consideration for their co-villagers’ welfare would stop people from taking more water. Thus, in the conditions of scarce water supply, the mechanisms of both hierarchical and social control proved to be ineffective.

The improved co-operation and decreased conflicts over water in Eghegnavan, Tsilkar and Khachik were primarily due to the increased availability of water and reliable water supply. There were no institutional arrangements in place to encourage participation and active co-operation of residents in the process of water allocation, distribution and monitoring in these communities. The allocation and distribution of water in these communities was largely driven by hierarchical control and managed by the WUA water distributors and the local mayors. The irrigation systems in these communities still maintained a socially-based nature. The farmers’ daily interactions and knowledge of each other played an important role in regulating water distribution. The local mayors in these communities did not effectively use and did not support the existing social control mechanisms, and instead they introduced strict monitoring and sanctioning procedures to achieve the compliance of community members who did not wish to co-operate. The villagers thought it was mainly thanks to the involvement of their local mayors that they could effectively share water and minimise conflicts.

Even though ASIF did not explicitly build the capacity of the WUAs, the improved access to irrigation water as a result of the ASIF micro-project contributed to the strengthening of the WUA and the existing social control mechanisms in P Sevak. As described in section 9.5, the WUA in P Sevak was more autonomous and grassroots-based than the WUAs in other sample communities. This enabled the WUA in P Sevak

to successfully organise an innovative system of water allocation and distribution and establish an effective institutional framework for fostering the existing traditions of trust and co-operation.

The WUA staff members in P Sevak came up with an initiative to install water meters at each individual land plot. The water meter allowed to measure with a relative precision the amount of water consumed by an individual land plot and hence charge the farmer according to his consumption. According to the respondents, this initiative was not practised elsewhere in the country. The WUA head said, “In many WUAs, they do not want to use water meters as it is very difficult for water distributors to install them and carry them around” (PS-3). Other communities in the sample used a ‘per hectare’ method of measuring irrigation water intake, whereby farmers requested amounts of water depending on the size of their land plot and the specific crop requirements. This method did not allow measuring the exact amount of water consumed, as farmers were charged according to the fixed amount of water they requested. Hence farmers could consume more water than they actually paid for. According to the mayor in Khachik, “The actual amount of water consumed by a household cannot be measured [through the ‘per hectare’ method]. In reality it is very difficult to obstruct someone from drawing more water” (K-1). Alternatively, farmers could often be charged for more water than they actually consumed.

This innovation in P Sevak strengthened local self-governance mechanisms and contributed to the establishment of an effective and transparent system for water allocation and distribution. The introduction of water meters deterred farmers from drawing water excessively as they now had to pay for the actual amount of water they consumed. The new system made it easier for the WUA distributors to establish whether farmers drew more water than they were allocated. As everyone paid water charges according to the actual consumption, farmers were no longer worried that they could be charged more for what they consumed, or that their neighbours could ‘steal’ communal water, thus depriving other co-villagers. As illegal water drawing halted, farmers were confident that they would receive water in the amount sufficient for covering their needs. This increased the willingness of farmers to actively co-operate and participate in managing water distribution. The WUA head said, “The good thing is people know that we cannot charge them for more water than they actually use, and they

are relaxed” (PS-3). The respondents maintained that the WUA “put an end to an era of chaos and lack of ownership in the village” (PS-G2). According to the villagers, the situation significantly improved compared with the previous years, when the mayor arbitrarily allocated water to some residents, and when “there was no control and people would steal water” (PS-G2). A village resident said, “Now, with the WUA, there is order and control, it used to be chaos previously. Now people know that they are in an equal position to receive water, whereas previously people had to rely on their connections to get water” (PS-8). The representatives of the WUA in P Sevak were convinced that strict monitoring and penalties were not sufficient to organise effective water distribution. Previously, the WUA imposed fines for excessive water drawing, which, however, did not prove to be an effective measure. The mayor’s past attempts to control water distribution by using his position of authority were not successful either.

The system of water allocation and distribution in P Sevak was organised in the following way. The amount of water allocated per each farmer was based on individual requests. Each irrigation line served several land plots, and only one person at a time was allowed to water his land plot. Farmers on each line took turns to water their land plots. Water was provided to four lines at one time. Farmers agreed with each other on the watering schedule beforehand. Thus, they all knew in advance how much time their neighbours would require for irrigating their plot. Each farmer closed his tap at an agreed time so as his neighbours could start watering their plots. The WUA head said, “This works well, farmers agree with each other on taking turns. They know that their neighbours need water too, so they are very responsible. If one needs water for an extra hour, he usually agrees with the neighbour” (PS-3). Most farmers were considerate of their co-villagers and preferred ‘short watering’, so that all of the people in the line could manage to take their turn before the water is cut. The WUA water distributors monitored water distribution by recording the time of the beginning and the end of watering. The WUA water distributors were residents of the same village and managed to build trusting relations with the community members. When farmers were absent from their land plots, the WUA distributors themselves would water their fields so as not to let them miss the opportunity. The farmers were not worried that in their absence the WUA distributors could overestimate the watering time and push up their charges.

Figure 9.6: Water Allocation and Distribution in the Sample Communities

Effective <i>Participatory management</i> <i>(PS)</i>	Effective <i>Non-participatory management</i> <i>(E, K and TS)</i>	Ineffective <i>Non-participatory management</i> <i>(AR, AK and KN)</i>
Adequate and reliable water supply.	Adequate and reliable water supply.	Inadequate and unreliable water supply due to poor micro-project service delivery outcomes (AR , AK) and poor water supply (AR , KN).
Water allocation based upon individual requests.	Water allocation based upon individual requests.	Water allocation based upon individual requests.
Water distribution is regulated by mutual agreement and co-operation among irrigators. In addition, WUA water distributors monitor the system.	Social control mechanisms exist, but water distribution relies on strict monitoring and control by WUA/water distributors and local mayors.	Social control mechanisms exist, but water distribution relies on strict monitoring and control by water distributors and local mayors.
Co-operation is supported by WUA.	Residents co-operate, but co-operation is not supported by institutional arrangements.	Residents co-operate, but co-operation is not supported by institutional arrangements.
WUA engages with community members through meetings and consultations.	Little engagement with community members.	Little engagement with community members.
Water meters (farmers charged according to the actual amount consumed).	'Per hectare' measuring method (farmers charged according to fixed amount of water).	'Per hectare' measuring method (farmers charged according to fixed amount of water).
Distribution of water is fair and transparent.	Distribution of water is not fair and transparent.	Distribution of water is not fair and transparent.
Decreased water conflicts due to availability of water and effective self-governance.	Decreased water conflicts due to availability of water.	Water conflicts persist due to scarcity of water.

The respondents in P Sevak valued the WUA as a means for achieving individual benefits, and did not perceive it as a vehicle for pursuing their objectives and assisting collective action. As in other sample communities, despite the grassroots base of the WUA, the irrigators in P Sevak had little sense of personal or collective identification with the WUA. The WUA was perceived as an organisation established to act on behalf of the community, and there was little sense of individual responsibility for the WUA

operations by the WUA members. Such perceptions and identification of community members were indicative of the overall institutional environment in P Sevak. In the situation when ordinary community members had little power to get things done, collective action and associational membership were not perceived as feasible and effective mechanisms for improving community well-being and pursuing common interests in the long run.

9.7 Conclusions

The research findings presented in this chapter indicate that the intensity of empowerment and the existing forms and nature of participation of community members in development activities remained unchanged after the ASIF micro-projects. This chapter showed that the ASIF interventions did not induce a change in the existing institutional service delivery, problem-solving and decision-making mechanisms in the sample communities. As prior to the ASIF micro-projects, participation of community residents in community-wide activities was limited to 'physical' participation, i.e., to contribution of labour, cash and materials. There were no formal and informal groups and associations established by and for community members as a result of the micro-projects. The IAs established for the implementation of the ASIF micro-projects ceased to function shortly after the micro-project completion in most communities. The micro-projects did not have an impact on the ability of community members to exercise influence and control over decision-making and resource allocation and hold leaders accountable. In fact, they reinforced the sense of powerlessness in communities where service delivery outcomes were negative and where local leaders were not accountable to the residents.

The ASIF micro-projects helped strengthen and reinforce the existing local institutions and social relations in the sample communities. Although the micro-projects had no significant impact upon the nature and forms of participation of community members in local development, they reinforced the positions of local leaders. In particular, the ASIF micro-projects strengthened the position of local mayors in those communities where the micro-project processes were positive and outcomes were successful. These were communities with developmental leaders, who had strong communitarian motives and were determined to contribute to people's well-being. These leaders had played a

dominant role in the management of the local communities even before the ASIF micro-projects.

The ASIF micro-projects had positive effects on building the capacity of the local mayors in several ways. Firstly, participation in the ASIF micro-projects helped many local mayors acquire useful experience of working with Western donors and managing small-scale community based construction projects. Secondly, ASIF micro-projects strengthened the reputation of the local mayors. By taking full control over the management of the important infrastructure rehabilitation activities, the mayors had an opportunity to demonstrate their hard work and commitment to their communities. This greatly contributed to the increased positive perception of the local mayors by the community members. These findings are consistent with the results of the ASIFII impact assessment, which showed that the ASIFII micro-projects helped improve managerial and organisational skills of local leaders and strengthened their position in their communities (Babajanian 2002).

This research did not establish any changes in the existing stocks of social capital that were due to the participatory orientation of the ASIF micro-projects. The positive impact on local social relations was due to the successful service delivery outcomes of the micro-projects in the communities with developmental leaders (Khachik, Eghegnavan, P Sevak and Tsilkar). The improved access to water had a significant role in decreasing conflicts over water and improving co-operation in sharing water resources. The ASIF micro-projects had negative impact on local social relations in the communities where the micro-project service delivery outcomes and the experience of community participation were negative. These were the communities with predatory leaders (Ashnak and Arevadasht). As these leaders were not accountable and dedicated to the residents, the ASIF micro-projects undermined their reputation and authority even further. The ASIF micro-projects reinforced the existing tensions and divisions among residents in these communities. As the micro-projects did not improve availability of water in these communities, conflicts over water persisted and were a constant source of social divisions.

The importance of irrigation in sustaining rural livelihoods created immediate incentives for people to sustain the micro-project investments. The irrigation micro-

projects in the sample communities reflected the most immediate priorities of the communities. This ensured a high level of local ownership and the willingness of local residents to maintain the newly rehabilitated infrastructure. In the communities with access to irrigation water, relatively effective O&M arrangements were in place. In Karin, where the micro-project supported irrigation facility was not functional, local residents vandalised the newly constructed pipeline. The shortage of financial resources and skills (rather than lack of farmer motivation) was the key reason for the inability of local communities to ensure adequate O&M of irrigation systems.

The ASIF micro-projects did not have a direct impact on enhancing the capacity of the WUAs. Although the ASIF did not explicitly build the capacity of the WUAs, the improved access to irrigation water as a result of the ASIF micro-project contributed to the strengthening of the WUA in P Sevak. The improvements in the irrigation infrastructure and the resulting availability of water enabled the WUA in P Sevak to design effective governance arrangements and secure grassroots co-operation in sharing water resources.

The analysis of micro-project service delivery outcomes and processes presented in Chapter Eight enables us explain the specific impacts of the ASIF micro-projects. In particular, community participation in the micro-project decision-making and implementation processes was limited, and hence it did not translate into successful participation, empowerment and capacity building outcomes, as it was expected by the main assumptions behind social funds.

The next chapter, Chapter Ten, provides interpretations and explanations of the research findings and implications for policy and practice. This chapter discusses the relevance and effectiveness of the social fund bottom-up model in promoting community participation and capacity building in the sample communities. It examines the key factors that influenced the specific participation and capacity building impacts of the ASIF micro-projects in the sample communities.

Chapter Ten. Conclusions: Key Findings and Reflections on Theory and Practice

This final chapter synthesises and interprets the critical findings of the research, relates these findings to the wider literature and discusses implications for policy and practice. It discusses the relevance and effectiveness of the ASIF project and its bottom-up development model in promoting community participation and capacity building within the social, political and institutional context of post-Soviet rural communities in Armenia. The chapter maps out the key factors that influenced the processes and participation and capacity building impacts of the ASIF micro-projects in the sample communities. In light of the research findings, the chapter reflects on the literature which framed the research and draws conceptual and analytical lessons. It then critically examines the implications of the specific participation and capacity building outcomes of the ASIF micro-projects for local development in Armenia. Finally, the chapter discusses some of the implications of the research findings for development policies and practice.

10.1 Key Findings

The key finding of this research is that the ASIF micro-projects did not change the nature of the existing local institutions and social organisation in the sample communities. On the contrary, as shown in Chapter Eight, the formal rules and principles of the ASIF micro-projects themselves became subordinated to the informal ‘rules of the game’ dictated by the local environment. The existing local institutions determined the processes and consequently the outcomes of the ASIF micro-projects. In particular, the ASIF micro-projects were used by the local mayors according to their own ‘rules of the game’. As the ASIF development interventions from the very beginning became co-opted into the existing institutions, they did not contribute to the establishment of new types of institutions. On the contrary, the ASIF interventions helped strengthen and reinforce the existing local institutions and social relations in these communities.

The dominant position of the local mayors throughout the micro-project cycle resulted in the ‘capture’ of participatory and capacity building processes and outcomes of the ASIF micro-projects. As Chapter Eight discussed, community residents were excluded

from participation in the important decision-making during the micro-project implementation. The local mayors played the key role in the decision-making with regard to the choice, design and implementation of the micro-projects and resource allocation in the local communities. Consequently, community members did not have a chance to benefit from the ASIF micro-projects and the learning experience they offered. The local mayors alone received an opportunity to receive new knowledge, improve their skills and gain more experience.

As Chapter Nine discussed, the ASIF micro-projects did not enhance participation and capacity of community residents. At the same time, they reinforced the positions of the developmental local mayors by helping them obtain new skills and experience and strengthening their reputation. The existing power relations in these communities remained unchanged. In communities with predatory leaders, who were not committed and accountable to the residents, the ASIF interventions undermined their reputation and authority even further. The ASIF micro-projects reinforced the existing tensions and divisions in these communities, and contributed to the sense of powerlessness of local residents.

The findings of this research are consistent with the findings from a number of other studies, which question the effectiveness of the social fund model in promoting genuine community participation. The social impact assessment of the Jamaican social fund found that most micro-projects were designed and implemented in a top-down way, and that the decision-making processes were dominated by a small group of 'motivated' individuals (Rao and Ibáñez 2003). The study of social funds in Zambia and Malawi by the World Bank's Operations Evaluations Department (OED) suggests that social funds generally "operated as users rather than producers of social capital" (OED 2002: 43). The success of social fund micro-projects largely depended on the role that key local leaders and influential persons ('prime movers') played in preparing proposals, mobilising community contributions and managing micro-project implementation. The OED study suggests that micro-projects were often decided by the 'prime movers' even before the first community meeting (White 2002: 3). Although community residents were involved in the identification and implementation of micro-projects, their participation was 'shallow', as they were excluded from important decision-making processes.

Based on her study of the social fund in Northeast Brazil, Tandler (1999; 2000: 118-119) argues that the social fund micro-projects were 'supply-driven' as the community demand was often heavily influenced by various intermediaries, such as politicians, local leaders and government staff, building contractors, equipment suppliers, and project design firms. In many cases, decisions about micro-project choices were made by community leaders without consulting the community (Tandler 1999: 56). Similarly, the review of fifteen BAs of eight social fund projects in various countries revealed that in many instances, different actors including local government officials, local politicians, social fund promoters and contractors had influence on micro-project choices (Owen and Van Domelen 1998: 23-24).

10.2 Interpreting the Key Findings

Weiss (1998: 128) suggests that explanations for a project's performance can be related to the project's design and project's implementation. Based on the research findings, this section first examines the relevance of the main assumptions underpinning the ASIF project. In particular, it explores the assumptions behind ASIF's bottom-up development model, and how they translated into the observed micro-project processes and impacts. Project design has been analysed in this thesis on two levels. First, this section analyses how the design of the ASIF project reflected and addressed the local institutional, political and socio-economic context of Armenia (sections 10.2.1 and 10.2.2). Secondly, it analyses how the key variables of the social fund model - participation, empowerment, social capital and social inclusion - were understood and conceptualised in the ASIF project (sections 10.2.3-10.2.5). In addition to project design related factors, this section also examines the key project implementation related issues that accounted for the observed participation and capacity impacts of the ASIF micro-projects. In particular, it discusses to what extent ASIF's implementation methodologies supported the objectives of participation and capacity building (section 10.2.6).

10.2.1 Promoting Participation and Capacity Building: Changing Culture or Structure?

Why did the ASIF micro-projects not succeed in promoting community participation and local capacity at a community-wide level? The World Bank's (2001e) evaluation found that ASIF's implementation procedures and methods were not adequate to promote participation throughout the whole micro-project cycle and facilitate information dissemination by the local leaders (more detailed discussion follows in section 10.2.6 of this chapter). Can project implementation related factors alone explain the processes and outcomes of the ASIF micro-projects? Even if ASIF's implementation procedures and methods were adequate to support participation throughout the micro-project cycle, it is questionable whether institutional arrangements based on the bottom-up social fund model could successfully promote institutional change within the specific social, institutional and political context of post-Soviet Armenia. It is doubtful that community participation within the boundaries of the ASIF micro-projects could transfer into civic participation beyond the micro-project life and become institutionalised. The remaining part of this section critically examines the conceptual and theoretical foundations of ASIF's bottom-up development model in the view of the research findings.

ASIF as well as many other community-driven projects is based on conceptual and empirical fallacies about the substance, origins and limits of the existing forms of civil society and community participation in the former Soviet Union. As discussed in section 2.4 of Chapter Two, the prevailing conceptions about civil society in post-Soviet countries have been centred around the Western or neo-liberal model of civil society. The weak associational life in most Soviet countries has been interpreted as reflecting the weakness of civil society in general. It is thought that the Soviet regime produced passive and atomised citizens, reliant on the state and unable to undertake collective action to solve their problems. These assertions have been formed without anthropological insights about social processes and reality at the local level. They have been grounded upon logical or intuitive inferences, rather than rigorous exploration of causal links through investigation of empirical data. For instance, the assertion that the domination of the Communist Party 'killed' the civic arena in the Soviet Union allows

some analysts make logical inferences about the 'weakness' of post-Soviet civil society as a 'natural' legacy of the communist era.

The existing forms of community participation in post-Soviet societies have been either overlooked or considered 'uncivic'. Post-Soviet local institutions are mostly referred to as 'social networks'. These social networks are often viewed in negative terms because of their informal and often exclusive nature. The prevailing interpretations of post-Soviet networks do not distinguish between the parochial, elite or power networks, and the bottom-up networks that help citizens pursue their welfare needs and express their identities. The prevalence of informal social networks (and limited civic participation) is attributed to the cultural legacies or to the so called 'Soviet mentality' of people at the local level. The informal networks are viewed as a 'problem' of individuals rather than those of structures, without an attempt to understand the roots and sources of informal networks and behavioural patterns of individuals. It is thought that the persistence of 'private friendship networks' among ordinary citizens prohibits the development of a genuine civil society (Howard 2004). This thesis shows that such views confuse cause and effect, as they fail to recognise that informal networks at the micro level are produced and reinforced by the macro level institutions.

The ASIF project and other community-driven interventions in the region do not explicitly recognise the need for institutional change. The conceptualisation of civil society in the discourse and practices of development agencies is based on the notion of 'rupture' (term used by Bruszt and Stark (1998)), i.e., the assumption that the collapse of the Soviet Union resulted in a break-down of the existing institutions and social order. The local sphere is viewed as institutional vacuum that needs to be filled in by building local organisations. Mandel (2001: 282), for example, notes that the main belief underlying civil society projects in Central Asia is that "a postsocialist civil society needs to be constructed from scratch, since in the Soviet landscape this social and political space simply did not exist". The informal social networks in post-Soviet countries are regarded as the 'inertia effect' of the Soviet past and not as institutional 'path-dependency'. The failure to recognise the existing social networks as 'institutions' precludes development practitioners from the explicit recognition of the need for institutional change, placing importance on individual change.

ASIF's bottom-up development model reflects the 'cultural' perspective described in Chapter Two and Chapter Three, which presumes that societal change can be achieved by changing social and interpersonal relations, removing 'mentality' barriers and improving human capabilities at the local level. The perceived lack or weakness of community participation is thought to be the result of cognitive orientation of individuals and the lack of appropriate skills and knowledge at the local level. Social fund projects assume that the main obstacles to participation are the existing cultural attitudes and social norms that govern relations among individuals at the local level. It is assumed that by providing a forum for participation, social fund micro-projects can change the existing cognitive norms and behavioural patterns of community members. Thus it is believed that participation in common activities can promote a change in the existing 'paternalistic orientation' of community residents and improve the levels of trust, and hence enhance the willingness and ability of community residents to undertake and participate in local development. It is also believed that social fund micro-projects can help build local capacity by helping improve people's skills and knowledge and demonstrating innovative approaches to problem-solving.

ASIF's bottom-up development model overlooks the importance of the broader structural and institutional constraints that predetermine how institutions at the local level develop and operate and affect people's decisions to participate. It mainly focuses on interpersonal relations and norms that affect people's decisions to co-operate. People's ability to act as 'active citizens' is highly dependent on structural factors that determine the ability of individuals to realise their potential and become active agents. The limits to participation are not due to cultural or behavioural factors at the local level. The extent of local participation in Armenia is determined by the broader institutional, socio-economic and political context within which communities live and function. It is the overall contextual environment that enables local norms to develop and influences social structures of a society. In order to modify the nature of the existing networks, development interventions need to address the existing structural and institutional barriers.

Chapter Seven of this thesis demonstrates that the limited levels of community participation in rural Armenia is not conditioned by the weakness of social capital and attitudinal factors. The thesis shows that community participation does indeed exist in

post-Soviet Armenia, although its forms and manifestations are different from the commonly accepted Western notion of civil society. Ordinary community residents in rural Armenia are not apathetic or paternalistically oriented. They participate in the public sphere, by providing support to each other and contributing to the economic and social well-being of their communities. In all of the studied villages residents were willing to contribute their time, money and labour towards the common community good and were dealing with their local problems the best they could. The existing strong relations of trust and reciprocity provided a basis for various forms of mutual assistance and collective action.

As discussed in Chapter Seven, the limits to civic participation in Armenia are rooted in the governance environment conditioned by the weak capacity of the central government and the prevailing institutional legacies of the socialist system. Participation is not perceived by ordinary people as a viable means for obtaining benefits and solving problems in rural Armenia. In a situation when access to external resources and social and economic opportunities is determined by social status, access to influential networks and formal authority, ordinary citizens are not effective in attracting external resources and advancing the interests of their community. They are forced to rely on local leaders in getting things done. Such dependency narrows citizens' power base and the extent of influence and control they can exercise with regard to local decision-making. In addition, authorities at the central, regional and local level do not appreciate and encourage grassroots participation and initiatives. These institutional constraints significantly restrict the forms and nature of community participation in the country.

10.2.2 Participation and Poverty

Chapter Seven showed that the lack of material resources, time, and limited technical capacity significantly constrain the ability and willingness of community members and local leaders to undertake collective initiatives and effectively operate and maintain local infrastructure. The state budget has limited financial resources, and has been unable to support local communities financially. Most local governments receive little funding from the state and have limited local revenue base. The limited financial resources and weak administrative capacity significantly constrain the ability of the

state to reach out to the citizens and support grassroots initiatives. Local governments too experience tremendous financial and administrative constraints, and are unable to support local initiatives. Local infrastructure is often maintained mostly due to the financial and labour contribution of community members. People's contribution can only provide limited solutions. In a situation of severe economic and social deprivation, people do not have sufficient cash, time and energy for involvement in community-wide activities.

The expectations of many community-driven projects concerning how much participation can occur within the economic and social context of Armenia are not based on realistic assessments. Whilst the scope and extent of poverty in Armenia has been established through research and surveys, there are still misconceptions about the actual extent of poverty in development practice. The lack of realistic assessment of local capacity often translates into the assertions about the passivity and paternalistic expectations in local communities. Thus based on the observations of the poor state of local infrastructure, it is often assumed that community members are not willing to sustain it because of mentality constraints. These views do not take into account the constraints imposed by the high levels of poverty for most rural people in Armenia.

The state of material deprivation in the local communities in Armenia raises the question of appropriateness of ASIF's community contribution requirement. Section 8.2.6 of Chapter Eight shows that residents in the sample communities had difficulties in contributing cash or materials for the micro-projects. Only residents of two communities were able to provide cash contributions. In the remaining communities, residents contributed already existing materials, which did not incur a monetary cost for them, or the contribution was provided on their behalf by the local government or an external donor.

10.2.3 Conceptualising Participation

The concepts of 'empowerment' and 'participation' were conceptualised in the ASIF project in de-politicised terms. ASIF as well as many other community-driven projects understand empowerment in terms 'psychological' empowerment. Thus assuming that the main obstacle to participation is in people's mentality, development projects

propagate the need for psychological empowerment, with an objective to uproot the ‘culture of dependency’. This view prescribes enhancing the economic and psychological assets of individuals as a means to empowerment. Midgley (1986b: 9) notes that “powerlessness is often conveniently interpreted as passivity and indifference but the real problem is the lack of opportunity for their [people’s] direct involvement”. Such conceptualisation ignores complex structural and social processes and conditions that influence positions of individuals, and which cause and reinforce psychological disempowerment. As this research shows, the main constraints to people’s participation in rural Armenia were rooted in their political capabilities and power resources.

ASIF failed to address the informal, highly politicised nature of local institutions in post-Soviet Armenia, and largely ignored issues of local accountability, representation and voice. One can conceptualise existing power relations in the Armenian communities through the framework of ‘spaces’ for participation described in Chapter Two (Figure 10.1). The ‘spaces’ for participation during the micro-project cycle belonged to and were controlled by the local elite, and they were only temporarily ‘borrowed’ by ASIF. ASIF translated the existing ‘closed’ spaces into ‘invited’ spaces, where community residents were invited to participate. These spaces retained their ‘closed’ nature as they were made available by the powerful local leaders on their own terms. These leaders allowed only limited community influence and independent interaction. Acknowledging the structural constraints to participation implies accentuating the political and relational dimensions of empowerment. Political empowerment is primarily concerned with building political assets of individuals to enable them with influence and control. Cornwall (2004) argues that empowerment is about enabling people to exercise their agency and choose and claim their own ‘spaces’ for participation.

Figure 10.1: ‘Spaces’ for Participation in the Sample Communities

Spaces	Closed	Invited	Claimed or created
Community	All communities	ASIF micro-projects	WUA in P Sevak

The research findings indicate that the objective of ‘self-reliance’ obscures the notion of empowerment. The concept of self-reliance has an instrumental objective, and it is concerned with collective well-being from a top-down perspective (Figure 10.2). Thus,

as long as the community is able to sustain itself, the objective of self-reliance is achieved. This by default devalues the significance of participation in its empowerment sense. Achieving ‘self-reliance’ does not necessitate broad and inclusive participation; nor does it require the involvement of the poor and marginalised in important decision-making. Self-reliance can be achieved thanks to developmental leaders and limited participation of local residents confined to contribution of labour and resources. This instrumental conceptualisation of participation translated into the ASIF’s operational procedures and monitoring and evaluation indicators. The ASIF micro-projects were not concerned about who participates and how. Local communities were viewed as homogenous entities, without an attempt to distinguish between elite participation and participation of ordinary residents. As a result, as this research indicates, the objective of promoting self-reliance may reinforce the existing inequalities and implicitly encourage patronage-based relations.

This instrumental, or neo-liberal view of participation can be contrasted with the empowerment view, which considers participation as a tool for redistribution of opportunities in a society and for facilitating institutional change. The outcome of empowerment in the latter approach is seen in the ability of people to break away from the existing economic dependence and to exercise their rights over important issues that affect their lives.

Figure 10.2: Objectives of Participation

Objective	Instrumental (Neo-Liberal)	Transformative
<i>Participation in Projects</i>	Improved Project Outcomes	Empowerment
	Improved Institutional Capacity	
<i>Participation in Development</i>	Improved Service Delivery Outcomes	Participation as a Citizenship Right
	Increased Local Self-Reliance	

ASIF did not have in-built operational procedures and micro-project evaluation indicators for assessing the nature of participation. As Chapter Four shows, ASIF’s appraisal criteria (Box 4.4) and monitoring indicators (Box 4.5) assessed participation based on quantitative indicators (for example, the number of community residents

present at the general community meeting, percentage of women present at the general community meeting, or number of women represented in the IA). These quantitative indicators did not provide a sense of the depth and the quality of community participation in the micro-projects. They did not capture the intensity of participation of residents and their inputs into participatory processes (e.g., extent of participation of men and women in decision-making, leadership roles, etc.). ASIF did not have any participatory evaluation and monitoring procedures. The ASIF's BAs were based on quantitative surveys and provided little information about the ASIF's impact on people's lives. Qualitative monitoring of ASIF's impact was introduced in the ASIFII project.

10.2.4 Participation, Social Capital and Collective Action

Social funds presume that by enhancing social capital - building social networks and strengthening interpersonal relations - social fund interventions can induce co-operation and promote participation in local development. The framework places strong emphasis on the normative orientations that govern interaction between individuals.

This research shows that the framework of social capital at the heart of the bottom-up model does not adequately address the factors that affect people's decisions to participate (or not to participate). High levels of social capital may not necessarily translate into civic participation. As Chapter Seven shows, community participation in Armenia is constrained not so much by the nature of interpersonal relations, but rather by the broader institutional and structural factors. Interpersonal relations in all of the communities in the sample were based on strong norms of trust and reciprocity. At the same time, the existing stocks of social capital did not translate into intensive forms of participation in local development. Community participation was mostly leader-driven, and it was restricted to the contribution of physical inputs. Ordinary residents did not organise into groups and associations, undertake independent collective action initiatives, and mostly relied on local leaders in getting things done.

The theories of social capital are not adequate for analysing conditions affecting *civic participation*, but mainly suggest a framework for analysing *co-operation*. Cognitive variables such as norms of trust and reciprocity governing interpersonal relationships

represent mechanisms through which co-operation is built and optimised to produce mutually beneficial outcomes. Relations based on shared norms of trust and solidarity are more likely to produce co-ordinated action and resolve collective action problems by reducing opportunistic behaviour. Shared norms, values, knowledge and understanding are necessary for collective action to succeed and sustain. They determine the ability of individuals to organise and govern themselves to obtain continuing joint benefits when all face temptations to free-ride, shirk, engage in rent-seeking, or otherwise act opportunistically (Ostrom 1992).

This research demonstrates that social capital is situational, and it can change its manifestation and forms depending on a particular contextual environment. In his research on Russia, Rose (1998) suggests that the choice of social networks and tactics upon which individuals rely depends on the incentives and constraints affecting how 'things can get done' in a given situation. This thesis demonstrates that the lack of formal groups and associational activity in rural Armenia does not indicate a weakness of social capital. People choose to join those networks that are most conducive to the production of goods and services and strategies that are most likely to succeed under particular social, economic and political circumstances. Thus, the existing relations based on trust and reciprocity in Armenia have been manifested in mutual support networks, communal initiatives and social participation. This finding questions the accuracy of currently popular measures and indicators of social capital based on associational activity and membership. As mentioned in Chapter Two, these measures still remain a mainstream tool for assessing the level of social capital and civil society in post-socialist countries.

The findings of this research indicate that development interventions designed to invest in social capital may not enhance local participation and institutional capacity. Many development projects in post-Soviet and developing countries have a social capital building objective. Social capital is often defined in these projects as an end in itself. It is important that development interventions address the specific factors that affect the willingness and ability of communities to participate in local development and organise to deliver local goods and services. This research shows that it is not the availability of social capital, but rather how it is used that can make a difference. The availability of norms (e.g., trust and reciprocity) and networks (formal and informal groups and

partnerships) by itself does not necessarily imply that they can facilitate collective action and serve developmentally beneficial outcomes. Norms and networks are important as far as they serve the objective of enhancing the ability of communities to organise for the delivery of essential goods and services. It is important that development projects define social capital in relation to the outcomes it produces. In particular, the outcome indicators of social capital can be defined in terms of the ability of communities to undertake development initiatives and projects, derive benefits from networks, raise funds, and operate and maintain local infrastructure.

The findings of this research demonstrate that social capital has not only situational and temporal, but also fluid nature. As shown in Chapter Seven, the existing strong networks of mutual support and solidarity played a crucial role in the ability of local communities to survive at difficult times. At the same time, even in the communities with strong social capital, illegal water drawing and conflicts persisted at the times of acute water scarcity. Co-operation and opportunistic behaviour, social solidarity and interpersonal conflicts co-existed and constituted an integral part of the social fabric in these communities. ASIF had an indirect positive impact on local social relations by making available the much needed water resources. The improvements in the irrigation infrastructure and the resulting availability of water created an enabling environment for the existing relations of trust to translate into co-operation in sharing water resources. The situational nature of social capital, however, implies that the strengthened stocks of social capital may not necessarily be sustainable over time. For example, once the irrigation facilities stop providing benefits or water supply becomes scarce, the existing relations of co-operation and solidarity may reverse to conflicts and opportunistic behaviour.

This implies that in order to harness social capital, a certain combination of developmental inputs and contextual factors is required. Material factors are important for enhancing social capital and social cohesion. This research shows that scarcity of economic resources can suppress relations of trust and provoke conflicts and disagreements even in communities with strong endowments of social capital. Economic difficulties produce social cleavages and contribute to social exclusion of certain households. Material hardship also affects relations between various

communities. In the situation when communities compete for scarce resources, building bridging social capital becomes difficult.

The governance environment has an important role for shaping trusting relations among community members. As this research shows, communities with developmental leaders were more cohesive than communities with predatory leaders. The case of P Sevak demonstrates that the ASIF investments proved to be especially effective for fostering co-operation under the effective WUA governance framework designed by the community residents themselves. These conclusions resonate with Krishna's (2001) findings from his research on social capital in India. Krishna (2001: 937) argues that social capital only represents "a potential", which needs to be harnessed in order to achieve "high development performance". In particular, he found that development outcomes were most effective in the villages where high stocks of social capital were combined with high leadership (or 'agency') capacity.

As discussed earlier, development agencies often see the key aspect to fostering social capital in strengthening interpersonal relations by bringing people together in development projects. Development projects and policies may not be able to enhance social capital in the absence of an enabling environment and contextual ingredients necessary for interpersonal relations to sustain beyond the frame of these projects and translate into mutually beneficial outcomes.

10.2.5 Social Inclusion

ASIF did not adequately address the issue of social inclusion. CDD policies and projects normally define a community as a potential or actual group of people who share commonality of interests and felt needs (Narayan 1997: 9). Community in this definition can be geographically defined; but it can also refer to other entities such as a 'school community', or farmers working together and organising to pursue common interests. As described in Chapter Seven, the Armenian community overlaps with the geographic boundaries of a village. The challenge is how the interests of various groups within the community can be reconciled and whose interests should prevail in choosing a micro-project.

As discussed in Chapter Eight, ASIF's demand-driven mechanism favours the interests of the majority of the community. This has implications for equitable representation of various 'interest' communities within the larger community (i.e., the village). The demand-driven mechanism may not address the needs and preferences of individuals who were in minority during the micro-project prioritisation and identification. It may not benefit some of the marginalised community members who are unable to articulate their needs and preferences and form coalitions of interest with other residents. ASIF did not have effective tools to identify, include and support socially marginalised and impoverished community members. ASIF's formal operating procedures and implementation methods did not stipulate identification and inclusion of previously excluded residents in the micro-project processes.

The mandatory community contribution requirement can exclude from development assistance poor communities that are unable to provide the contribution. As discussed in Chapter Three, the demand-driven mechanism of social funds can leave out the poorest communities, which have inadequate resources and technical and organisational skills. At the same time, the correlation between community contribution and the micro-project's quality and sustainability has not been established empirically (Owen and Van Domelen 1998: 25). This research did not establish any positive impact of community contribution with regard to micro-project quality and sustainability. The fact that residents did not provide the contribution themselves did not have any observable adverse effect on the extent of local ownership and O&M arrangements in those communities.

ASIF did not have an effective strategy for inclusion of women in the micro-project cycle. ASIF encouraged participation of women by setting gender quotas. The ASIF's requirement for women's participation in the general community meetings and representation in the IAs was to ensure that women were not excluded from participation and had a voice in the micro-project activities (Box 4.4 and Box 4.5).

Requiring consultations during community meetings and representation of women in committees does not automatically ensure gender inclusion (Cornwall 2000: 27). It is the social context that shapes and determines the roles that men and women choose to

perform. Formal inclusion of women may not imply meaningful participation if such participation is not encouraged by the existing social norms and local institutions.

Chapter Eight shows that participation of women in the irrigation micro-projects was only formal. Women did not perceive irrigation as a ‘female’ domain and did not attempt to intervene in the micro-project processes. As women are traditionally responsible for children’s education, they were found to be especially active and vocal in the school micro-projects supported by ASIF. It is important that the social roles of men and women are accurately understood within the context of a project. Kuehnast (2003: 10) suggests that “setting gender quotas without understanding the social norms and expectations is not productive” for encouraging the participation of women in social fund micro-projects.

10.2.6 ASIF’s Implementation Methods

This chapter demonstrated that the design of the ASIF project did not adequately support the goals of participation and capacity building. In particular, ASIF’s bottom-up development model did not adequately address the existing institutional context in Armenia. In addition, ASIF project was based upon a narrow conceptualisation of participation. This section examines the implementation methods that accounted for the limited participation and capacity building outcomes of the ASIF micro-projects.⁸⁷

The processes of community mobilisation and micro-project implementation by ASIF were not adequate to promote the goal of participation and capacity building on a community-wide level. ASIF employed limited implementation methodologies to support community participation throughout the micro-project cycle. ASIF’s outreach effort can be characterised as an ‘extension’ approach, as described in Chapter Two. The ASIF promotion officers mainly provided information and technical advice on ASIF’s goals and procedures, the micro-project cycle, and the roles and responsibilities of the community. They did not invest sufficient time and effort in community mobilisation, conscientisation and awareness building, and inclusion of marginalised members. ASIF relied on the existing local leaders in conducting its activities.

⁸⁷ This section draws on the fieldwork data, my interviews with the ASIF and World Bank staff.

Channelling funds through local leaders in most communities ensured smooth micro-project processes and successful outcomes. This, however, limited the involvement of ordinary community members in the micro-project processes. ASIF in its turn did not attempt to facilitate the greater inclusion and participation of community residents. The ASIF promotion officers made limited attempt to meet with diverse groups of local residents and make them aware of the ASIF activities. During micro-project preparation ASIF did not organise joint planning of micro-project activities. ASIF was not effective in ensuring that local leaders and the IA members shared information about micro-project progress and financial status with the local residents.

Project group meetings, discussions and workshops are viewed as important features of participatory project design. Oakley (1991: 218), for example, suggests that community meetings are not “merely arenas for debate” but also “vehicles for taking action”. He stresses that an important aspect of community meeting is to create a sense that “not only is change necessary but also that the people can make it possible” (Oakley 1991: 222). Participatory meetings in the ASIF micro-projects mostly served the purpose of communicating information about the micro-project to local residents and instructing them how to participate. Meetings did not have the purpose of developing the process of participation and did not serve as a basis for community action. In particular, community meetings were not used by ASIF as a forum for increasing community awareness of issues, sharing of experiences and developing common approaches to solving local problems. The fact that the general community meeting was summoned with a specific purpose, i.e., to discuss possible micro-project investments, determined the nature of the meeting. Thus, the general community meetings in the ASIF micro-projects were set with a specific task to produce a specific outcome (as opposed to ‘open-ended’ meetings). These meetings were structured and driven by local leaders and ASIF staff. As local leaders predetermined the choice of micro-projects, there was little room for locally-driven solutions. The hierarchical relationship between local leaders and local residents was preserved at the community meetings.

ASIF did not invest much effort in strengthening the IAs as a community-based group and improving their capacity to organise and manage micro-project activities. As the local mayors were dominant in the micro-project processes, the role of the IAs was mostly formal. ASIF in its turn did not challenge the existing power relations and did

not use the IAs as a space for community involvement in local decision-making. Oakley (1991: 185-186) distinguishes between two approaches to working with local groups in development projects: groups as 'social action' and groups as 'receiving mechanisms'. Whilst the first approach emphasises the process of building trust and confidence between group members, the second views groups as vehicles for project implementation. ASIF mostly regarded the IAs as structures for facilitating project execution.

Meanwhile, ASIF could strengthen the IAs in several ways. ASIF could conduct intensive outreach work with the IA members to make them fully aware of their rights and responsibilities and the mechanisms through which they could exert control over micro-project processes (for example, the IAs could withhold payments to contractors and refuse to certify satisfactory completion of works). ASIF could encourage the IA members to assign specific roles, responsibilities and reporting requirements for micro-project management to each IA member. ASIF could identify training needs of the IAs and community residents (non-IA) involved in the micro-project activities and prepare and carry out training programmes in response to these needs. ASIF provided the IAs with on-the-job support during the planning and preparation of proposals and micro-project implementation. At the same time, ASIF delivered little special training and capacity building assistance to the IAs and community residents (Box 10.1).⁸⁸

Box 10.1: Training and Capacity Building Assistance Delivered by ASIF

- Community meetings to explain ASIF's objectives and procedures.
- Support to IAs in proposal planning and preparation.
- Pre-bidding conferences to contractors and IAs.
- Workshops on sustainability (limited).

The inadequate implementation methods of ASIF were primarily conditioned by ASIF's narrow conceptualisation of participation and inadequate understanding of the local contextual environment, discussed earlier in this chapter. Oakley (1991: 237) notes that "[P]rojects which view participation in a more limited manner and restrict it largely to

⁸⁸ Staffed with only two people, the ASIF's Institutions Support Unit only became operational by the end of the first project year. It mainly organised pre-bidding conferences for potential contractors and IAs to explain the procurement process, roles and responsibilities. It was only in late 1998 when the Unit organised a series of participatory workshops to discuss maintenance and sustainability issues in several districts.

participation in project benefits or periodic consultations will, correspondingly, employ equally limited methodologies in its promotion”.

The lack of ASIF’s participatory orientation also reflected objective constraints. The constraints in time, money and human resources significantly affected the scope of ASIF’s participatory activities. The ASIF staff members were under pressure to deliver good quality micro-projects within a limited time frame. The ASIF promotion officers had to cover a great number of communities identified as poor in the target regions, and they could only spend one or two days in each community. Most of the energy and time of the ASIF appraisal and follow-up engineers involved in the micro-project cycle was consumed by everyday organisational and construction related tasks, which left little time for focusing on the issues of community participation. One can question the effectiveness of projects that aim to address technically and logistically complex construction and rehabilitation goals and combine them with even more complex social objectives. The ASIF’s case points out to a clear conflict between the need to produce immediate outcomes and the need to emphasise the process of participation. Oakley (1991: 206) argues that “projects which promote participation must be flexible and willing to experiment and must not allow the demands of immediate, quantifiable impact to undermine or overwhelm the process of participation”.

The independent status of ASIF restricted ASIF from contributing to capacity building of the state agencies. ASIF was considered a governmental agency. However, due to its autonomous status, special relations with donor agencies and its mode of operation, ASIF in reality operated outside the government. Meanwhile, it is suggested that the engagement of social funds with central government can help building the technical capacity and participatory orientation of relevant line ministries (OED 2002: 35-36).

10.2.7 Conclusions

This section presented the key factors that accounted for the specific participation and capacity building impacts of the ASIF micro-projects in the sample communities. Firstly, the section argued that the design of the ASIF project did not adequately address the local institutional, political and socio-economic context of Armenia. Thus, ASIF’s bottom-up development model, based on the cultural view of institutional change,

overlooked the importance of the broader structural and institutional constraints that shaped local institutions and affected people's decisions to participate. Secondly, the section argued that the concepts of participation, empowerment, social capital and social exclusion were not adequately understood and operationalised in the ASIF project. Thirdly, in addition to project design related factors, ASIF's implementation methodologies did not adequately support the objectives of participation and capacity building.

10.3 Promoting Participation and Capacity Building: Implications and Challenges

This section discusses some of the implications and challenges for policy and practice raised by this research. In particular, it first examines the implications of the participation and capacity building impacts of the ASIF micro-projects for the local development in Armenia. It then discusses some of the conceptual and practical implications and challenges of the research findings for development policies and practices.

10.3.1 Implications for Local Development: Developmental or Predatory Capture?

The specific impacts of the ASIF micro-projects have important implications for local development. Strengthening the role of local leaders can have a positive contribution for local economic and social development. Providing opportunities and resources to local leaders can bring about improvements in the welfare of local communities. Most leaders in the studied communities were 'developmental', as they had a strong sense of civic duty, and felt responsible to support their communities. As was shown section 7.4 of Chapter Seven, these leaders had a key role in attracting external resources, maintaining important infrastructure, and strengthening social capital and social cohesion in their communities. The strengthened position of developmental leaders is likely to contribute to improved economic and social outcomes in these communities. Based on their findings in Jamaica, Rao and Ibáñez (2003: 21) maintain that domination of local leaders during social funds micro-project cycle undermines participatory processes, but can have a positive developmental impact on communities. In particular, dominant leaders who have "communitarian motives" can benefit their communities by obtaining

funds for projects that meet the priority needs of the majority of community members. Rao and Ibáñez characterise this as “benevolent capture”.

As this research demonstrated, depending on the existing institutional and social relations in local communities, social fund investments can reinforce the entrenched economic and social inequalities in local communities. Channelling funds through local leaders may not always help improve economic and social outcomes, but it can open opportunities for ‘predatory’ capture. When local leaders are not accountable and committed to their communities, the lack of community-wide participation may create the potential for misappropriation of developmental benefits by the elite or various local factions. For example, local leaders can manipulate the identification and selection of investments to implement micro-projects that would benefit them than the community as a whole. Furthermore, the risk of damaging local social relations in these communities is rather high. As Chapter Nine showed, the lack of accountable and transparent micro-project management may induce tensions and conflicts in local communities.

The role of ‘communitarian’ leaders in local development may be ‘predatory’ in the long run. Strengthening local leaders without empowering ordinary community residents reinforces the existing power structures. In their essence, patron-client relationships are asymmetrical, and one party has more power than the other (Waterbury 1977: 329). Even if local leaders seek to contribute to the social and economic development of their communities, the existing balance of power makes the opportunities for empowerment of community residents limited and hence restricts the prospects for institutional change. As power relations remain unchanged, community members remain vulnerable to corruption and mismanagement. Earle (2005a) makes a distinction between strong leadership and individual domination. She maintains that strong leadership is necessary to mobilise the community for common goals, however, if community-based groups are to flourish, these leaders must not dominate participatory processes.

There are a number of other negative effects of relations based on patronage. Migdal (1988: 255) maintains that ‘weak states’ can often be ‘captured’ by local ‘strongmen’, who use the state resources to offer strategies of survival to the population. As these

leaders have local bargaining power, they can distort policies and regulations and misuse state resources. Such activity, according to Migdal, undermines the nature of a modern state, in which the rule of law and jurisdiction must be uniform across the country. The strongmen seek to maintain their own rules and their own criteria for the allocation of goods and services. These rules can often be exclusive and discriminatory, and not necessarily universal. Although they can have a positive role in ensuring livelihoods of rural people and hence “advance the state”, they also undermine the purpose of the state. Kabeer (2002: 23) argues that informal relations based on patronage represent an obstacle to claiming and exercising citizenship rights and reproduce social inequalities. Dependence on patronage networks in obtaining access to resources implies that individuals may choose not to exercise and claim their rights, fearing the consequences for their livelihoods. As a consequence, the public domain remains privatised and imbued with inequalities and hierarchies that exist in the private domain. There are arguments that although informal networks provide a source of livelihoods for the poor, the ‘cost of informality’ is very high, as it restricts poor people from many economic, social and political opportunities (De Soto 1989).

Relations of patronage that exist in many poor communities create a dilemma for development practitioners. Leadership abilities, personal attributes and position of authority of local leaders can be critical to a project's successful implementation. Channelling funds through local leaders can help ensure smooth project performance and improve economic and social outcomes. At the same time, it is also prone with risks of local capture. This poses the challenge of identifying institutional mechanisms for maximising the developmental outcome of investments whilst minimising the risk of local capture. Midgley (1986a) notes the existing tension between the objectives of successful project implementation and participatory development. Thus, in order to succeed, development projects need to integrate the existing leaders in decision-making processes and build local coalitions. On the other hand, “although inspirational leadership may mobilize people and resources effectively, the emergence of strong and enduring collective institutions is retarded” (Midgley 1986a: 32).

The failure to recognise the existing social structures in local communities can have significant repercussions for designing development programmes and policies. It can translate into tension between the existing social structures, which are more effective

and socially adjusted, and the newly designed forms, which may not represent contextually appropriate or feasible options of social organisation. There has been increasing donor attention towards utilising the existing social structures in promoting civil society in post-Soviet countries. In Tajikistan, Uzbekistan and Kyrgyzstan, some donors explicitly attempt to tap into existing social structures – through the use of *ashar* and *mahalla* committees, and local leaders – *aksakals* (Babajanian *et al* 2005). The Central Asian cases suggest that channelling resources through existing informal structures and institutions can enhance the effectiveness of policies and programmes and contribute to local development (Stevens 2005; Freizer 2005; Earle 2005a). For example, Earle (2005a) suggests that the use of local social structures (*ashar* and *aksakals*) had a positive impact on levels of community mobilisation and project delivery outcomes in Kyrgyzstan. At the same time, Earle argues that channelling resources through local leaders (*aksakals*) resulted in the exclusion of marginalised residents and women from development benefits. Earle argues that external interventions in Central Asia tend to solidify the positions of the more educated and/or powerful sectors of village society, without challenging local power relations.

10.3.2 Implications for Development Policy and Practice

This thesis argued that social participation is indeed a highly political process. The existing structural constraints determine the ability of individuals to participate in social and economic development. Effective social participation requires political capital, which implies the ability of the people to effectively convey their voice, demand accountability and participate in the formulation of important public policies. Community-driven policies and projects that de-link social and political aspects of participation may not be effective in addressing the existing structural constraints and the objective of empowerment. It is important that development projects and policies make explicit conceptual linkage between political and social forms of participation. Following Gaventa (2004), this thesis argues that participation must be conceptualised as an inclusive concept, which would integrate the political notion of democratic participation with the concept of community (or social) participation adopted in development theories and practice.

One way to conceptualise this inclusive concept of participation is through the term ‘civil society’. This thesis argued that the term civil society can be applicable not only to associational (political) but also communal (social) spheres of citizen participation. However, the usage of the term civil society can be problematic. As described in Chapter Two, the usage of this term in the post-Soviet context has been ambiguous and inconsistent, which has popularised the narrow understanding of the term as associational life and NGO sector. In addition, as mentioned in Chapter Two, the function of civil society in post-Soviet countries has been mainly seen in providing a counterbalance to the state.⁸⁹

Whilst the concept of civil society needs to be rehabilitated, the concept of ‘citizen participation’ suggested by Gaventa (2004) seems more suitable as an inclusive concept of participation that can be used across various disciplines and sectors. The term citizen participation helps bridge the conceptual gap between the notions of ‘community participation’ and ‘civil society’. Thus it helps bringing together the communal and anthropological connotations of the term community development and the political meaning of the term civil society. Citizen participation is a more dynamic term than civil society, as it helps to focus on processes through which individuals relate to each other, organise into groups and pursue their objectives. This term does not emphasise community as the main unit of participation and recognises the importance of individual rights.

In practical terms, politicising participation implies strengthening political capabilities of individuals. One way to invest in political capabilities of individuals is to strengthen channels for citizen participation. Linking participation to the political sphere implies rethinking the existing practices of participation in development (Gaventa and Valderrama 1999; Gaventa 2002). This implies a shift from direct forms of participation (for example, in development projects) to indirect forms of participation. Such indirect participation includes not only traditional forms of participation through elected representatives but also new approaches to governance, which combine direct forms of participation with representative forms (‘participatory governance’).

⁸⁹ The usage of the term ‘civil society’ in Armenian (*kaghakatsiakan hasarakutyun*) and Russian (*grazhdanskoye obshchestvo*) languages (translated literally as ‘citizens’ society’) has a much broader connotation than the English term in its international usage. It does not have the antagonistic ‘society vs. state’ notion often attached to civil society in the Western political analysis of the region.

Building political capabilities also includes strengthening civil society organisations that can enable individuals convey their voice. Civil society groups can achieve their goals through political manoeuvring, building coalitions and alliances, convincing important stakeholders and pushing their agenda through a process of negotiation and bargaining. Power structures are not static, and they can be reconfigured and renegotiated. The case in P Sevak shows that creating spaces for participation can induce local empowerment. Such empowerment in P Sevak was restricted within specific temporal and spatial boundaries. In particular, the empowered participation of community members within the WUA framework did not translate into broader community participation in the public arena. At the same time, this case shows that 'invited' spaces can translate into 'claimed' spaces. Thus, the hands-off management of the local mayor who preferred not to get heavily involved in the WUA management opened up a space for community participation. Later this space was 'claimed' by the residents, who used it for pursuing their objectives on their own terms. Thus, the process of empowerment should inevitably involve negotiation and bargaining with those who 'own' public spaces. One implication for development policies and projects is that empowerment is possible to achieve on a smaller scale, by carving niches for local action once opportunities emerge. These spaces may transcend their boundaries and may eventually translate into broad-scale movements and bring about greater agendas.

It is important to acknowledge that politicising development is prone to risks. White (1996: 15) warns that challenging the patterns of dominance and giving voice to the excluded, implies bringing about some conflict. Cleaver (2004: 275) points out to the danger of high costs of radical participation to the marginalised, "In the short term, the disadvantages to them of confronting unequal relations on which they depend, may simply outweigh the costs of acquiescence". Within the post-Soviet context, the radical political approach may jeopardise people's livelihoods, and contribute to fragmentation of local communities.

The findings of this research question the effectiveness of the 'project approach' for promoting institutional change. This approach sees development "as series of precise and sequential, usually sectoral, outside interventions called 'projects' (Stiefel and Wolfe 1994: 217). Korten (1980) suggests that the project approach to development is

constrained by its nature. Projects emphasise up-front, detailed planning, need to adhere to fast disbursement and implementation schedules and to predetermined project outcomes. He calls for a “flexible, sustained, experimental, action-based capacity-building style of assistance” (Korten 1980: 484). As Oakley and Marsden (1984: 18) note participation must be viewed as a “process” and not a “static end product of development”. Analysing the relationship between the project and a process of participation, Oakley (1991: 273) remains sceptical as to whether “a process which seeks to tackle basic psychological, cultural, and political aspects of people’s exclusions and build an authentic basis for their participation can really be encapsulated within the framework of a development project”. Strengthening capabilities of men and women requires time and cannot be solved through short-term external interventions. Hickey and Mohan (2004: 159) based on their review of a selection of participatory initiatives and programmes maintain that participatory approaches are more likely to achieve transformation when they “seek to engage with development as an underlying process of institutional change rather than in the form of discrete technocratic interventions”.

Civil society cannot be actively fostered in the absence of a conducive governance environment. Bottom-up civil society building initiatives, even if they are politicised, need to be combined with top-down efforts to democratise formal institutions of the state. Bottom-up capacity building represents an attempt to “establish ‘islands of democracy’ within an overall undemocratic environment,”⁹⁰ and it is questionable whether such approach is feasible and whether these ‘islands’ can survive on their own. Thus, it is important that the state institutions support and actively enforce the rule of law and democratic freedoms. The state itself must support citizen participation in the public arena and encourage an active public debate around the key public policy issues.

Bottom-up capacity building interventions alone may not be effective in fostering strong civic networks in the absence of capable state institutions that can actively support civil society. The ability of the state to engage with local communities can be crucial for building state-society synergies. Midgley (1986c: 151) argues that state-driven community participation may sound as a “contradiction in terms” because of the ideological origin of the term participation. Thus, bottom-up development emerged as a

⁹⁰ Interview with Emma Kajoyan, IFAD, 2 August 2002, Yerevan.

tool to avoid the bureaucratic inefficiency and top-down methods of service delivery. The involvement of the state in community development may be perceived as a return to the statist approach which can undermine people's autonomy and 'neutralize authentic participation'. The existing evidence, however, shows that direct engagement of central and regional government in local programmes can motivate local officials and community members and create opportunities for effective local partnerships (Evans 1997; Tandler 1997).

This thesis argued that the capability of the state to effectively deliver public goods and services can affect patterns of local social and institutional organisation. Thus, the inability of the Armenian state to effectively provide essential services and enforce the rule of law contributed to the emergence and strengthening of clientelistic networks and informal channels for allocation of scarce resources. The role of the state is especially important considering the growing structural inequalities and social exclusion in post-Soviet countries. It is important that the resources critical for meeting people's be distributed (and re-distributed) as a matter of right, and not based on discretionary and clientelistic terms, or inequitable allocation through market mechanisms.

Donor supported CDD policies and projects in post-Soviet countries are based on a postulate about economic self-sufficiency, self-reliance and individual responsibility derived from the neo-liberal ideology. It is assumed that the Soviet welfare state created a culture of dependency. Thus, participation becomes a means to reduce this dependency by mobilising local residents to relieve pressures for scarce government resources, and by creating a culture of individual responsibility. Such policies in reality 'dump' the responsibility to local communities, without accentuating the responsibilities of the state. Whilst it is important to develop local institutional capacity, this goal should not obstruct the need for building capable state institutions which would take an important role in the provision of welfare and social rights.

The limited role of the state in the low-income post-Soviet countries is conditioned by the lack of resources and administrative capacity. It is argued that neo-liberal policies in post-socialist countries were necessitated by the excessive state involvement in the socialist economies and severe budget constraints (Kovács 2002: 176). These policies attempt to bring the state 'back to normalcy' by adjusting the levels of welfare provision

to the actual economic capacity of the new democracies. It is argued that the 'Americanisation' of the welfare regimes has remained "a rhetorical exercise rather than a powerful economic strategy" in the EU accession countries of East Central Europe (Kovács 2002: 176). The anti-welfare state rhetoric and neo-liberal policies have not led to "uncompromising liberal models" (Wagener 2002: 159). The EU accession countries seem to be moving away from residual social policies and evolving towards one or other variants of a West European welfare state.

Strengthening the role of the state and a rights-based agenda in the low-income post-Soviet countries is a challenging task. Effective enforcement of social rights is the prerogative of a relatively affluent state. There are also political economy considerations. As long as public resources are scarce and government capacity weak, a rights-based agenda would put more strain on the government. Thus, policies that stimulate economic growth and expand the resource base of the state are crucial preconditions for a rights-based state. At the same time, it is important that the key role of the state in shaping human welfare be recognised ideologically, and that the design of anti-poverty policies seek to enhance and not undermine the role and effectiveness of state institutions. In Armenia, public debate about the role of the state is absent, and reduction of the role of the state is not accompanied with a strategic vision and conceptions about the future of the Armenian state. Without such vision, abandoning neo-liberalism, as it would be happening in East Central Europe, may be a much more challenging task.

There is growing recognition of the importance of good governance and state-driven development among development agencies. The 'participatory governance' approach is gaining increasing popularity among development agencies. This approach includes various activities, such as participatory budgeting and participatory planning exercises, citizen monitoring committees, various forms of citizen-state partnerships for implementation and management of public services (Schneider 1999; World Bank 2002b; Gaventa 2004). Gaventa (2004) suggests that participatory governance programmes open new possibilities for citizen empowerment and improving governance. The World Bank is currently actively promoting anti-corruption

programmes in many countries, including the transition countries of Eastern Europe and Central Asia.⁹¹

The World Bank's CDD framework was revamped to address issues of governance through building partnerships and promoting an enabling environment (Dongier *et al* 2003: 22-23). It encourages collaboration and partnerships between the state, local governments, service providers, NGOs and local community groups. The most recent Local Development Strategy proposed by the World Bank (2004) makes a case for an integrated approach to local development, which would promote greater links between communities, local governments and sectoral agencies. The strategy also acknowledges the need for increasing the role of central governments and improving national governance to support local development.

The new generation of social funds attempts to place social fund operations in a more holistic institutional framework. In particular, social funds have been increasingly seen as instruments for supporting decentralisation policies and local governance (Parker and Serrano 2000). In several countries (Chile, Honduras, Bolivia, and Zambia) social funds provide support to local governments in order to build their capacity to effectively identify and manage local level investments and to facilitate their interaction and partnerships with the local communities. Better sectoral integration is also posited as a means to increase the state-society interaction in social funds. In many countries, social funds are integrated with national anti-poverty strategies in Poverty Reduction Strategy Papers (PRSPs) across various sectors (Schmidt 2002).

The CDD approach to governance represents the 'state-society' partnership view described in Chapter Two. It is assumed that through improvements and reforms in the legal and regulatory framework, sectoral policies and institutional arrangements, it is possible to improve governance environment to support community participation. One can doubt whether a 'policy reform approach' and 'project approach' can bring about institutional change. The link of CDD with the issues of political and social rights,

⁹¹ See, for example, the World Bank's Anti-Corruption Strategy in transition countries (World Bank 2000f). The effectiveness of the World Bank anti-corruption programmes has been questioned (Klein Haarhuis and Leeuw 2004; Michael 2004). Thus Klein Haarhuis and Leeuw (2004) assert that although the anti-corruption activities are based on theoretically valid presumptions, they do not address specific contextual factors that influence policy choices and corruption levels.

representation, transparency and accountability is weak. It is not clear why the central or regional governments should be more accountable to local communities once they enter into partnerships with communities. The experience of the ASIF and ASIFII projects demonstrates that state-society partnerships can be formed on unequal terms, and that collaboration does not necessarily imply better accountability or responsiveness. This conceptualisation of participation within the governance framework still ignores the importance of power structures in affecting participation outcomes. This view does not explicitly incorporate the need for building political capabilities of communities, and remains in its essence apolitical and de-politicised. To date, there is little evidence to conclude whether CDD policies and programmes can improve public institutions, empower poor people and reduce social exclusion.

There is an inherent difficulty in identifying and designing effective mechanisms for establishing a democratic institutional environment and improving governance patterns. Turning weak and indifferent institutions into capable and responsive bodies in post-Soviet countries requires profound changes in historically established institutional norms and practices. Thus it requires changes not only in formal laws and public sector rules, but also in informal social norms and values within formal institutions. Formal laws will not ensure the rule of law without strong 'ethical' norms that restrict self-interested behaviour within the governmental institutions (North 1990). Changes in governance require a concerted action, which would go beyond the scope of individual projects, sectoral interventions or reforms. Most importantly, they require a genuine willingness and commitment of national elites to promote democratic development and establish progressive institutions. Rose-Ackerman (1999: 199) asserts that "reform will not occur unless powerful groups and individuals inside and outside government support it". In my opinion, institutional change in Armenia can be possible thanks to 'enlightened leaders', who would genuinely believe in the principles of justice and equity, and who would be able to mobilise people's support for political and economic reforms.

10.4 Conclusions

This thesis examined the effectiveness and relevance of the social fund community-driven development model in promoting community participation and enhancing local

institutional capacity within the social, political and institutional context of post-Soviet rural Armenia. More generally, it set out to contribute to the understanding of the community-driven development paradigm currently promoted by development agencies as an effective poverty reduction, empowerment and capacity building tool. This research was also driven by the need to fully understand and map out the existing institutional and social relations in post-Soviet rural Armenia.

In addressing these objectives, the research used the case study of the Armenia Social Investment Fund (ASIF) project. The research found that ASIF was not successful in promoting community participation and institutional capacity at a community-wide level. It benefited the rural elite, and hence contributed to the perpetuation of the exiting power structures and inequalities in the local communities. The research demonstrated that the forms and nature of participation and local institutional capacity in Armenia are determined by the broader institutional, social and political context within which communities live and function. In particular, participation and local capacity are constrained by the governance environment at the macro and micro levels and high levels of material and social deprivation in local communities.

The thesis concludes that ASIF was conceived in apolitical terms, and ignored the important structural and institutional factors that constrained community participation in post-Soviet Armenia. The research findings question the effectiveness and relevance of the social fund bottom-up development model. The bottom-up model is based on the cultural view of institutional change, presuming that participation and local capacity could be promoted through changing interpersonal relations, normative orientation of individuals and improving people's skills and abilities. The research concludes that community-driven interventions may not be effective in fostering sustainable civic institutions without addressing structural factors that determine the ability of individuals to realise their potential and become active agents. Promoting civic participation requires enhancing political capabilities of citizens to claim and exercise their rights, and strengthening state institutions to engage with citizens, ensure social rights and promote democratic development.

Bibliography

- ADF (2001) The Report of Sociological Survey on Public Sector Reforms, Yerevan: Armenian Democratic Forum.
- Alaverdyan, Larisa (2000) The Problem of Refugees and Poverty Reduction Strategy in Armenia: Case Study, Yerevan, Available from www.worldbank.org/wbi/devdebates/ECA/alaverdyan.pdf [Accessed in January 2004].
- Alinsky, Saul (1971) Rules for Radicals, New York: Random House.
- Andrews, Emily and Dena Ringold (1999) Safety Net Reform Strategy in Transition Countries, Draft, Washington DC: World Bank.
- Arthur, Sue and James Nazroo (2003) "Designing Fieldwork Strategies and Materials" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 110-137.
- ASIF (1997) ASIF Project Impact Assessment, Yerevan: Development Programs.
- ASIF (1998) Operational Manual, Yerevan: Armenia Social Investment Fund.
- ASIF (2000) ASIF Project Impact Assessment, Yerevan: Development Programs.
- Atkinson, Anthony and John Micklewright (1992) Economic Transformation in Eastern Europe and the Distribution of Income, Cambridge: Cambridge University Press.
- Babajanian, Babken (1999) ASIFII Project Cost Effectiveness Analysis, Report prepared for the World Bank, Washington, DC.
- Babajanian, Babken (2002) ASIFII Project Beneficiary Assessment, Report prepared for the World Bank, Washington, DC.
- Babajanian, Babken (2003) ASIFII Project Social Capital Impact Assessment, Report prepared for the World Bank, Washington, DC.
- Babajanian, Babken (2004) Armenia Poverty Synthesis Study, prepared for DFID, Central Asia and South Caucasus desk, London.
- Babajanian, Babken, Sabine Freizer and Daniel Stevens (2005) "Introduction: Civil Society in Central Asia and the Caucasus" in B. Babajanian, S. Freizer and D. Stevens (eds.) Central Asian Survey, Special Edition on Civil Society in Central Asia and the Caucasus, Vol. 24, No 3.

- Badescu, Gabriel (2003) "Social Trust and Democratization in the Post-Communist Societies" in G. Badescu and E. M. Uslaner (eds.) Social Capital and the Transition to Democracy, London and New York: Routledge: 120-140.
- Bardhan, Pranab (1996) "Decentralised Development", Indian Economic Review, Vol. 31 (2): 139-156.
- Barsegian, Igor (2000) "When Text Becomes Field" in H. G. De Soto and N. Dudwick (eds.) Fieldwork Dilemmas. Anthropologists in Postsocialist Societies, Madison: The University of Wisconsin Press: 119-130.
- Bayart, Francois (1993) The State in Africa: The Politics of the Belly, New York: Longman.
- Bigio, Anthony (1998) (ed.) Social Funds and Reaching the Poor: Experiences and Future Directions. Proceedings from an international workshop organised by the World Bank, Washington, DC: World Bank.
- Binswanger, Hans P. and Swaminathan S. Aiyar (2003) Scaling Up Community-Driven Development. Theoretical Underpinnings and Program Design Implications, Policy Research Working Paper 3039, Washington, DC: World Bank.
- Blau, Peter M. (1964) Exchange and Power in Social Life, New York: J. Wiley.
- Bourdieu, Pierre (1983) "Forms of Capital" in J. G. Richardson (ed.) Handbook of Theory and Research for the Sociology of Education, New York: Greenwood Press: 241-58.
- Bourdieu, Pierre (1989) "Social Space and Symbolic Power," Sociological Theory, 7(1): 14-25.
- Bruszt, Laszlo and David Stark (1998) Post-Socialist Pathways: Transforming Politics and Property in East Central Europe, Cambridge and New York: Cambridge University Press.
- Burgess, Robert G. (1991) In the Field: An Introduction to Field Research, London and New York: Routledge.
- Burt, Ronald S. (1992) Structural Holes: The Social Structure of Competition, Cambridge, MA: Harvard University Press.
- Carley, Patricia (1995) "The Legacy of the Soviet Political System and the Prospects for Developing Civil Society in Central Asia" in V. Tismaneanu (ed.) Political Culture and Civil Society in Russia and the New States of Eurasia, New York and London: M.E Sharpe.

- Carvalho, Soniya, Gillian Perkins and Howard White (2002) Social Funds, Sustainability and Institutional Development Impacts: Findings from an OED Review, OED, Washington, DC: World Bank.
- CEDAW (2002) Gender Assessment Tool Report for Armenia, Central European and Eurasian Law Institute.
- Chambers, Robert (1983) Rural Development: Putting the Last First, London: Longman.
- Chambers, Robert (1995) "Paradigm Shifts and the Practice of Participatory Research and Development" in N. Nelson and S. Wright (eds.) Power and Participatory Development, London: Intermediate Technology Publications: 30-43.
- Chambers, Robert (1997) Whose Reality Counts? Putting the First Last, London: Intermediate Technology Publications.
- Chase, Robert (2002) "Supporting Communities in Transition: The Impact of the Armenia Social Investment Fund", WBER 16, Washington, DC: World Bank: 219-240.
- Cleaver, Frances (2001) "Institutions, Agency and Limitations of Participatory Approaches to Development" in B. Cooke and U. Kothari (eds.) Participation: The New Tyranny? London and New York: Zed Books: 36-55.
- Cleaver, Frances (2004) "The Social Embeddedness of Agency and Decision-Making" in S. Hickey and G. Mohan (eds.) Participation: From Tyranny to Transformation? Exploring New Approaches to Participation in Development, London and New York: Zed Books: 271-277.
- Cohen, Jean L. and Andrew Arato (1992) Civil Society and Political Theory, Cambridge: Massachusetts Institute of Technology Press.
- Cohen, John M. and Norman Uphoff (1980) "Participation's Place in Rural Development: Seeking Clarity through Specificity," World Development, 8 (3): 213-35.
- Coleman, James (1988) "Social Capital in the Creation of Human Capital" in P. Dasgupta and I. Serageldin (eds.) Social Capital. A Multifaceted Perspective, Washington, DC: World Bank: 13-37.
- Coleman, James (1990) Foundations of Social Theory, Cambridge, MA: Harvard University Press.
- Comaroff, John L. and Jean Comaroff (1999) (eds.) Civil Society and the Political Imagination in Africa: Critical Perspectives, Chicago: The University of Chicago Press.

- Conning, Jonathan and Michael Kevane (1999) Community Based Targeting Mechanisms for Social Safety Nets, prepared for the World Bank, Draft 13 September 1999.
- Cook, Linda (1993) The Soviet Social Contract and Why it Failed, Cambridge, MA and London: Harvard University Press.
- Cook, Linda (2002) "Institutional and Political Legacies of the Socialist Welfare State" in D. Lane (ed.) The Legacy of State Socialism and Future of Transformation, Lanham, MD and Oxford: Rowman and Littlefield: 107-125.
- Cornwall, Andrea (2000) Making A Difference? Gender and Participatory Development, IDS Discussion Paper No 378, Brighton: Institute of Development Studies.
- Cornwall, Andrea (2002) Making Spaces, Changing Places: Situating Participation in Development, IDS Working Paper No 170, Brighton: Institute of Development Studies.
- Cornwall, Andrea (2004) "Introduction: New Democratic Spaces? The Politics and Dynamics of Institutionalised Participation" in New Democratic Spaces? IDS Bulletin No 352, Brighton: Institute of Development Studies.
- Dahl, Robert A. and Edward R. Tufte (1974) Size and Democracy, Stanford: Stanford University Press.
- Das Gupta, Monica, Helene Grandvoinnet and Mattia Romani (2003) Fostering Community-Driven Development: What Role for the State? Policy Research Working Paper No 2969, Washington, DC: World Bank.
- De Silva, Samantha (2000) Community-Based Contracting: A Review of Stakeholder Experience, Washington, DC: World Bank.
- De Soto, Hernando (1989) The Other Path: The Economic Answer to Terrorism, New York: Basic Books.
- Dethier, Jean-Jacques (2003) Corruption in the CIS-7 Countries, Paper prepared for the conference of the CIS-7 Initiative, Lucerne, 2-22 January 2003.
- DFID (2000) Realising Human Rights for Poor People, London: Department for International Development.
- Deacon, Bob (1983) Social Policy and Socialism: The Struggle for Socialist Relations of Welfare, London and Sydney: Pluto Press.
- Dixon, John and Hyung Shik Kim (1992) "Social Welfare under Socialism" in J. Dixon and D. Macarov (eds.) Social Welfare in Socialist Countries, London and New York: Routledge: 1-9.

- Dongier, Philippe, with Julie Van Domelen, Elinor Ostrom, Andrea Ryan, Wendy Wakeman, Anthony Bebbington, Sabina Alkire, Talib Esmail, and Margaret Polski (2003) "Community Driven Development", Chapter 9, The PRSP Sourcebook, Washington, DC: World Bank.
- Dudwick, Nora (2000) "Postsocialism and the Fieldwork of War" in H. G. De Soto and N. Dudwick (eds.) Fieldwork Dilemmas. Anthropologists in Postsocialist Societies, Madison: The University of Wisconsin Press: 13-31.
- Earle, Lucy (2004) Community Development in Central Asia, Occasional Research Paper No 40, Oxford: INTRAC.
- Earle, Lucy (2005a) "Community Development, 'Tradition' and the Civil Society Strengthening Agenda in Central Asia" in B. Babajanian, S. Freizer and D. Stevens (eds.) Central Asian Survey, Special Edition on Civil Society in Central Asia and the Caucasus, Vol. 24, No 3, forthcoming.
- Earle, Lucy (2005b) Civil Society in Central Asia, Oxford: INTRAC.
- ECRI (2003) Report on Armenia, CRI (2003) 36, European Commission Against Racism and Intolerance, Council of Europe, Available from <www.hra.am> [Accessed in January 2004].
- Esman, Milton J. and Norman Uphoff (1984) Local Organizations: Intermediaries in Rural Development, Ithaca, NY: Cornell University Press.
- Evans, Peter (1989) "Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State", Sociological Forum, Vol. 4, No. 4: 561-587.
- Evans, Peter (1997) "Government Action, Social Capital, and Development: Reviewing the Evidence of Synergy" in P. Evans (ed.) State-Society Synergy: Government and Social Capital in Development, Berkeley: University of California at Berkeley: 178-211.
- Eyben, Rosalind (2004) "Linking Power and Poverty Reduction" in R. Alsop (ed.) Power, Rights, and Poverty: Concepts and Connections, Washington, DC: World Bank: 15-28.
- Falk, Ian and Sue Kilpatrick (1999) What is Social Capital? A Study of Interaction in a Rural Community, CRLRA Discussion Paper Series, No D5/1999, University of Tasmania.
- Falkingham, Jane (2003) Inequality and Poverty in the CIS7, Paper prepared for the Lucerne conference of the CIS-7 Initiative, January 20-22, 2003.

- Ferge, Zsuzsa (2001) "Welfare and 'Ill-Fare' Systems in Central-Eastern Europe" in R. Sykes, B. Palier and P. Prior (eds.) Globalisation and European Welfare State, New York: Palgrave.
- Finch, Helen and Jane Lewis (2003) "Focus Groups" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 171-198.
- Fine, Ben (2001) "The Social Capital of the World Bank" in B. Fine, C. Lapavistas and J. Pincus (eds.) Development Policy in 21st Century: Beyond the Post-Washington Consensus, London: Routledge: 136-153.
- Flick, Uwe (1998) An Introduction to Qualitative Research, London, Thousand Oaks and New Delhi: Sage.
- Foucault, Michel (1980) Power/Knowledge: Selected Interviews and Other Writings, 1972-1977, ed. by Colin Gordon, Brighton: Harvester Press.
- Fox, Jonathan (2004) "Empowerment and Institutional Change: Mapping "Virtuous Circles" of State-Society Interaction" in R. Alsop (ed.) Power, Rights, and Poverty: Concepts and Connections, Washington, DC: World Bank: 68-92.
- Francis, Paul (2001) "Participatory Development at the World Bank: the Primacy of Process" in B. Cooke and U. Kothari (eds.) Participation: The New Tyranny? London and New York: Zed Books: 72-84.
- Freedom House (2003) Nations in Transit: Armenia, New York: Freedom House.
- Freire, Paulo (1970) Cultural Action for Freedom, London: Penguin.
- Freire, Paulo (1972) Pedagogy of the Oppressed, London: Sheed and Ward.
- Freire, Paulo (1974) Education: The Practice of Freedom, London: Writers and Readers Publishing Co-operative.
- Freizer, Sabine (2004) "Central Asian Fragmented Civil Society: Communal and Neoliberal Forms in Tajikistan and Uzbekistan" in M. Glasius, D. Lewis and H. Seckinelgin (eds.) Exploring Civil Society: Political and Cultural Contexts, London and New York: Routledge: 130-141.
- Freizer, Sabine (2005) "Neo-Liberal and Communal Civil Society in Tajikistan: Merging or Dividing in the Post War Period?" in B. Babajanian, S. Freizer and D. Stevens (eds.) Central Asian Survey, Special Edition on Civil Society in Central Asia and the Caucasus, Vol. 24, No 3, forthcoming.
- Friedmann, John (1992) Empowerment: The Politics of Alternative Development, Cambridge, MA and Oxford, UK: Blackwell.

- Fukuyama, Francis (1995) Trust: The Social Virtues and the Creation of Prosperity, New York: Free Press.
- Fumo, Claudia, Arjan De Haan, Jeremy Holland and Nazneen Kanji (2000) Social Funds: An Effective Instrument to Support Local Action for Poverty Reduction? Social Development Department, Working Paper No 5, London: Department for International Development.
- Gambetta, Diego (1988) "Can We Trust Trust?" in D. Gambetta (ed.) Trust: Making and Breaking Cooperative Relations, New York: Basil Blackwell: 213-237.
- Gaventa, John (2002) Towards Participatory Local Governance: Six Propositions for Discussion, Available from <www.ids.ac.uk/logolink/resources> [Accessed on 13 June 2005].
- Gaventa, John (2004) "Towards Participatory Governance: Assessing the Transformative Possibilities" in S. Hickey and G. Mohan (eds.) Participation: From Tyranny to Transformation? Exploring New Approaches to Participation in Development, London and New York: Zed Books: 25-42.
- Gaventa, John and Camilo Valderrama (1999) Participation, Citizenship and Local Governance, Background paper prepared for workshop on Strengthening Participation in Local Governance, Institute for Development Studies, June 1999, Available from <www.ids.ac.uk/particip> [Accessed in May 2005].
- Gellner, Ernest (1994) Conditions of Liberty: Civil Society and its Rivals, London: Hamish and Hamilton.
- Gellner, Ernest and John Waterbury (1977) (eds.) Patrons and Clients in Mediterranean Societies, London: Duckworth.
- Giddens, Anthony (1984) The Constitution of Society: Outline of the Theory of Structuration, Cambridge: Polity Press.
- Gittel, Ross and Avis Vidal (1998) Community Organizing: Building Social Capital as a Development Strategy, Newbury Park, CA: Sage Publications.
- Gomart, Elizabeth (1996) Social Assessment Report on the Education and Health Sectors in Armenia, Washington, DC: World Bank.
- Gomart, Elizabeth (1998) Social Assessment Report of the Poorest of the Poor in Armenia, Washington, DC: World Bank.
- Gore, Charles and Jose B. Figueiredo (eds.) (1997) Social Exclusion and Anti-Poverty Policy: A Debate, Research Series No 110, Geneva: International Institute for Labour Studies.

- Grabher, Gernot and David Stark (1997) Restructuring Networks in Post-Socialism: Legacies, Linkages, and Localities, Oxford: Oxford University Press.
- Granovetter, Mark S. (1973) "The Strength of Weak Ties", The American Journal of Sociology, Vol. 78, No 6: 1360-1380.
- Grootaert, Christiaan and Thierry Van Bastelaer (2002) Understanding and Measuring Social Capital, Washington, DC: World Bank.
- Grootaert, Christiaan, Deepa Narayan, Veronica Nyhan Jones and Michael Woolcock (2004) Measuring Social Capital: An Integrated Questionnaire, World Bank Working Paper No 18, Washington, DC: World Bank.
- Grossman, Gregory (1977) "The Second Economy of the USSR", Problems of Communism, September-October: 25-40.
- Guijt, Irene and Meera Kaul Shah (1998) (eds.) The Myth of Community: Gender Issues in Participatory Development, London: Intermediate Technology Publications.
- Hakim, Catherine (1987) Research Design: Strategies and Choices in the Design of Social Research, London: Allen & Unwin.
- Hall, Anthony and James Midgley (2004) Social Policy for Development, London, Thousand Oaks and New Delhi: Sage Publications.
- Hammersley, Martyn and Paul Atkinson (1995) Ethnography: Principles in Practice, London: Routledge.
- Handelman, Stephen (1998) "Stealing the Dream: 'Bandit capitalism' in the Post-Communist States", Nations in Transit 1998, New York: Freedom House.
- Handelman, Stephen (2001) "Thieves in Power: The New Challenge of Corruption", Nations in Transit 2001, New York: Freedom House.
- Hann, Chris (1996) "Introduction: Political Society and Anthropology" in Ch. Hann and E. Dunn (eds.) Civil Society: Challenging Western Models, London and New York: Routledge: 1-26.
- Hansen, Greg (2002) The Programming Environment and Donor Coordination on Anti-Corruption Assistance in Armenia, A case study prepared for the Donor Standards in Anti-Corruption Project (DSACP), Cambridge, MA: The Collaborative for Development Action (CDA) Inc.
- Hardiman, Margaret (1986) "People's Involvement in Health and Medical Care" in J. Midgley (ed.) Community Participation, Social Development and the State, London: Methuen: 45-87.

- Hardin, Russell (1982) Collective Action, Baltimore: The Johns Hopkins University Press.
- Hardin, Russell (1995) One for All: The Logic of Group Conflict, Princeton: Princeton University Press.
- Hardin, Russell (1998) "Trust in Government" in V. Braithwaite and M. Levi (eds.) Trust and Governance, New York: Russell Sage Foundation: 9-28.
- Harriss, John (2002) Depoliticizing Development. The World Bank and Social Capital, Wimbledon: Anthem Press.
- Havel, Vaclav (1985) "The Power of Powerless" in J. Keane (ed.) The Power of the Powerless: Citizens against the State in Central-Eastern Europe, London: Hutchinson.
- Hayoz, Nicolas and Victor Sergeyev (2003) "Social Networks in Russian Politics" in G. Badescu and E. M. Uslaner (eds.) Social Capital and the Transition to Democracy, London and New York: Routledge: 46-61.
- Hedlund, Stefan and Niclas Sundstrom (1996) "Does Palermo Represent the Future of Moscow?" Journal of Public Policy, Vol. 16, No 2: 113-156.
- Hickey, Sam and Giles Mohan (2004) "Relocating Participation within a Radical Politics of Development: Insights from Political Action and Practice" in S. Hickey and G. Mohan (eds.) Participation: From Tyranny to Transformation? Exploring New Approaches to Participation in Development, London and New York: Zed Books: 159-175.
- Holland, Jeremy and Simon Brook (2004) "Measuring Empowerment: Country Indicators" in R. Alsop (ed.) Power, Rights, and Poverty: Concepts and Connections, Washington, DC: World Bank: 94-110.
- Howard, Marc M. (2003) The Weakness of Civil Society in Post-Communist Europe, Cambridge: Cambridge University Press.
- Howell, Jude and Jenny Pearce (2001) Civil Society and Development: A Critical Exploration, Boulder, Colorado: Lynne Reinner Publishers.
- Hulme, David, Moore, Karen and Andrew Shepherd (2001) Chronic Poverty: Meanings and Analytical Frameworks, Chronic Poverty Research Centre Working Paper No 2, Manchester: Institute of Development Policy and Management.
- Huttenbach, Henry R. (1995) "Post-Soviet Crisis and Disorder in Transcaucasia: The Search for Regional Security and Stability" in V. Tismaneanu (ed.) Political

- Culture and Civil Society in Russia and the New States of Eurasia, New York and London: M.E Sharpe: 337-369.
- IADB (1997) Social Investment Funds in Latin America: Past Performance and Future Role, Evaluation Office, Social Programs and Sustainable Development Department, Washington, DC: Inter-American Development Bank.
- IADB (1998) The Use of Social Investment Funds as an Instrument for Combating Poverty, Strategy Paper, Washington, DC: Inter-American Development Bank.
- ICG (2004) Armenia: Internal Instability Ahead, Europe Report No 158, Yerevan/Brussels: International Crisis Group.
- Inglehart, Ronald (1997) Modernization and Postmodernization: Cultural, Economic and Political Change in 41 Societies, Princeton: Princeton University Press.
- Isham, Jonathan, Deepa Narayan and Lant Pritchett (1994) Does Participation Improve Performance? Empirical Evidence from Project Data, Policy Research Working Paper No.1357, Washington DC: World Bank.
- Jack, William (2000) Social Investment Funds: An Organisational Approach to Improved Development Assistance, Washington, DC: World Bank
- Jones, Emma and John Gaventa (2002) Concepts of Citizenship: A Review, IDS Development Bibliography 19, Brighton: Institute of Development Studies.
- Jørgensen, Steen L. and Julie Van Domelen (1999), Helping the Poor Manage Risk Better: The Role of Social Funds, Social Protection Discussion Paper No 9934, Washington, DC: World Bank.
- Kabeer, Naila (1994) Reversed Realities: Gender Hierarchies in Development Thought, London and New York: Verso.
- Kabeer, Naila (2002) Citizenship and the Boundaries of the Acknowledged Community: Identity, Affiliation and Exclusion, IDS Working Paper No 171, Brighton: Institute of Development Studies.
- Kähkönen, Satu (1999) Does Social Capital Matter In Water and Sanitation Delivery? A Review of Literature, Social Capital Initiative Working Paper No 9, Washington, DC: World Bank.
- Kaldor, Mary (2003) Global Civil Society: An Answer to War, Cambridge: Polity.
- Kamali, Masoud (1998) Revolutionary Iran Civil Society and the State in the Modernisation Process, Aldershot: Ashgate.
- Kammersgaard, Jesper (1999) Causalities Between Social Capital and Social Funds, Background Paper, Washington, DC: World Bank.

- Kandiyoti, Deniz (1988) "Bargaining with Patriarchy", Gender and Society, Vol. 2, No 3: 274-290.
- Kandiyoti, Deniz (1998a) "Rural Livelihoods and Social Networks in Uzbekistan: Perspectives from Andijan", Central Asian Survey, 17 (4): 561-78.
- Kandiyoti, Deniz (1998b) "Gender, Power and Contestation: 'Rethinking Bargaining with Patriarchy'" in C. Jackson and R. Pearson (eds.) Feminist Visions of Development, Gender Analysis and Policy, London and New York: Routledge: 135-151.
- Kandiyoti, Deniz (2002) "How Far Do Analyses of Postsocialism Travel? The Case of Central Asia" in C. M. Hann (ed.) Postsocialism. Ideals, Ideologies and Practices in Eurasia, London and New York: Routledge: 238-257.
- Katsenelinboigen, Aron (1977) "Coloured Markets in the Soviet Union", Soviet Studies, Vol. 29, No 1: 62-85.
- Katz, Travis (1997) Lessons from Large Scale Rural Water and Sanitation Projects: Transition and Innovation, Paper presented at the Technical Consultation on Participation, Rome: FAO, 16-18 December 1997.
- Keane, John (1998) Civil Society: Old Images, New Visions, Cambridge: Polity Press.
- Khadiagala, Lynn S. (1995) Social Funds: Strengths, Weaknesses, and Conditions for Success, PSP Discussion Paper, Washington, DC: World Bank.
- Kharatyan, Hranush (2001) "The Face of Poverty in Armenia" in H. Kharatyan (ed.) Stories on Poverty, Yerevan: Lusakn: 332-350 (in Armenian).
- Kharatyan, Hranush (2003) Sustaining Rural Livelihoods: Farming and Non-farm Activities in Armenia, Research paper prepared for the University of Greenwich.
- Kharatyan, Hranush (ed.) (2001) Stories on Poverty, Yerevan: Lusakn (in Armenian).
- Kilbourne Matossian, Mary (1962) The Impact of Soviet Policies in Armenia, Leiden: E.J.Brill.
- Klein Haarhuis, Carolien and Frans L. Leeuw (2004) "Fighting Governmental Corruption: The New World Bank Programme Evaluated", Journal of Development Studies, No 16: 547-561.
- Konrad, George (1984) Anti-Politics: An Essay, New York and London: Harcourt Brace Jovanovich.
- Kornai, Janos (1992) The Socialist System: The Political Economy of Communism, Oxford: Clarendon Press.

- Korten, David (1980) "Community Organisations and Rural Development", Public Administration Review, 40 (5) (Sept-Oct.).
- Kovács, János M. (2002) "Approaching the EU and Reaching the US? Rival Narratives on Transforming Welfare Regimes in East-Central Europe", West European Politics, Vol. 25, No 2: 175-204.
- Krishna, Anirudh (2000) "Creating and Harnessing Social Capital" in P. Dasgupta. and I. Serageldin (eds.) Social Capital. A Multifaceted Perspective, Washington, DC: World Bank: 71-94.
- Krishna, Anirudh (2001) "Moving from the Stock of Social Capital to the Flow of Benefits: The Role of Agency", World Development, Vol. 29, No. 6: 925-943.
- Krishna, Anirudh, Norman Uphoff and Milton Esman (1998) Reasons for Success: Learning from Instructive Experiences in Rural Development, West Hartford, CT: Kumarian Press.
- Kuehnast, Kathleen (2003) Gender and Social Funds: Challenges and Opportunities, Social Protection Discussion Paper No 0309, Washington, DC: World Bank.
- Lam, Wai Fung (1996) "Institutional Design of Public Agencies and Co-production: A Study of Irrigation Associations in Taiwan" in P. Evans (ed.) State-Society Synergy: Government and Social Capital in Development, Berkeley: University of California at Berkeley: 11-48.
- Lam, Wai Fung (1998) Governing Irrigation Systems in Nepal: Institutions, Infrastructure, and Collective Action, Oakland, CA: ICS Press.
- Ledeneva, Alena (1998) Russia's Economy of Favours, Cambridge: Cambridge University Press.
- Ledeneva, Alena (2001) "Networks in Russia: Global and Local Implications" in K. Segbers (ed.) Explaining Post-Soviet Patchworks: Transition from the Past to the Global, Vol. 2, Aldershot: Ashgate: 59-77.
- Lerman, Zvi and Astghik Mirzakhanian (2001) Private Agriculture in Armenia, Lanham: Lexington Books.
- Levi, Margaret (1998) "A State of Trust" in V. Braithwaite and M. Levi (eds.) Trust and Governance, New York: Russell Sage Foundation: 77-102.
- Levi, Margaret and Richard Sherman (1997) "Rational Compliance with Rationalized Bureaucracy" in Ch. Clague (ed.) Institutions and Economic Development: Growth and Governance in Less Developed and Post-Socialist Countries, Baltimore and London: Johns Hopkins University: 316-337.

- Levin, Mark and Georgy Satarov (2000) "Corruption and Institutions in Russia", European Journal of Political Economy, Vol. 16: 113-132.
- Lewis, Jane (2003) "Design Issues" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 47-77.
- Lewis, Jane and Jane Ritchie (2003) "Generalising from Qualitative Research" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 263-287.
- Lister, Ruth (1997) Citizenship: Feminist Perspectives, London and New York: Palgrave Macmillan.
- Litvack, Jennie, Junaid Ahmad and Richard Bird (1998) Rethinking Decentralization in Developing Countries, Sector Studies Series, Washington, DC: World Bank.
- Lomnitz, Larissa A. (1988) "Informal Exchange Networks in Formal Systems: A Theoretical Model", American Anthropologist, Vol. 90: 42-55.
- Loury, Glenn (1977) "A Dynamic Theory of Racial Income Differences" in P. A. Wallace and A. LeMund (eds.) Women, Minorities and Employment Discrimination, Lexington: Lexington Books: 153-188
- Lukes, Steven (1974) Power. A Radical View, London: Macmillan.
- Mandel, Ruth (2001) "Seeding Civil Society" in Ch. Hann (ed.) Postsocialism. Ideals, Ideologies and Practices in Eurasia, London and New York: Routledge: 279-296.
- Manor, James (1999) The Political Economy of Democratic Decentralization, Washington, DC: World Bank.
- Mansuri, Ghazala and Vijayendra Rao (2003) Evaluating Community-Based and Community-Driven Development: A Critical Review of Evidence, Washington, DC: World Bank.
- Mars, Gerald and Yochanan Altman (1983) "The Cultural Bases of Soviet Georgia's Second Economy", Soviet Studies, Vol. 35, No 4: 546-560.
- Mars, Gerald and Yochanan Altman (1987) "Case Studies in Second Economy Production and Transportation in Soviet Georgia" in S. Alessandrini and B. Dallago (eds.) The Unofficial Economy, Gower: Aldershot: 197-219.
- Marsh, Christopher (2000) "Social Capital and Democracy in Russia", Communist and Post-Communist Studies, Vol. 33: 183-199.

- Marshall, Thomas H. (1950) Citizenship and Social Class and Other Essays, Cambridge: University Press.
- May, Tim (1997) Social Research: Issues, Methods, and Process, Buckingham, Philadelphia: Open University Press.
- Mayo, Marjorie and Gary Craig (1995) "Community Participation and Empowerment: The Human Face of Structural Adjustment or Tools for Democratic Transformation?" in G. Craig and M. Mayo (eds.) Community Empowerment: A Reader in Participation and Development, London and New Jersey: Zed Books: 1-11.
- McAuley, Alastair (1979) Economic Welfare in the Soviet Union: Poverty, Living Standards and Inequality, Madison: University of Wisconsin Press.
- McAuley, Alastair (1981) "Welfare and Social Security" in L. Schapiro and J. Godson (eds.) The Soviet Worker: Illusions and Realities, London and Basingstoke: Macmillan Press: 194-231.
- McAuley, Alastair (1991) "The Welfare State in the USSR" in Th. Wilson and D. Wilson (eds.) The State and Social Welfare: The Objectives of Policy, London and New York: Longman: 191-209.
- Melikyan, Lilit (2002) Economic Aspects of Reforming Water Resource Management: The Case of Armenia, Paper prepared for the Local Government Institute initiative, Yerevan.
- Michael, Bryane (2004) "What Do African Donor-Sponsored Anti-Corruption Programmes Teach Us about International Development in Africa?" Social Policy & Administration, Vol. 38, No 4: 320-345.
- Michnik, Adam (1985) Letters from Prison and Other Essays, Berkeley and London: University of California Press.
- Midgley, James (1986a) "Community Participation: History, Concepts and Controversies" in J. Midgley (ed.) Community Participation, Social Development and the State, London: Methuen: 13-45.
- Midgley, James (1986b) "Introduction: Social Development, the State and Participation" in J. Midgley (ed.) Community Participation, Social Development and the State, London: Methuen: 1-13.
- Midgley, James (1986c) "Community Participation, the State and Social Policy" in J. Midgley (ed.) Community Participation, Social Development and the State, London: Methuen: 145-160.

- Migdal, Joel S. (1988) Strong Societies and Weak States, State-Society Relations and State Capabilities in the Third World, Princeton, NJ: Princeton University Press.
- Mishler, William and Richard Rose (2001) "What are the Origins of Political Trust? Testing Institutional and Cultural Theories in Post-Communist Societies", Comparative Political Studies, Vol. 34, No 1: 30-62.
- Mohan, Giles (2001) "Beyond Participation: Strategies for Deeper Empowerment" in B. Cooke and U. Kothari (eds.) Participation: The New Tyranny? London and New York: Zed Books: 153-168.
- Mohan, Giles and Sam Hickey (2004) "Relocating Participation within a Radical Political of Development: Critical Modernism and Citizenship" in S. Hickey and G. Mohan (eds.) Participation: From Tyranny to Transformation? Exploring New Approaches to Participation in Development, London and New York: Zed Books: 59-75.
- Moore, Mick (2001) "Empowerment at Last?" Journal of International Development, Vol. 13: 321-329.
- Moore, Mick and James Putzel (1999) Thinking Strategically About Politics and Poverty, IDS Working Paper No 101, Brighton: Institute of Development Studies.
- Moser, Caroline (2004) "Rights, Power, and Poverty Reduction" in R. Alsop (ed.) Power, Rights, and Poverty: Concepts and Connections, Washington, DC: World Bank: 30-50.
- Mosse, David (1995) Authority, Gender and Knowledge: Theoretical Reflections on the Practice of Participatory Rural Appraisal, KRIBP Working Paper No 2, Swansea: Centre for Development Studies.
- Mosse, David (2001) "'People's Knowledge', Participation and Patronage: Operations and Representations in Rural Development" in B. Cooke and U. Kothari (eds.) Participation: The New Tyranny? London and New York: Zed Books: 16-35.
- Mosse, David (2004) "Power Relations and Poverty Reduction" in R. Alsop (ed.) Power, Rights, and Poverty: Concepts and Connections, Washington, DC: World Bank: 52-66.
- Mosse, David (2005) Cultivating Aid: An Ethnography of Aid Policy and Practice, Ann Arbor and London: Pluto Press.
- Narayan, Deepa (1995a) The Contribution of People's Participation: Evidence from 121 Rural Water Projects, Environmentally Sustainable Development Occasional Paper Series No1, Washington, DC: World Bank.

- Narayan, Deepa (1995b) Designing Community Based Development, Social Development Paper No 7, Washington, DC: World Bank.
- Narayan, Deepa (1997) Designing Community Based Development, Paper presented at the Technical Consultation on Participation, FAO: Rome, 16-18 December 1997.
- Narayan, Deepa (1999) Bonds and Bridges: Social Capital and Poverty, Policy Research Paper No 2167, Washington, DC: World Bank.
- Narayan, Deepa and Katrinka Ebbe (1997) Design of Social Funds: Participation, Demand Orientation and Local Organisational Capacity, World Bank Discussion Paper No 375, Washington, DC: World Bank.
- Narayan, Deepa and Lant Pritchett (2000) "Social Capital: Evidence and Implications" in P. Dasgupta and I. Serageldin (eds.) Social Capital. A Multifaceted Perspective, Washington, DC: World Bank: 269-296.
- Narayan, Deepa and Patti Petesch (2000) (eds.) Voices of the Poor: From Many Lands, Washington, DC: World Bank.
- Nelson, Nici and Susan Wright (1995) "Participation and Power" in N. Nelson and S. Wright (eds.) Power and Participatory Development, London: Intermediate Technology Publications: 1-19.
- Newell, Peter and Shaula Bellour (2002) Mapping Accountability: Origins, Contexts and Implications for Development, IDS Working Paper No 168, Brighton: Institute of Development Studies.
- North, Douglas (1990) Institutions, Institutional Change and Economic Performance, Cambridge: Cambridge University Press.
- North, Douglas (1995) "The New Institutional Economics and Third World Development" in J. Harriss, J. Hunter and C.M. Lewis (eds.) The New Institutional Economics and Third World Development, London and New York: Routledge: 17-26.
- NSS (2002) Social Snapshot and Poverty of the Republic of Armenia and Poverty, Statistical Analytical Report, Yerevan: National Statistical Service of Armenia.
- Nyamu-Musembi, Celestine and Andrea Cornwall (2004) What is the "Rights-Based Approach" all About? Perspectives from International Development Agencies, IDS Working Paper No 234, Brighton: Institute of Development Studies.
- Oakley, Peter (1991) (*et al*) Projects with People: The Practice of Participation in Rural Development, Geneva: International Labour Organisation.

- Oakley, Peter and David Marsden (1984) Approaches to Participation in Rural Development, Geneva: International Labour Organisation.
- OED (2000) Social Funds Draft Evaluation Design Paper, July 12, 2000, Operations Evaluation Department, Washington, DC: World Bank, Available from <www.worldbank.org/oed> [Accessed in September 2000].
- OED (2002) Social Funds: Assessing Effectiveness, Operations Evaluation Department, Washington, DC: World Bank.
- Oganessian, Marina (1999) Sociological Assessment of Local Communities, Report prepared for ASIF/World Bank: Yerevan.
- Olson, Mancur (1965) The Logic of Collective Action: Public Goods and the Theory of Groups, Cambridge, MA: Harvard University Press.
- Ostrom, Elinor (1990) Governing the Commons: The Evolution of Institutions for Collective Action, Cambridge: Cambridge University Press.
- Ostrom, Elinor (1992) Crafting Institutions for Self-governing Irrigation System, San Francisco, CA: ICS Press.
- Ostrom, Elinor (2000) "Social Capital: A Fad or a Fundamental Concept?" in P. Dasgupta and I. Serageldin (eds.) Social Capital. A Multifaceted Perspective, Washington, DC: World Bank: 172-215.
- Ostrom, Elinor and T. K. Ahn (2001) A Social Science Perspective on Social Capital: Social Capital and Collective Action, Workshop on Political Theory and Policy Analysis, Bloomington: Indiana University.
- Ostrom, Elinor, Larry Schroeder and Susan Wynne (1993) Institutional Incentives and Sustainable Development: Infrastructure Policies in Perspective, Boulder, Colorado: Westview Press.
- Owen, Daniel and Julie Van Domelen (1998) Getting an Earful: A Review of Beneficiary Assessments of Social Funds, Social Protection Discussion Paper No 9816, Washington, DC: World Bank.
- Oxfam (2003) Armenia Contextual Analysis, Background paper, Yerevan.
- Parker, Andrew and Rodrigo Serrano (2000) Promoting Good Local Governance through Social Funds and Decentralisation, Social Protection Discussion Paper No 0022, Washington, DC: World Bank.
- Patton, Michael (1987) How to Use Qualitative Methods in Evaluation, Newbury Park, London and New Dehli: Sage.

- Paul, Samuel (1992) "Accountability in Public Services: Exit, Voice and Control", World Development, Vol. 20, No. 7: 1047-1060.
- Paul, Samuel (1994) Does Voice Matter? For Public Accountability, Yes, Policy Research Working Paper 1388, Washington, DC: World Bank.
- Petrosian, Hamlet (2001) "Poverty: Perception and Attitudes", in H. Kharatyan (ed.) Stories on Poverty, Yerevan: Lusakn: 370-383 (in Armenian).
- Platz, Stephanie (1995) "We Don't Have Capitalism... We Have Kinship": The State, The Family, and the Expression of Armenian Identity", Anthropology of East Europe Review, Vol. 13, No 2.
- PRSP (2003) Poverty Reduction Strategy Paper, Republic of Armenia, Yerevan.
- Putnam, Robert (1993) Making Democracy Work: Civic Traditions in Modern Italy, Princeton, N.J.: Princeton University Press.
- Raiser, Martin (1997) Informal Institutions, Social Capital and Economic Transition: Reflections on a Neglected Dimension, EBRD Working Paper N 25, London: European Bank for Reconstruction and Development.
- Raiser, Martin (1997) Trust in Transition, Paper presented at "Postcommunist Transformation and the Social Sciences: Cross Disciplinary Approaches" conference in Berlin, October 1998.
- Raiser, Martin, Christian Haerpfer, Thomas Nowotny, and Claire Wallace (2001) Social Capital in Transition: A First Look at the Evidence, EBRD Working Paper No. 62, London: European Bank for Reconstruction and Development.
- Rao, Vijayendra and Ana Maria Ibáñez (2003) The Social Impact of Social Funds in Jamaica: A Mixed-Methods Analysis of Participation, Targeting and Collective Action in Community Driven Development, Policy Research Working Paper No 2970, Washington, DC: World Bank
- Rawkins, Phillip (2004) Institutional Assessment of ASIFII, Report prepared for the World Bank: Yerevan
- Rawlings, Laura, Lynne Sherburne-Benz and Julie Van Domelen (2004) Evaluating Social Fund: A Cross-Country Analysis of Community Investments, Washington, DC: World Bank.
- Rigby, Thomas H. (1991) "Mono-Organisational Socialism and the Civil Society" in Ch. Kukathas, D. W. Lovell and W. Maley (eds.) The Transition from Socialism: State and Civil Society in the USSR, Melbourne: Longman Cheshire: 107-123.

- Rigby, Thomas H. (1992) "The USSR: End of a Long, Dark Night?" in R.F. Miller (ed.) The Developments of Civil Society in Communist Systems, Sydney: Allen and Union: 11-23.
- Ritchie, Jane (2003) "The Applications of Qualitative Methods to Social Research" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 24-48.
- Ritchie, Jane, Jane Lewis and Gillian Elam (2003) "Designing and Selecting Samples" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 77-108.
- Robson, Colin (1993) Real World Research, Oxford, UK and Cambridge, MA: Blackwell.
- Rondinelli, Dennis A. (1991) "Decentralising Water Supply Services in Developing Countries: Factors Affecting the Success of Community Management", Public Administration and Development, Vol. 11: 415-430.
- Rondinelli, Dennis A., James S. McCullough, and Ronald Johnson (1989) "Analysing Decentralisation Policies in Developing Countries: A Political-Economy Framework", Development and Change, Vol. 20: 57-87.
- Rose, Richard (1998) Getting Things Done in an Anti-Modern Society: Social Capital Networks in Russia, Social Capital Initiative Working Paper No 6, Washington, DC: World Bank.
- Rose, Richard (2000) "Uses of Social Capital in Russia: Modern, Pre-Modern, and Anti-Modern", Post-Soviet Affairs, Vol. 16, No 1: 33-57.
- Rose-Ackerman, Susan (1999) Corruption and Government. Causes, Consequences, and Reform, Cambridge: Cambridge University Press.
- Rothstein, Bo (2000) Social Capital and Institutional Legitimacy, Paper presented at the 2000 Annual Meeting of the American Political Science Association, Washington, DC, August 31-Sept. 3.
- Roy, Olivier (1999) "Kolkhoz and Civil Society in the Independent States of Central Asia" in M. H. Ruffin and Daniel C. Waugh (eds.) Civil Society in Central Asia, Seattle and London: University of Washington Press: 109-121.
- Roy, Olivier (2000) New Central Asia: The Creation of Nations, New York: New York University Press.

- Sajo, Andras (1998) "Corruption, Clientelism, and the Future of the Constitutional State in Eastern Europe", East European Constitutional Review, Vol. 7, No 2, Spring 1998.
- Sajoo, Aryn B. (2002) (ed.) Civil Society in the Muslim World, London and New York: I.B.Tauris Publishers.
- Salmen, Lawrence (1999) Beneficiary Assessment Manual for Social Funds, Washington, DC: World Bank.
- Schmidt, Mary Beth (2002) Review of the Integration of Social Funds with PRSPs and Country Assistance Strategies, Human Development Network, Washington, DC: World Bank.
- Schmidt, Mary Beth and Alexandre Marc (1995) Participation in Social Funds, Social Development Publication No 18180, Washington, DC: World Bank.
- Schneider, Hartmut (1999) "Participatory Governance for Poverty Reduction", Journal of International Development, Vol. 11: 521-534.
- Scott, James C. (1977) "Patronage or Exploitation?" in E. Gellner and J. Waterbury, (eds.) Patrons and Clients in Mediterranean Societies, London: Duckworth: 21-39.
- Scott, James C. (1985) Weapons of the Weak: Everyday Forms of Peasant Resistance, New Haven and London: Yale University Press.
- Segbers, Klaus (2001) (ed.) Explaining Post-Soviet Patchworks: Transition from the Past to the Global, Vol. 2, Aldershot: Ashgate.
- Seligman, Adam (1992) The Idea of Civil Society, New York: The Free Press.
- Sen, Amartya K. (1981) Poverty and Famines: An Essay on Entitlement and Deprivation, Oxford: Clarendon.
- Sen, Amartya K. (1999) Development as Freedom, New York: Knopf.
- Serrano, Rodrigo (2003) Social Funds and Social Capital, Power Point Presentation at the Social Funds ECANET Conference in Antalya, Turkey, 21-23 October, Available from <www.worldbank.org/socialfunds> [Accessed on 15 January 2005].
- Shepherd, Andrew (1998) Sustainable Rural Development, Houndmills and Basingstoke: Macmillan Press.
- Shils, Edward (1997), The Virtue of Civil Society: Selected Essays on Liberalism, Tradition, and Civil Society, ed. By Steven Grosby, Indianapolis: The Liberty Fund.

- Shlapentokh, Vladimir (1989) Public and Private Life of the Soviet People, New York: Oxford University Press.
- Shlapentokh, Vladimir (2001) A Normal Totalitarian Society: How the Soviet Union Functioned and How it Collapsed, Armonk and New York: M.E. Sharpe.
- Silverman, David (2005) Doing Qualitative Research, London, Thousand Oaks and New Delhi: Sage.
- Simis, Konstantin M. (1982) USSR: The Corrupt Society. The Secret World of Soviet Capitalism, New York: Simon and Schuster.
- Skapska, Grazyna (1997) "Learning to be a Citizen: Cognitive and Ethical Aspects of Post-Communist Society Transformation" in R. Fine and Sh. Rai (eds.) Civil Society: Democratic Perspectives, London and Portland: Frank Cass: 145-160.
- Smolar, Alexander (1996) "From Opposition to Atomization", Journal of Democracy, Vol. 7 (1): 25-38.
- Snape, Dawn and Liz Spencer (2003) "The Foundations of Qualitative Research" in J. Ritchie and J. Lewis (eds.) Qualitative Research Practice. A Guide for Social Science Students and Researchers, London, Thousand Oaks and New Delhi: Sage Publications: 1-24.
- Stevens, Daniel (2005) "NGO-Mahalla Partnerships: Exploring the Potential for State-Society Synergy in Uzbekistan" in B. Babajanian, S. Freizer and D. Stevens (eds.) Central Asian Survey, Special Edition on Civil Society in Central Asia and the Caucasus, Vol. 24, No 3, forthcoming.
- Stewart, Frances (1995) Adjustment and Poverty: Options and Choices, London and New York: Routledge.
- Stiefel, Matthias and Marshall Wolfe (1994) A Voice for the Excluded: Popular Participation and Development: Utopia or Necessity? London and Atlantic Highlands, N.J: Zed Books in association with the United Nations Research Institute for Social Development.
- Subramanian, Ashok, N. Vijay Jagannathan and Ruth Meinzen-Dick (1997) (eds.) User Organisations for Sustainable Water Services, World Bank Technical Paper No 354, Washington DC: World Bank.
- Tang, Shui Yan (1992) Institutions and Collective Action: Self-Governance in Irrigation, San Francisco, CA: ICS Press.

- Tendler Judith (2000) "Why Are Social Funds So Popular?" in S. Yusuf, W. Wu and S. Everett (eds.) Local Dynamics in an Era of Globalization, Oxford: Oxford University Press: 114-129.
- Tendler, Judith (1997) Good Government in the Tropics, Baltimore: Johns Hopkins Press.
- Tendler, Judith (1999) The Rise of Social Funds: What are They A Model Of? Monograph for the United Nations Development Program (UNDP).
- Tumanyan, David (2001) "Local Government in Armenia" in V. Popa and I. Munteanu (eds.) Developing New Rules in the Old Environment: Local Governments in Eastern Europe, Caucasus and Central Asia, Budapest: LGI Books: 325-369.
- UNDP (1999a) Women Status Report: Impact of Transition, Yerevan: United Nations Development Program.
- UNDP (1999b) Poverty of Vulnerable Groups in Armenia, Yerevan: United Nations Development Program.
- UNDP (2000a) Human Development Report 2000, New York: United Nations Development Program.
- UNDP (2000b) Human Development Report 2000: Human Rights and Human Development, Action for Progress, Yerevan: United Nations Development Program.
- UNDP (2002) Education, Poverty and Economic Activity in Armenia, Situation Analysis, Yerevan: United Nations Development Program.
- UNDP (2001) Human Development Report 2001: Ten Years of Independence and Transition in Armenia, Yerevan: United Nations Development Program.
- UNICEF (2002) Poverty and Welfare Trends Over 1990s in Armenia, Country Paper, Background Paper prepared for the Social Monitor, Yerevan.
- Uphoff, Norman (1993) "Grassroots Organizations and NGOs in Rural Development: Opportunities with Diminishing States and Expanding Markets", World Development, Vol. 21, No.4: 607-622.
- Uphoff, Norman (1996) Learning from Gal Oya: Possibilities for Participatory Development and Post-Newtonian Social Science, London: Intermediate Technology Publications.
- Uphoff, Norman (1997) Institutional Capacity and Decentralisation for Rural Development, Paper presented at the Technical Consultation on Participation, FAO, Rome, 16-18 December 1997.

- Uphoff, Norman (2000) "Understanding Social Capital" in P. Dasgupta and I. Serageldin (eds.) Social Capital. A Multifaceted Perspective, Washington, DC: World Bank: 215-253.
- Uslaner, Eric M. (2003) "Trust and Civic Engagement in East and West" in G. Badescu and E. M. Uslaner (eds.) Social Capital and the Transition to Democracy, London and New York: Routledge: 81-95.
- Van Rooy, Alison (1998) "Civil Society as Idea: An Analytical Hatstand?" in A. Van Rooy (ed.) Civil Society and the Aid Industry, London: Earthscan: 7- 30.
- Van Rooy, Alison and Mark Robinson (1998) "Out of the Ivory Tower: Civil Society and the Aid System" in A. Van Rooy (ed.) Civil Society and the Aid Industry, London: Earthscan: 30-69.
- Varshney, Ashutosh (2002) Ethnic Conflict and Civic Life: Hindus and Muslims in India, New Heaven and London: Yale University Press.
- VeneKlasen, Lisa, Valerie Miller, Cindy Clark and Molly Reilly (2004) Rights-Based Approaches and Beyond: Challenges of Linking Rights and Participation, IDS Working Paper No 235, Brighton: Institute of Development Studies.
- Warwick, Donald (1993) "On Methodological Integration in Social Research" in M. Bulmer and D. P. Warwick (eds.) Social Research in Developing Countries, London: UCL Press: 275-299.
- Warwick, Donald (1993) "The Politics and Ethics of Field Research" in M. Bulmer and D. P. Warwick (eds.) Social Research in Developing Countries, London: UCL Press: 315-331.
- Wagener, Hans-Jürgen (2002) "The Welfare States in Transition Economies and Accession to the EU", West European Politics, Vol. 25, No 2: 152-174.
- Waterbury, John (1977) "An Attempt to Put Patrons and Clients in their Place" in E. Gellner and J. Waterbury (eds.) Patrons and Clients in Mediterranean Societies, London: Duckworth: 329-341.
- Weiss, Carol H. (1998) Evaluation: Methods for Studying Programs and Policies, New Jersey: Prentice Hall, Upper Saddle River.
- Weissman, Juliana (2001) Operating Instructions Included: A Review of Social Investment Fund Operations Manuals, Social Protection Team, Washington, DC: World Bank.

- Whaites, Alan (2002) "Let's Get Civil Society Straight: NGOs, the State, and Political Theory" in D. Eade (ed.) Development, NGOs, and Civil Society: Selected Essays from Development in Practice, Oxford: Oxfam: 124-140.
- White, Howard (2002) Social Funds: A Review of the Issues, Brighton: Institute of Development Studies.
- White, Sarah C. (1996) "Depoliticising Development: the Uses and Abuses of Participation, Development in Practice", Vol. 6, No 1: 6-15.
- Williams, Glyn (2004) "Towards a Repolitization of Participatory Development: Political Capabilities and Spaces of Empowerment" in S. Hickey and G. Mohan (eds.) Participation: From Tyranny to Transformation? London and New York: Zed Books: 92-109.
- Wiktorow, Aleksandra (1992) "Chapter 8: Soviet Union" in J. Dixon and D. Macarov (eds.) Social Welfare in Socialist Countries, London and New York: Routledge: 184-207.
- Woolcock, Michael (1998) "Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework", Theory and Society, Vol. 27: 151-208.
- Woolcock, Michael and Deepa Narayan (2000) "Social Capital: Implications for Development Theory, Research, and Policy", The World Bank Research Observer, Vol. 15 (2): 225-49.
- World Bank (1995) Staff Appraisal Report, Armenia Social Investment Fund Project, Report 14655-AM, Washington, DC: World Bank.
- World Bank (1996a) Participation Sourcebook, Washington, DC: World Bank.
- World Bank (1996b) Armenia: Confronting Poverty Issues, Report No 15693-AM, Washington, DC, World Bank.
- World Bank (1999a) Social Funds Performance: A Review, Washington, DC: World Bank.
- World Bank (1999b) Improving Social Assistance in Armenia, Report No 19385-AM, Washington, DC: World Bank.
- World Bank (2000a) The Europe and Central Asia CDD Strategy: Scaling Up Community-Driven Development in Europe and Central Asia, Washington, DC: World Bank.

- World Bank (2000b) Community Development in ECA: Accomplishments, Challenge and Strategy, Powerpoint Presentation, January 27, 2000, Available from: <www.worldbank.org/ECA/ECSSD> [Accessed on 6 April 2005].
- World Bank (2000c) World Development Report 2000/2001: Attacking Poverty, New York: Oxford University Press.
- World Bank (2000d) "Social Funds: Accomplishments and Aspirations" in A. Levine (ed.) Proceedings of the Second International Conference on Social Funds, Washington, DC: World Bank.
- World Bank (2000e) Armenia Institutional and Governance Review, Executive Summary, Washington, DC: World Bank.
- World Bank (2000f) Anticorruption in Transition: A Contribution to the Policy Debate, Washington, DC: World Bank.
- World Bank (2001a) Up Scaling Community Driven Development: Strategy for Central Asia, Washington, DC: World Bank.
- World Bank (2001b) Scaling Up Community Driven Development in Armenia: A Strategy Note, Washington, DC: World Bank.
- World Bank (2001c) Community Driven Development in ECA, Information Brochure, January 31, 2001, Washington, DC: World Bank.
- World Bank (2001d) Making Transition Work for Everyone: Poverty and Inequality in Europe and Central Asia, Washington, DC: World Bank.
- World Bank (2001e) Armenia Social Investment Fund Project, Implementation Completion Report, Report No 22077, Washington, DC: World Bank.
- World Bank (2002a) The Context for Community Driven Development in Central Asia: Local Institutions and Social Capital in Kyrgyz Republic, Tajikistan and Uzbekistan, CDD Experience and Lessons to Date, Washington, DC: World Bank.
- World Bank (2002b) Empowerment and Poverty Reduction: A Sourcebook, Draft, PREM, Washington, DC: World Bank.
- World Bank (2002c) Armenia: Growth Challenges and Government Policies, Washington, DC: World Bank.
- World Bank (2002d) Armenia Poverty Update, Report No 24339-AM, Washington, DC: World Bank.
- World Bank (2002e) Armenia Child Welfare Note, Report No 24491-AM, Washington, DC: World Bank.

- World Bank (2003a) Measuring Empowerment - An Analytical Framework, Poverty Reduction Group, February 2003, Washington, DC: World Bank. Available from <www.worldbank.org> [Accessed in April 2005].
- World Bank (2003b) Social Accountability: A Concept Note Based on Emerging Practice, Draft for Discussion, 7 September 2003, Washington, DC: World Bank.
- World Bank (2003c) Armenia Poverty Assessment, Washington, DC: World Bank.
- World Bank (2004) Local Development Discussion Paper, Prepared for the International Conference on Local Development, 16-18 June 2004, Washington, DC: World Bank.
- Yin, Robert (1994) Case Study Research: Design and Methods, London: Sage.
- Zaslavsky, Victor (1982) The Neo-Stalinist State: Class, Ethnicity, and Consensus in Soviet Society, Armonk, NY: M.E.Sharp.

Annexes

Annex 1. Background Interviews

Ashot Kirakossian, ASIF Managing Director

Aram Grigoryan, Head of Institutional Support Department (Promotion and Appraisal Units)

Amalia Poghosyan, Head of Monitoring and Evaluation Unit

Samvel Araqelyan, Head of Follow-up Unit

Albert Stepanyan, Head of Training and TA Co-ordination Unit

Victor Vardanyan, Promotion Officer

Harutyun Harutyunyan, Supervision Engineer

Ashot Karakhanyan, Supervision Engineer

Tigran Kalantarian, Deputy Director, Irrigation Rehabilitation Project Unit (PIU)

Emma Kajoyan, Programme Officer, IFAD

Caroline Mascarell, Task Team Leader, World Bank

Owaise Saadat, Resident Representative in Armenia, World Bank

Karen Grigorian, Economist, Armenia Country Office, World Bank

Susanna Hayrapetyan, Social Sector Officer, Armenia Country Office, World Bank

Gohar Gulumyan, Economist, Armenia Country Office, World Bank

Sos Gimishyan, Decentralisation Expert, GTZ

Nune Yeghiazarian, Human Development Report Coordinator, UNDP

Astghik Mirzakhanian, Programme Officer, UNDP

Marina Hajinyan, Programme Officer, Save the Children

Olga Ghazaryan, Director, Oxfam

Annex 2. Interview Guides

Interview Guide 1: Social Capital, Local Institutions and Governance

1. Mutual Help and Co-operation

Do people in this community help their co-villagers when they are in a difficult situation? Are there situations where people would not help? If yes, what types of situations? Who would normally be willing to help ?

Are there some extremely poor people in the community that rely on other people's generosity to survive? What causes them to be so poor?

Do people care about the common problems of their community, or they are only concerned about their individual welfare? For example, if a community project does not directly benefit someone but has benefits for others in the community, would that person contribute time or money for this project? Why, or why not?

2. Social Norms and Interpersonal Relations

How cohesive is this community?

Compared to the situation before the ASIF micro-project, has the level of cohesion among community members changed?

Do people trust each other in this community?

Compared with the situation before the ASIF micro-project, how has the level of trust among community members changed?

Compared with the situation before the ASIF micro-project, have the relationships among people in this community changed?

Are there any disagreements in the community, what are they?

Compared with the situation before the ASIF micro-project, is there more or less disagreements/conflicts in this community? What kind of conflicts?

What are the most important ways in which people get together with other households in this community today?

3. Local Institutions and Governance Issues

What are the most imminent problems in this community?

How does the community solve its problems?

What does it take to get things done (i.e., solve local problems)?

If there are problems in the community, or if people are dissatisfied with the services provided, how do they communicate this to their leaders?

What role is the local mayor playing in solving local problems?

How effective is the local mayor to solving the problems of this community? What are the tangibles results?

How effective is the local mayor in solving the problems of this community as compared to the closest neighbouring community?

How accountable is the local mayor? How well does he respond to the local demand/needs?

Are there meetings of the community from time to time? How many meetings have there been this year? Do people in the community take much interest in such meetings?

What was discussed and decided at the most recent meetings?

Is information on the composition of the budget and the statement of expenditures shared with members of the community? If so, how is this information distributed?

Is information on important local issues shared with community members?

Has the role of the local mayor changed since participation in the ASIF micro-project?

Has the level of community's interaction or relations with the local mayor changed after participation in the ASIF micro-project?

How would people describe the role of their school in the community's life?

What are the obstacles to local government's ability to solve problems?

What kind of assistance do local government need from regional/central governments?

Have the local governments collaborated with regional/central governments? In which areas?

Has the community receives any support from regional/central authorities?

Interview Guide 2: ASIF Micro-Project Service Delivery Outcomes and Processes

1. Relevance and importance of the micro-project and its benefits

In what way is the ASIF micro-project important for the community?

How has the condition/quality of the facility changed as a result of the ASIF micro-project?

What is the quality of renovation/rehabilitation?

To what extent does the community use the facility compared to before the ASIF micro-project?

Are there people in the community who do not receive the benefits of the micro-project (e.g., no access to schooling/medical help or no access to water)? Why do they not get access to the micro-project? What were the main reason that not all people benefit from these services?

2. Micro-project Initiation and Identification

To whom did the initiative to apply to ASIF belong?

Did the community have a meeting to discuss the selection of micro-project?

How did they find out about the meeting? Who attended?

What role did the community play in the micro-project identification process?

How much influence did the authorities and informal leaders have in identifying the micro-project?

Extent of agreement in the community that the micro-project chosen is a priority investment?

At the time when the micro-project was initiated, how and why was it important it for the community?

Did the choice reflect the needs of the whole community, some groups or the local government?

Who had the most important role in the decision of what type of project to apply for?

What was the decision-making process?

3. Proposal Preparation

Who conducted the proposal preparation? How much of the work was actually done by ASIF on behalf of the community?

How difficult was it to obtain permits? Did it involve using connections or influence of the leadership?

How difficult was it to obtain O&M commitments from authorities?

4. Community Contribution

Did the community make the contribution? How much? In which form?

What were the main sources of the contribution (e.g., user charges, local government budget; other donors)?

Who mobilised the community contribution? How?

Were people in general willing to contribute? Why/why not?

Were there any households exempt from the contribution? Which households?

What purpose does the contribution play? (created incentive of commitment?)

How will the community residents feel about making a contribution for another important project for your community in the future? Why?

5. Micro-project Implementation

Who had the most important role in managing the implementation and completion of the project?

Who was most active in supervising the construction works?

What was the main source of community's information about the project progress? How did they learn about the progress?

Were they satisfied with the level of information you received on the progress of the project? Why or why not?

How did the IA provide information about the progress of the project and financial status to the community?

How was the contractor selected?

Which households made contributions (unpaid labour, cash or materials) during the construction? Were there any households exempt from the contribution? Why these households?

How were local government involved?

What was the pattern and nature of community participation (IA and non-IA) in the micro-project procurement, execution and supervision?

Were the community/IA control mechanisms effective?
How well were they aware of contract provisions?

What is the nature of local government involvement in the micro-project?

6. Implementing Agency

How was the IA selected? Who were the IA members? Why these particular members?

Was there a committee (Implementing Agency) to oversee and co-ordinate the construction of the micro-project?

Who was on the IA?

Who was most active in the IA? What were the respective roles and functions of individual IA members?

Was the local mayor part of the IA? What was the role of the local government ?

Did the IA receive any kind of assistance/training during the project cycle on a specific issue (e.g., proposal preparation, O&M, quality control, contractor selection and bidding, community mobilisation, supervision, pre-tender conference, etc.)?

Did each IA member have real control and authority in performing their tasks (or the IA was dominated by a leader)?

What was the extent of accountability and transparency of IA (reporting to community; willingness to share account books, etc.)?

Was the IA leadership participatory oriented, i.e., consulted the community? On which occasions?

Did community members have a chance to take part in decision-making processes and provide feedback/discuss implementation?

Interview Guide 3: Assessing the Impact of the ASIF Micro-Projects on Community Participation and Local Institutional Capacity

1. Community Participation

In the last [months/years] after the ASIF micro-project, have the community residents got together to address a common issue (e.g., clean up communal space; put up a fence; lay a water pipe; repair canal; etc.)? How often? Who were these people?

During the [months/year] before the ASIF micro-project, did the community residents get together to address a common issue (clean up communal space; put up a fence; lay a water pipe; repair canal; etc.)? How often? Were these the same people as before?

In the last [months/years] after the ASIF micro-project, have people in the community provided cash or in-kind contribution for solving a common problem? How often? Who were these people?

During the [year/month] before the ASIF micro-project, did people in the community provide cash or in-kind contribution for solving a common problem? How often? Were these the same people as before?

Who was the most active in initiating and organising these collective initiatives/projects before the ASIF micro-project?

Who is the most active in initiating and organising the collective initiatives/projects in this community after the ASIF micro-project?

How often have members of this village got together and jointly petitioned regional authorities or central government with village development issues as their goal?

Are there more people in the community who participate in collective initiatives as compared to before the ASIF micro-project (e.g., contribution of labour and time, money and materials; participation in collective initiatives)?

Did ordinary community members initiate any actions before the ASIF micro-project (e.g., community members initiate small projects, take leadership over an important issue, mobilise other residents, petition government, etc.)?

Have ordinary community members initiated any actions after the ASIF micro-project (e.g., community members initiate small projects, take leadership over an important issue, mobilise other residents, petition government, etc.)?

Did the community undertake any development projects (funded by external donors, central or local government) before the ASIF micro-project? Ask to describe them. Who initiated those projects? Who participated?

Have there been any development projects after the ASIF micro-project? Ask to describe them. Who initiate them? Who participated in them?

Are there any other organisations/groups/associations in this community? Ask to describe them. Who are their members/leaders? How/when were they initiated? How useful are they for solving the problems of the community? Have there been an increase in the number or membership of these groups since the ASIF micro-project?

2. Empowerment

Are there any individuals from previously socially excluded groups participate in local development after the ASIF micro-project?

Are any previously passive individuals who participate in initiatives after the ASIF micro-project?

Community members' perceptions of the importance of participation.

Community members' perceptions of their role and influence.

3. New Skills and Experience

Has the level of ability or skills of community residents improved as a result of participation in the ASIF micro-project? (e.g., technical, organisational and communication skills, fund raising, proposal writing, working with contractors, ability to work with donors and foreign organisations, etc.).

Community perceptions about the benefits of ASIF's method of service delivery.

New community-based practices and projects where people used/or intend to use their new experience and skills.

4. New Networks and Associations

Were there any new networks or partnerships formed as a result of participation in the micro-project?

Increased circle of friends and acquaintances, other useful connections acquired (both inside and outside community).

The Implementing Agency (or some of its core members) continues to be active after the micro-project completion.

Extent to which new social networks are broad-based and inclusive.

Establishment of formal and informal groups, associations and partnerships, possibly with the involvement of local/regional authorities and other officials.

5. Operation and Maintenance

Physical condition of facilities

What is the current level of maintenance of the facility?

How is the level of upkeep and maintenance of the facility now compared to before the ASIF project?

Who is performing system upkeep and maintenance (e.g., facility staff, community members, special maintenance committee, etc.)?

How is the facility staffed? Is this sufficient?

Is there an annual or monthly O&M plan/schedule? What does it outline? Who is responsible for overseeing it?

Who is providing funding for cleaning, repairs and general maintenance (e.g., user fees, local government maintenance fund/budget, central government?)

Do people pay user charges for irrigation water?

How easy or difficult is it for you to collect user charges?

How does the rate of collection of user charges compare to the situation before [the ASIF micro-project]?

What are the main obstacles for ensuring adequate O&M?

Do people in the community provide unpaid labour for the facility upkeep and maintenance? What kind?

Did people in the community provide unpaid labour for the facility upkeep and maintenance before the ASIF micro-project? What kind?

Is there any more or less vandalism as compared with the time when you did not have the ASIF micro-project?

6. Governing Local Irrigation

What is the basis for establishing boundaries (hydraulic, village, etc.)?

Who has right to draw water and who does not? Who actually receives water and who does not?

What are the procedures for allocation and distribution of water (who decides? who receives? how much? what criteria used? how fair and transparent? – now and before ASIF)?

Do people draw water illegally? How does it compare with before ASIF?

Who monitors that water is not drawn more than the allocated amount?

Are there penalties or sanctions for drawing more than the allocated amount?

Are there any water conflicts in the community?

How does community deal with conflicts (now and before ASIF)?

Is the WUA important to users? How and why is it important?

How satisfied are users with the performance and quality of the irrigation system (e.g., water adequacy, reliability of water supply, equity and fairness in water distribution)?
How satisfied were users before ASIF?

Do they think that having a WUA helps to solve problems?

How would they evaluate the performance of the WUA (now and before ASIF)?

What are the main problems to WUA's functioning?

How would they make the WUA more effective?

Annex 3. Poverty in Armenia

Table 1: Armenia Poverty Indicators in 1998/99 and 2001

	Extreme (Food) Poverty Line (8,730 drams in 98/99) (7,979 drams in 2001)			General Poverty Line (12,276 drams in 98/99) (11,221 drams in 2001)		
	Incidence	Gap	Severity	Incidence	Gap	Severity
Total						
98/99	26.8%	6.0%	2.0%	54.8%	16.2%	6.5%
2001	20.0%	4.6%	1.6%	48.3%	13.0%	5.1%
Urban						
98/99	32.9%	7.8%	2.6%	61.4%	19.3%	8.1%
2001	21.9%	5.0%	1.7%	48.5%	13.7%	5.5%
Rural						
98/99	18.7%	3.7%	1.2%	46.1%	12.1%	4.5%
2001	17.0%	4.0%	1.5%	47.9%	12.1%	4.6%

Source: World Bank (2003c), based on ILCS 1998/99 and 2001.

Poverty incidence is the share of the households whose income (or consumption) falls below the poverty line. *Poverty depth* or *poverty gap* shows how far off households are from the poverty line. It captures the mean aggregate consumption (or income) deficit relative to the poverty line. *Severity* of poverty captures the inequality among the poor by giving more weight to households that are further away from the poverty line.

Table 2: Overall Poverty and Extreme Poverty Incidence by Regions in 1998/99 and 2001

Region	Population	Extreme poverty incidence		Overall Poverty incidence	
		98/99	2001	98/99	2001
Aragatzotn	138,301	27.0%	22.8%	57.5%	60.3%
Ararat	272,016	17.8%	9.3%	51.3%	39.8%
Armavir	276,233	13.7%	21.1%	37.3%	52.0%
Gegharkunik	237,650	14.6%	24.6%	45.7%	56.8%
Lori	286,408	35.9%	21.8%	62.6%	54.7%
Kotayk	272,469	32.1%	16.3%	60.8%	38.0%
Shirak	283,389	43.0%	21.4%	78.2%	54.9%
Syunik	152,684	27.3%	2.0%	51.6%	15.1%
Vayots Dzor	55,997	16.0%	19.3%	34.7%	50.5%
Tavush	134,376	14.9%	44.0%	28.0%	70.7%
Yerevan	1,103,488	30.7%	20.2%	57.7%	44.7%
Other urban	962,665	34.9%	23.4%	64.8%	52.0%
Rural	1,146,858	18.7%	17.0%	46.1%	47.9%
Total	3,213,011	26.8%	20.0%	54.8%	48.3%

Source: World Bank (2003c), based on ICLS 98/99 and 2001.
The population figures are based on the Census 2001, NSS.

Annex 4. Composition of Local Budgets in Sample Communities: Selected Indicators

Table 1: P Sevak

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	Actual	%
Tax income, including:	1853	261	14	2964	491	9
<i>Property tax</i>	348	254	73	569	491	86
<i>Land tax</i>	1410	0		2394	0	0
Non-tax income, including:	550	1130	250	2079	821	40
<i>Land lease</i>	450	1130	250	1498	821	55
State transfers	650	325	50	1721	1721	100
Total Revenues	3053	1717	56	6766	3034	45

Source: Ministry of Finance of Republic of Armenia

Table 2: Eghegnavan

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
Tax income, including:	11117	5758	52	11177	4152	31
<i>Property tax</i>	1052	607	58	2649	321	12
<i>Land tax</i>	9932	5114	51	8527	3831	45
Non-tax income, including:	7377	7600	103	9156	5781	63
<i>Land lease</i>	6277	7154	114	7056	5574	79
State transfers	301	301	100	858	857	100
Total Revenues	18834	12698	67	22918	13987	61

Source: Ministry of Finance of Republic of Armenia

Table 3: Tsilkar

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
Tax income, including:	5362	872	16	3344	536	16
<i>Property tax</i>	305	170	56	150	86	57
<i>Land tax</i>	4982	694	14	3194	450	14
Non-tax income, including:	1075	302	28	1632	299	18
<i>Land lease</i>	1075	302	28	1075	302	28
State transfers	91	91	100	271	188	69
Total Revenues	6528	1323	20	5296	1074	20

Source: Ministry of Finance of Republic of Armenia

Table 4: Ashnak

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
Tax income, including:	4272	1307	30	1350	1078	80
<i>Property tax</i>	997	400	40	550	385	70
<i>Land tax</i>	3117	866	28	800	692	86
Non-tax income, including:	731	0	0	660	116	17
<i>Land lease</i>	496	0	0	100	116	116
State transfers	223	223	100	2694	2694	100
Total Revenues	8331	1537	18	4949	4119	83

Table 5: Arevadasht

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
Tax income, including:				10746	180	1.6
<i>Property tax</i>				60	81	135
<i>Land tax</i>				10685	99	1
Non-tax income, including:				28	0	0
<i>Land lease</i>				22	0	0
State transfers				373	259	69
Total Revenues	85794	14571	17	11127	447	4

Source: Ministry of Finance of Republic of Armenia

Table 6: Khachik

Local Government Revenues (in thousand drams)	1999			2001		
	planned	actual	%	planned	actual	%
Tax income, including:	2552	380	15	2753	280	10
<i>Property tax</i>	897	365	40	704	280	40
<i>Land tax</i>	1635	9	0.5	2049	0	0
Non-tax income, including:	350	0	0	30	17	56
<i>Land lease</i>	350	0	0	30	17	56
State transfers	2034	126	6	2929	1690	57
Total Revenues	4946	515	10	5726	2002	35

Source: Ministry of Finance of Republic of Armenia

Data on Karin not available.

Annex 5. Community Asset Mapping

Community: P Sevak, Ararat district, Ararat Marz

Population: 120 households (730 residents)

Social composition: Local Armenians of mixed kinship and origin, and 3 ethnic Armenian refugee households from Azerbaijan. Village established in the early 1970s.

Dimension of Poverty/Well-Being	Characteristics of the Community
Geographical Assets:	<ul style="list-style-type: none"> ⇒ Poor climatic condition for agriculture (arid area) ⇒ Borders with Nakhichevan (Azerbaijan)
Physical Assets:	<ul style="list-style-type: none"> ⇒ Poor quality of land ⇒ Land plots are rather remote from the village (up to 8 km to walk) ⇒ Unable to cultivate most of the privatised land as it is in the conflict area and partially mined. Only cultivate 160 ha from the total of 1000 ha ⇒ Limited access to agricultural inputs (fertilisers, pesticides, and machinery) ⇒ Inadequate housing conditions (mostly refugees)
Financial Assets and Substitutes:	<ul style="list-style-type: none"> ⇒ Subsistence agriculture predominant ⇒ Low/seasonal income from commercial farming (watermelons, wheat). ⇒ Barter widespread ⇒ Reliance on coping strategies: remittances and transfers from migrant relatives (often irregular and of low value); mutual help (cash, in-kind, lending and borrowing) ⇒ Some households are entirely reliant on humanitarian food assistance, social benefits of low value and mutual help ⇒ Local leaders often waive taxes, water charges and community contribution for the poorest
Access to Economic and Social Services:	<ul style="list-style-type: none"> ⇒ Irrigation system, both internal and external renovated (ASIF and PIU; WFP). Good project outcomes and water supply from the source. Adequate availability of water. ⇒ Potable water available to most households (restricted supply) ⇒ Electricity available ⇒ Poor roads ⇒ Poor transport links with the regional centre and Yerevan ⇒ No telephone connection ⇒ Village shop
Health Assets:	<ul style="list-style-type: none"> ⇒ Health point with a nurse ⇒ Hospital in the regional centre is often difficult to access because of the lack of transport and poor road condition
Education Assets:	<ul style="list-style-type: none"> ⇒ Secondary school newly renovated by a US-based NGO ⇒ School absenteeism because of lack of clothes in winter ⇒ Decreased performance and disincentives for secondary education ⇒ Kindergarten closed down due to lack of funding

Social Assets:	⇒ Social vulnerabilities: the elderly whose families migrated, single female headed households and refugees
	⇒ High levels of out-migration
	⇒ Reliance on mutual support networks for survival
	⇒ Restricted participation in social life
	⇒ Community Organisations: Water User Association and School Board
Security Assets:	⇒ Sense of insecurity in the border zone
Psychological Assets:	⇒ Distrust in the central government
	⇒ Some people are nostalgic for Soviet past

Community: Khachik, Eghegnadsor district, Vayots Dzor Marz

Population: 264 households (1150 residents)

Social composition: Local Armenians of 3 kinship groups. Village established in the late 19th century.

Dimension of Poverty/Well-being	Characteristics of the Community
Geographical Assets:	⇒ Borders with Azerbaijan ⇒ Village is difficult to access as it is surrounded by mountains, in winter months access is especially difficult
Physical Assets:	⇒ Most households have land (2 ha each on average) ⇒ Land plots are in the border proximity, and they are hard to cultivate because of occasional gun fire ⇒ Limited access to agricultural inputs (fertilisers, pesticides and machinery) ⇒ Agricultural inputs are expensive, many households rent out their land ⇒ Adequate housing conditions
Financial Assets and Substitutes:	⇒ Subsistence agriculture predominant ⇒ Low/seasonal income from commercial farming (wheat, apple, walnuts; cheese, butter and honey, sales of livestock) ⇒ Access to credit/start-up capital: 50 residents received credit from Agrobank; 50 women received micro-credit from an NGO ⇒ Reliance on coping strategies: mutual help (cash, in-kind, lending and borrowing) ⇒ Some households are entirely reliant on humanitarian food assistance, social benefits of low value and mutual help ⇒ Local leaders often waive taxes, water charges and community contribution for the poorest
Access to Economic and Social Services:	⇒ Irrigation system rehabilitated (ASIF). Good project outcomes and water supply from the source. Adequate availability of water. ⇒ Potable water available to 120 households only; the internal network needs rehabilitation ⇒ Electricity available ⇒ Poor roads

	⇒ Poor transport links with the regional centre and Yerevan
	⇒ Telephone connection available, but not to all households
	⇒ Village shop
Health and Demographic Assets:	⇒ Health point with a doctor and a nurse, newly renovated by Oxfam
	⇒ Revolving drug fund
	⇒ Regional hospital is difficult to access due to the lack of transport and remoteness of the village
	⇒ Decreased birth and marriage rates
Education Assets:	⇒ Secondary school newly renovated by NRC
	⇒ School has a honey production unit funded by the School improvement Program (WB); football team;
	⇒ High levels of attendance and good performance; high rates of graduates with secondary education
Social Assets:	⇒ Social vulnerabilities: households with many children; single female headed households
	⇒ Reliance on mutual support networks for survival
	⇒ Active participation in social life
	⇒ Church in the village centre
	⇒ Culture Club
	⇒ Cafe
	⇒ Community Organisations: Water User Association and School Board
Security Assets:	⇒ Sense of insecurity in the border zone
Psychological Assets:	⇒ Many people willing to emigrate

Community: Karin, Ashtarak district, Aragatzotn Marz

Population: 136 households (700 residents)

Social composition: Local Armenians and ethnic Armenian refugees mostly from urban areas in Azerbaijan. Village established in the early 1990s.

Dimension of Poverty/Well-Being	Characteristics of the Community
Geographical Assets:	⇒ Close to the regional centre and Yerevan ⇒ Poor climatic condition for agriculture (arid area) ⇒ Close to Yerevan
Physical Assets:	⇒ Most households have land ⇒ Poor land quality ⇒ Limited access to agricultural inputs (fertilisers, pesticides, irrigation water and machinery) ⇒ Many residents with urban background find it difficult to engage in agricultural activities ⇒ Adequate housing (110 newly built houses by Shen programme for refugees); others live in poor conditions

Financial Assets and Substitutes:	<ul style="list-style-type: none"> ⇒ Subsistence agriculture predominant ⇒ Relatively high income from employment in the ADRA funded Tree Project (15 people) ⇒ Restricted access to credit/start-up capital ⇒ Reliance on coping strategies: mutual help (cash, in-kind, lending and borrowing) ⇒ Many households (40) are entirely reliant on humanitarian food assistance, social benefits and mutual help ⇒ Free dinners offered for the poorest households in the regional centre ⇒ Local leaders often waive taxes, water charges and community contribution for the poorest
Access to Economic and Social Services:	<ul style="list-style-type: none"> ⇒ Irrigation system rehabilitated (ASIF). Good project outcomes, but limited water supply from the source. Inadequate water availability. ⇒ Potable water (also used for irrigation) available to lower part of the village, supplied once in 2 days for 4 hours, not accessible to all 40 households in the lower part ⇒ Electricity available ⇒ Good roads ⇒ Poor transport links with the regional centre and Yerevan ⇒ Easy access to Yerevan and the regional centre because of good roads and proximity ⇒ Telephone connection available, but not to all households
Health Assets:	<ul style="list-style-type: none"> ⇒ Health point newly renovated by Oxfam ⇒ Revolving drug fund
Education Assets:	<ul style="list-style-type: none"> ⇒ Secondary school newly renovated by NRC ⇒ High concentration of people with higher education
Social Assets:	<ul style="list-style-type: none"> ⇒ Social vulnerabilities: households with many children; single female headed households and refugees with urban background, who find it difficult to adjust to rural lifestyle ⇒ Reliance on mutual support networks for survival ⇒ Restricted participation in social life ⇒ Organise cultural events (e.g., free tickets to theatre or New Year's performance for children in the regional centre) ⇒ Lack of adequate educational and cultural facilities (such as a library and a club), which are much needed by the residents with urban background ⇒ Community Organisations: School Board, but no Water User Association
Psychological Assets:	<ul style="list-style-type: none"> ⇒ General stigma attached to the refugee status ⇒ Many people willing to emigrate ⇒ Strong sense of helplessness and desperation among the refugee population

Community: Eghegnavan, Ararat region, Ararat Marz

Population: 760 households (1670 residents)

Social composition: Local Armenians and ethnic Armenian refugees from Azerbaijan. Village established in the early 1990s.

Dimension of Poverty/Well-Being	Characteristics of the Community
Geographical Assets:	<ul style="list-style-type: none">⇒ Close to the regional centre and Yerevan⇒ Situated in the fertile Ararat Valley⇒ Bordering with Turkey
Physical Assets:	<ul style="list-style-type: none">⇒ Most households have land of relatively good quality⇒ Pesticides provided by the brandy factory free; subsidised fertilisers arranged through marzpetaran. Despite this, many farmers investment in agricultural inputs is still costly, and as a result some 120 ha of land not cultivated⇒ Adequate housing
Financial Assets and Substitutes:	<ul style="list-style-type: none">⇒ Subsistence agriculture predominant⇒ Relatively high seasonal income from commercial farming (wheat and fruits; producing grapes for the Cognac factory)⇒ Access to credit/start-up capital: member of ACBA, but many farmers prefer not to take loans, as they find it difficult to repay them⇒ Reliance on coping strategies: transfers from migrant relatives and mutual help (cash, in-kind, lending and borrowing)⇒ Few social benefit recipients, and no humanitarian aid available⇒ Local leaders often waive taxes, water charges and community contribution for the poorest
Access to Economic and Social Services:	<ul style="list-style-type: none">⇒ Irrigation system rehabilitated (ASIF). Good project outcomes and water supply from the source. Adequate water availability.⇒ Potable water available to most households (restricted supply)⇒ Electricity and gas available⇒ Good roads⇒ Poor transport links with the regional centre and Yerevan⇒ Telephone connection available, but not to all households
Health Assets:	<ul style="list-style-type: none">⇒ Health point with a doctor and a nurse⇒ Revolving drug fund
Education Assets:	<ul style="list-style-type: none">⇒ Secondary school, good condition⇒ Kindergarten⇒ Extra-curricular activities (dance classes) funded by local budget
Social Assets:	<ul style="list-style-type: none">⇒ Social vulnerabilities: households with many children; single female headed households and the elderly who have been left alone⇒ Reliance on mutual support networks for survival⇒ Active participation in social life⇒ High migration

- ⇒ Shop
- ⇒ Culture Club
- ⇒ Community Organisations: Water User Association and School Board

Psychological Assets: ⇒ Many people willing to emigrate

Community: Arevadasht, Baghramian region, Armavir Marz

Population: 90 households (120 residents)

Social composition: Local Armenians and Yezids (about 30 households).

Dimension of Poverty/Well-Being	Characteristics of the Community
Geographical Assets:	<ul style="list-style-type: none"> ⇒ Poor climatic condition for agriculture (arid area) ⇒ In the vicinity of the atomic power station (which makes some negative health effects possible)
Physical Assets:	<ul style="list-style-type: none"> ⇒ Poor quality of land ⇒ Limited access to agricultural inputs (fertilisers, pesticides, irrigation water and machinery) ⇒ As inputs are expensive, the majority of farmers work as hired agricultural labourers ⇒ Inadequate housing conditions for most residents
Financial Assets and Substitutes:	<ul style="list-style-type: none"> ⇒ Subsistence agriculture predominant ⇒ Some commercial farming among the better-off residents (wheat, fruit, livestock) ⇒ Barter widespread ⇒ Access to credit/start-up capital: ACBA credits, but many people have difficulties repaying them ⇒ Reliance on coping strategies: mutual help (cash, in-kind, lending and borrowing) ⇒ Some households are entirely reliant on humanitarian food assistance, social benefits of low value and mutual help ⇒ Preferential waiver of taxes and water charges
Access to Economic and Social Services:	<ul style="list-style-type: none"> ⇒ Irrigation system rehabilitated (ASIF). Poor project outcomes and limited water supply from the source. Inadequate water availability. ⇒ Potable water network renovated by All Armenia Fund, but water not available; reliance on community members to bring water in cisterns ⇒ Electricity not available ⇒ Poor transport links with the regional centre and Yerevan ⇒ No telephone connection ⇒ Village shop not available
Health Assets:	<ul style="list-style-type: none"> ⇒ Health point not available ⇒ Revolving drug fund suspended because of non-payment of fees ⇒ Hospital in the regional centre, often difficult to access because of

	the lack of transport
Education Assets:	⇒ Secondary school in poor condition
	⇒ School absenteeism because of lack of clothes in winter
Social Assets:	⇒ Social vulnerabilities: single elderly, persons with disabilities, and single female headed households
	⇒ High levels of migration (120 households left)
	⇒ Reliance on mutual support networks for survival
	⇒ Social divisions
	⇒ Culture club not available
	⇒ Restricted participation in social life
	⇒ Community Organisations: no Water User Association
Psychological Assets:	⇒ Distrust in the central, regional and local government
	⇒ Sense of isolation and powerlessness
	⇒ Pessimism and uncertainty in the future

Community: Ashnak, Talin region, Shirak Marz

Population: 429 households (1450 residents)

Social composition: Local Armenians of Sasoun origin.

Dimension of poverty/well-being	Characteristics of the community
Geographical Assets:	⇒ Harsh winters
Physical Assets:	⇒ Most households have land
	⇒ Limited access to agricultural inputs (fertilisers, pesticides, irrigation water and machinery)
	⇒ Subsidised fertilisers arranged through marzpetaran
	⇒ Agricultural inputs are expensive, many households rent out their land
	⇒ Adequate housing conditions
Financial Assets and Substitutes:	⇒ Subsistence agriculture predominant
	⇒ Low/seasonal income from commercial farming (wheat, fruit; cheese, sales of livestock)
	⇒ Access to credit/start-up capital: 15 residents received micro-credit
	⇒ Reliance on coping strategies: mutual help (cash, in-kind, lending and borrowing)
	⇒ Some households are entirely reliant on humanitarian food assistance, social benefits of low value and mutual help
	⇒ Local leaders often waive taxes, water charges and community contribution for the poorest
Access to Economic and Social Services:	⇒ Irrigation system rehabilitated (ASIF). Poor project outcomes and limited water supply from the source. Inadequate water availability.
	⇒ Potable water network rehabilitated, but irregular supply of water
	⇒ Electricity available
	⇒ Good roads

	⇒ Poor transport links with the regional centre and Yerevan
	⇒ Telephone connection available, but not to all households
	⇒ Village shop
Health and Demographic Assets:	⇒ Health point with 3 nurses, needs rehabilitation
	⇒ Regional hospital is relatively easy to access
Education Assets:	⇒ Secondary school needs rehabilitation
	⇒ School received funding from the School improvement Program (WB)
Social Assets:	⇒ Social vulnerabilities: households with many children; single female headed households, persons with disabilities
	⇒ Some 25 extremely poor households
	⇒ Reliance on mutual support networks for survival
	⇒ Active participation in social life
	⇒ Culture Club
	⇒ Community Organisations: Water User Association and School Board
Psychological Assets:	⇒ Many people willing to emigrate
	⇒ Distrust in the central government
	⇒ Sense of powerlessness

Community: Tsilkar, Aragats region, Aragatzotn Marz

Population: 138 households (540 residents)

Social composition: Local Armenians and some ethnic Armenian refugees from Azerbaijan

Dimension of Poverty/Well-Being	Characteristics of the Community
Geographical Assets:	⇒ Harsh winters
	⇒ The village is not considered vulnerable by the donor community/NGOs as it is neither in the border zone, nor in the refugee populated areas. As a result, it did not attract many programs and external investments.
Physical Assets:	⇒ Most households have land
	⇒ Limited access to agricultural inputs (fertilisers, pesticides and machinery)
	⇒ Agricultural inputs are expensive, many households rent out their land. Fertilisers even at subsidised prices are not affordable, and only 15 people could afford them.
	⇒ The reserve land funds are rented by rich landowners.
	⇒ Inadequate housing conditions
Financial Assets and Substitutes:	⇒ Subsistence agriculture predominant
	⇒ Low/seasonal income from commercial farming (potato, wheat)
	⇒ Access to credit/start-up capital: 13 people received ACBA credit, but these are mostly better-off residents (as the credit is based requires a collateral and costly procedures)
	⇒ Reliance on coping strategies: mutual help (cash, in-kind, lending

and borrowing)

- ⇒ Some households are entirely reliant on humanitarian food assistance, social benefits of low value and mutual help
- ⇒ Local leaders often waive taxes, water charges and community contribution for the poorest

Access to Economic and Social Services:

- ⇒ Irrigation system rehabilitated (ASIF). Good project outcomes and water supply. Adequate water availability.
- ⇒ Potable water available from a spring
- ⇒ Electricity available
- ⇒ Relatively good roads
- ⇒ Poor transport links with the regional centre and Yerevan
- ⇒ Telephone connection not available
- ⇒ Village shop

Health and Demographic Assets:

- ⇒ Health point with 1 nurse
- ⇒ Regional hospital is relatively easy to access

Education Assets:

- ⇒ Secondary school needs rehabilitation

Social Assets:

- ⇒ Social vulnerabilities: households with many children; single female headed households, single elderly
- ⇒ Reliance on mutual support networks for survival
- ⇒ Restricted participation in social life
- ⇒ Community Organisations: no Water User Association

Psychological Assets:

- ⇒ Many people willing to emigrate
 - ⇒ Distrust in the central government
 - ⇒ Sense of powerlessness
-

Annex 6. Glossary

Index key:

A: Armenian R: Russian T: Tajik K: Kyrgyz U: Uzbek

<i>Aksakal</i> (T, K)	1. Chief or elder; 2. Administrator of a city or village.
<i>Avakani</i> (A):	The Council of Elders - an elected council, which together with the local mayor, is in charge of local decision-making.
<i>Avlod</i> (T):	Patriarchal extended family in Tajikistan.
<i>Azg</i> (A):	Extended family in Armenia.
<i>Bards</i> (R):	Popular poets and singers who wrote songs outside the establishment, often protesting against the Soviet way of life.
<i>Blat</i> (R):	Informal networks used by people to gain access to benefits in the Soviet Union.
<i>Domik</i> (R):	Temporary housing in the earthquake area in Armenia.
<i>Domkom</i> (R):	Housing committee.
<i>Gortskom</i> (A):	Local bodies representing the executive power in Soviet Armenia.
<i>Gyughsovet</i> (A):	Village Council, the main legislative body at the village level in Soviet Armenia (same as <i>sovet</i>).
<i>Hamaynk</i> (A):	Community. 1. Refers to a village or urban neighbourhood as an administrative unit in post-Soviet Armenia; 2. Indicates 'social community' in a wider sense.
<i>Hamaynkapet</i> (A):	Head of the rural or urban community (local mayor) in post-Soviet Armenia.
<i>Haymankapetaran</i> (A):	Local community administration in post-Soviet Armenia.
<i>Hashar</i> (T), <i>Ashar</i> (K):	Communal labour or co-operative work. Collective effort by volunteers to assist a person in need in the community.
<i>Haykakan dzev</i> (A):	The 'Armenian way'. Refers to informal ways for obtaining benefits.
<i>Jrogtagortsoghneri miutyun</i> (A):	Water Users Association

<i>Kinbazhin</i> (A):	Women's committee in Soviet Armenia.
<i>Kollektivi</i> (R):	Collective units at work places (factories, collective farms, schools, and hospitals).
<i>Kolkhoz</i> (R):	Collective farm.
<i>Komsomol</i> (R):	Youth committee in the Soviet Union. Youth aged 14-28 joined following the approval of a local <i>Komsomol</i> committee. Disbanded in 1991.
<i>Mahalla</i> (T, U):	Neighbourhood associations often run by local elders.
<i>Marz</i> (A):	Administrative region in post-Soviet Armenia.
<i>Marzpet</i> (A):	Regional governor in post-Soviet Armenia.
<i>Marzpetaran</i> (A):	Regional governor's administration in post-Soviet Armenia.
<i>Nomenklatura</i> (R):	Member of the governmental administration in the Soviet Union.
<i>Ojakh</i> (A):	Traditionally better-off and influential families in pre-Soviet Armenia.
<i>Obshestvennie organizatsii</i> (R):	Voluntary or public organisations.
<i>Partkom</i> (A, R):	Local Party Committee in Soviet Armenia.
<i>Sovet</i> (A, R):	Elected councils (in practice appointed by the Party committees), representing the legislative power in Soviet Armenia.
<i>Sovkhoz</i> (R):	State farm. Unlike in <i>kolkhoz</i> , <i>sovkhoz</i> property did not belong to the <i>sovkhoz</i> members but to the state.
<i>Subbotnik</i> (R), <i>Shabatoryak</i> (A):	Voluntary community work (often carried out on Saturdays – thus linked to Russian <i>subbota</i> or Armenian <i>shabat</i>).
<i>Shrjan</i> (A):	Former administrative districts in Soviet Armenia. The term is still informally used to refer to specific geographic areas.
<i>Tanouter</i> (A):	Elected village headman in pre-Soviet Armenian community.

Annex 7: Interview Codes

	Khachik	P Sevak	Ashnak	Arevadasht	Eghegnavan	Karin	Tsilkar
Interview 1	K-1	PS-1	AK-1	AR-1	E-1	KN-1	TS-1
Interview 2	K-2	PS-2	AK-2	AR-2	E-2	KN-2	TS-2
Interview 3	K-3	PS-3	AK-3	AR-3	E-3	KN-3	TS-3
Interview 4	K-4	PS-4	AK-4	AR-4	E-4	KN-4	TS-4
Interview 5	K-5	PS-5	AK-5	AR-5	E-5	KN-5	TS-5
Interview 6	K-6	PS-6	AK-6	AR-6	E-6	KN-6	TS-6
Interview 7	K-7	PS-7	AK-7	AR-7	E-7	KN-7	TS-7
Interview 8	K-8	PS-8	AK-8	AR-8	E-8	KN-8	TS-8
Interview 9	K-9	PS-9	AK-9	AR-9	E-9	KN-9	TS-9
Interview 10	K-10	PS-10	AK-10	AR-10	E-10	KN-10	TS-10
Interview 11	K-11	PS-11	AK-11	AR-11	E-11	KN-11	TS-11
Interview 12	K-12	PS-12	AK-12	AR-12	E-12	KN-12	TS-12
Interview 13	K-13	PS-13	AK-13	AR-13	E-13	KN-13	
Interview 14	K-14	PS-14	AK-14	AR-14			
Group 1 (Female)	K-G1	PS-G1	AK-G1	AR-G1	E-G1	KN-G1	TS-G1
Group 2 (Male)	K-G2	PS-G2	AK-G2	AR-G2	E-G2	KN-G2	TS-G2

Annex 8: Map of Armenia

Courtesy of the University of Texas Libraries, The University of Texas at Austin



Base 802741AI (C00132) 8-02