Women's Participation in Local Organizations: Conditions and Constraints

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Summary. — Civic organizations have a capacity to contribute to economic growth and an equitable distribution of welfare by reducing information asymmetries and transaction costs. While donors increasingly recognize that group-based projects are a means to advocate organizational capacities of target groups, it is not clear whether group-based organizations always increase efficiency and equity. This article analyses the determinants of participation in local development groups (LDGs) using data from two projects funded by UNDP in Kashmir and GTZ in Chad. A major result of the empirical analysis is the identification of a "middle-class effect" of participation. The exclusion of the majority of the poor can be explained by high opportunity costs to join the group, especially for income-earning women. In addition, it can be shown that an existing social network is a pre-condition for participation. Finally, the assumption has been confirmed that bargaining power of the members is important for their decision to participate in groups. © 2001 Elsevier Science Ltd. All rights reserved.

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1. INTRODUCTION

Despite considerable economic progress in several developing countries, poverty and social exclusion remain persistent problems. Recently, advances in economic theories as well as empirical studies have stressed the role of civic organizations [1] for economic development. They have proven to be able to help the poor in articulating their interests and to offer them access to basic social services (Clark, 1995; Robinson & White, 1997). Both are important conditions for balanced and sustainable growth.

When both the state and the market fail, civic organizations can step in and provide credit and savings possibilities, health and educational services as well as local public goods. Information sharing, a collective decision-making process and the accumulation of social capital can significantly reduce information asymmetries and transaction costs as important factors of state and market failure (Jütting, 2000). While various examples for the role and impact of civic organizations on economic growth exist (Fukuyama, 1995; OECD, 1995; Putnam, 1993; World Bank, 1995), not much has been said on the actual building process of civic organizations. As the literature on micro-finance institutions shows, however, the institutional design of credit arrangements determines the size of transaction costs and thereby has an important impact on the overall success of group lending programs (Bhatt & Tang, 1998). Group-based projects in general are increasingly being accepted as a means to advocate organizational capabilities of poor people (World Bank, 1994). Hence, the institutional design of group-based projects is of main importance for the state as well as for donors and nongovernmental organizations (NGOs) aiming to support local initiatives.

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The aim of this paper is to contribute to a wider knowledge on the set-up of projects focused at increasing organizational capacities of poor people. Among the few empirical studies of determinants of community participation that exist so far (see for example, Gaspart *et al.*, 1997; White & Runge, 1995) none uses a mixed methodological approach of qualitative and quantitative approaches as is done in this study. We use the example of two projects funded by UNDP in Kashmir (Pakistan) and GTZ in Chad to illustrate barriers to participation and how these might best be overcome when donors want to help poor people to get organized. Both programs facilitate the foundation of civic organizations. The empirical analysis of the motivation to join the group helps us to identify criteria to set up participatory programs in poor areas.

The outline of this paper is as follows: In Section 2, we present a conceptual framework to clarify the place civic organizations take in society. This part draws upon the current discussion in development economics about the relationship between the individual, the market, the state and civil society. We then briefly explore the areas in which group-based projects can contribute to economic development and thereafter introduce two case studies of group-based projects in Pakistan and Chad (Section 3). For the empirical analysis of the motivation for people to join or not to join the group we use regression techniques. The paper concludes by identifying key points which donors should bear in mind when designing group-based projects.

2. A CONCEPTUAL FRAMEWORK: WHICH PLACE FOR CIVIC ORGANIZATIONS?

Civic organizations have gained considerable attention as being critical contributors to a civic infrastructure, for instance, through the management of risk at the local level which is a prerequisite for economic and political institutions to function (Fukuyama, 1995; Salamon & Anheier, 1998; Weinberger & Jütting, 2000; World Bank, 1995). From a conceptual point of view two points are noteworthy: first, we regard civil society as an umbrella for different kinds of civic organizations. Second, civil society is an institution which is not a residual between state and market interaction, but expresses itself as an own identifiable sphere (Defourny, 1992). A characteristic of organizations grouped in this sector is that they are

bound together by voluntarism. A recent survey carried out by the Johns Hopkins Non-profit Comparative Project on civic organizations in developing countries shows that there are

> essential commonalties that bind these otherwise disparate entities together in a joint sector of social and economic life. [...] Whatever their origins, the organizations so defined share a common dedication to the exercise of individual initiative outside the sphere of the market to advance essentially public purposes and address collective needs. As such, they constitute a distinctive social sphere and a particular social institution, even though their specific purpose may differ markedly (Salamon & Anheier, 1998, p. 350f).

A concept of three spheres is useful to place civic organizations within an economy (see Figure 1). This classification disentangles the often jumbled role of for-profit and not-for-profit organizations and their contribution to development. It is a stylized presentation which largely ignores the complexity of modern market and state forms and its overlaps, such as professional civic organizations and social enterprises. It helps, however, to conceptualize the variety of activities outside the state and market dichotomy (Evans, 1996; Jütting, 1999; Robinson & White, 1997).

The difference between the state, the market and civic organizations lies in their different incentive schemes and in the type of compliance and co-operation that each implies (see Table 1). While the state depends on the rule of law and regulations which are backed by coercion, the market is driven by utility maximization, and civic organizations are mainly bound together by engagement of volunteers, self-interest and solidarity (DeJanvry *et al.*, 1993; Salamon & Anheier, 1996; Van Til, 1987).

Having drawn a brief and general picture on where we see the place of civic organizations in an economy, we now turn to the discussion of why and how local development groups as a part of civil society have an influence on economic development and which factors affect the willingness of individuals to participate in such an organization.

3. LOCAL DEVELOPMENT GROUPS, ECONOMIC DEVELOPMENT AND PARTICIPATION

The question of how and under which circumstances cooperation is effective has long
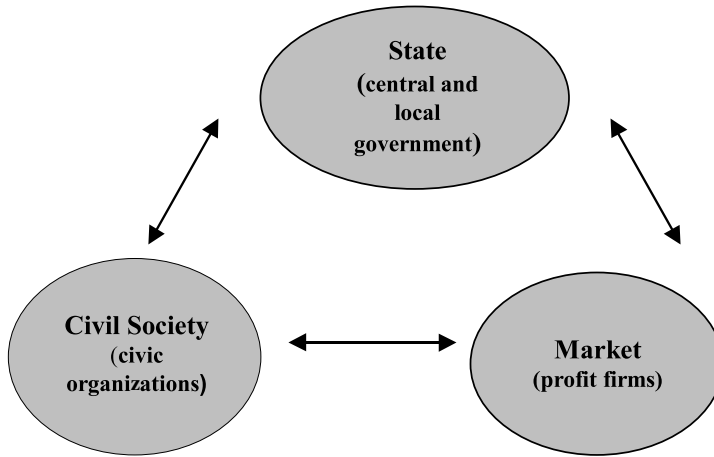
Figure 1. *The three spheres of an economy.*

Table 1. *Institutional characteristics of state, market and civic organizations*

	State	Market	Civic organizations
Decision makers	Administrators and experts	Individual producers, consumers, savers and investors	Leaders and members
Mode of operation	Top-down	Individualist	Bottom-up
Guides for Behavior	Regulations	Price signals and quantity adjustments	Agreements
Incentives	Rules of law, regulation	Maximiation of profit and/or utility	Social norms and values; altruistic behavior; self-interest
Sanctions	State authority backed by coercion	Financial loss	Social pressure

Source: Based on Uphoff (1993, p. 610).

been analyzed by social scientists and economists. The results are rather pessimistic and are in part reflected by the key words which characterize the debate: the tragedy of the commons (Hardin, 1968), the logic of collective action (Olson, 1965), public goods theory and the prisoners' dilemma. All these approaches describe situations in which everybody would be better off if everyone would co-operate. But in the absence of coordination and credible mutual commitment, everyone defects, ruefully but rationally, confirming one another's expectations (Putnam, 1995). More recent work though suggests that negative outcomes have been overestimated. If one allows for reciprocity and interactions between players free-riding can be overcome (Bohnet & Frey, 1994; Gaspart *et al.*, 1997; White & Runge, 1995).

From a theoretical point of view, the discussion on the concept of "social capital" has

brought some insights in this respect. The social capital of a society or a community has been defined in terms of "relationships that are grounded in structures of voluntary associations, norms of reciprocity and co-operation and attitudes of social trust and respect" (Brown & Ashman, 1996, p. 1470). Empirical work has shown that social capital has a positive influence on economic growth (Knack & Keefer, 1997), that it can lead to more efficiently operating government structures (Putnam, 1993), that it has a positive influence on household incomes (Narayan & Pritchett, 1997) and that it is an important element in the complex asset portfolio of poor people, reducing their vulnerability (Moser, 1998). In several of these and other studies one important indicator for the level of social capital within a community is the existence of local development groups (LDGs). Memberships in groups

and networks and a local affiliation seem to facilitate information exchange and participation, thereby reducing transaction costs and helping to build trust and social cohesion.

State and market failures in the provision of crucial public goods have put pressure on affected groups to find their own solutions. This development can be seen as one important factor explaining the emergence of LDGs. LDGs can act as a complement or as a substitute for the government and the private sector (Lam, 1996; Ostrom, 1996; Thorbecke, 1993; Uphoff, 1993). An example would be the case of Rotating Savings and Credit Associations (RoSCAs) which can be found in many countries around the world and are considered as a response to missing financial markets.

Having briefly discussed some mechanisms which enable civic organizations to lower transaction costs, reduce information asymmetries and contribute to economic development, we now turn to the question why people do or do not participate in organizations.

In principal, different motivations for participation can be distinguished. Economists usually apply a rational decision-making model which postulates that all costs and benefits of an action can be attributed with a certain value. The rational individual will then weight up between two alternatives (i.e., participate or refrain from participating) and decide for the alternative with the greater net benefit. In contrast to this, social scientists usually assume that social behavior is also influenced by factors that may not be explicitly attributed with a certain monetary value. For participation, such factors may for instance be the psychological gain to fulfill a certain duty (Asher, Richard-

son, & Weisberg, 1984). Others have distinguished between internal and external factors that determine participation. Weinberger (2000), for instance, describes participation as a process with different stages, which are determined through factors both at the environment and the personal level. In this model, both the knowledge and recognition of needs and own interest are key determinants of participation, which in turn are to be seen as dependent, not independent variables, because they are induced by the cultural and societal framework (see Figure 2).

We will assume that an individual has an interest both as a beneficiary of corporate action and as a contributor to the common project. Each actor will therefore have to weigh his interests as beneficiary against those as a contributor. The mix of present and expected interests may vary, according to different current and expected positions of actors. Hence, the individual cost-benefit ratio of participation in LDGs is important.

Costs and benefits will occur at different times (see Table 2). Costs occur either when the group is founded or when projects are implemented. Benefits will only become visible, however, after a certain period of time. While medium-term benefits will become visible in a period of one to five years after project implementation, long-term benefits may take as long as 10–15 years to become apparent. Therefore, individuals will have to discount benefits that are expected to bear fruit in the future, in order to estimate present worth and compare it to present costs. In addition, both costs and benefits may be either direct (linked to the goal aimed at) or indirect, meaning that they are
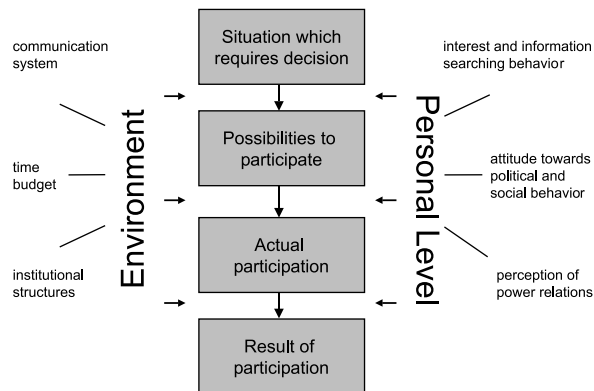

Figure 2. The process of participation. Source: Weinberger (2000, p. 42).

Table 2. *Overview on costs and benefits from participation in LDGs*

	Direct	Indirect
Sunk costs[a]	Group foundation (time, material, money)	Overcoming resistance of household members
Permanent costs	Membership fees, material, time requirements[b]	Other household members' time for taking over activities otherwise carried out by the participating member
Immediate benefits	Provision with inputs credit and saving facilities	Creation of networks
Longer-term benefits	Increase in agricultural production; increase in income	More and better village facilities; access to social services (insurances)

Source: Weinberger (2000, p. 161).

[a] Sunk costs play a role in so far as they might influence the decision whether or not to leave the organization for those members who joined the groups from the beginning. Regarding the individual cost/benefit calculs to join, sunk cost are irrelevant.

[b] Opportunity cost of participation can be measured either in foregone benefit for the individual itself—"time requirements"—or in terms of the cost of somebody else doing the work. We mention both in order to show how participation can have indirect consequences on others.

unintentional and secondary, such as negative external effects (Henrichsmeyer & Witzke, 1994).

Direct costs will occur through the need for time, material and money. Opportunity costs of time result from household and agricultural work burden that women see themselves confronted with. Opportunity costs can also arise through the scarcity of food, nutrients and water that leads to competition between power for participation and work force. Indirect costs on the household level occur when other (female) household members have to take over household chores and therefore extract time from other activities, such as attending school (Weinberger, 1997, 1998).

Immediate benefits from participation are the provision of agricultural inputs and extension services and access to credit and saving facilities. Another short-term benefit is the creation of networks, which facilitate the information flow, thereby reducing transaction costs. This collective benefit will materialize not only for the group, but also for the participating individual. Long-term direct benefits could be an increase in income and in agricultural production. These gains would be beneficial for the individual as well as for the household. Collective long-term benefits arise through the creation of markets and the development of further income-earning possibilities, as well as the construction of more and better village facilities (such as wells, schools, stores) (Weinberger, 1997, 1998).

The described theoretical considerations on a cost-benefit ratio of participation help us to design an empirical analysis on poor people's behavior regarding participation. Before we specify our research hypothesis and the model, we briefly introduce the two projects, the method of data collection and the data set itself.

4. IDENTIFYING THE DETERMINANTS OF PARTICIPATION

(a) *The context of the field studies*

The following analysis is based on two field studies that were carried out in Kashmir/Pakistan and Chad. Both surveys focus on local organizations that are supported by development agencies. In Kashmir, the supporting and external agency was UNDP; in Chad, it was GTZ. The two programs are similar in that they work exclusively with local organizations. One of the roles attributed to local organizations is that they give their members a bargaining power which they would otherwise not possess. Especially women, who in many societies have less influence than men, may have an incentive to form coalitions and to get involved in collective action, if this enables them to improve their bargaining position (Folbre, 1997). This is currently being recognized by many development agencies. Both programs reach a high percentage (around 40–50%) of women's groups, but do not work exclusively with them. The type of activities offered by the two programs includes income-generating activities such as sewing, knitting and soap production, training activities (professional training, training in organizational

capabilities) and financial activities (lending of credits and keeping of savings accounts). Yet, with all the similarities there is also an important difference between the two programs. While GTZ in Chad supports only existing groups that have been formed independently of the programs activities, UNDP takes an active role in the process of group formation. This may have an effect on the composition of group members within the local organizations, as UNDP actively seeks to include the poorest.

(b) *Methodology*

Participation being the focus of this study, the methodology included participatory approaches. The surveys comprised three sources of information to enable an in-depth analysis: standardized interviews at the household level, guided discussions with community groups and interviews with key informants at the community level. The different techniques were chosen as socioeconomic data were not available for both regions. It was therefore expected that with a household survey the collection of more accurate data concerning socioeconomic characteristics would be possible. The focus group meeting belongs to a family of research techniques that is thought to be a relatively inexpensive means of eliciting information from a large number of respondents. A further advantage is that additional discussion generated by groups of individuals can increase the overall quantity and quality of information. The discussions were conducted with a discussion guide, containing topics such as formation, structure, activities, the changes in group behavior, and the interactions between other organizations and the project groups. The sample was based on a sampling frame that stratified all the supported groups according to two criteria: the administrative (and simultaneously regional) unit it belonged to within the project and the strength of the group (weak, medium or strong, according to classification by field workers). In total 21 women's groups were interviewed, nine in Kashmir and 12 in Chad. Each group was interviewed twice. A total of about 300 women participated in the group discussions. The standardized interviews were conducted with women at the household level to obtain information about time allocation, income sources and assets. Seventy-four households in Kashmir and 77 households in

Chad participated in these interviews, selected on random basis. Finally, on the community level key informants such as teachers and village heads were questioned on topics about general aspects of livelihoods, infrastructure and existence of formal and informal groups. The surveys were conducted in 1997, each was completed in about 12 weeks. The comprehensive form of data collection is one of the strength of this study. The following model is based on the data collected through structured interviews on household level; the qualitative information allows us to supplement the findings with anecdotal evidence.

(c) *Model specification*

It is commonly assumed that the decision to participate depends on rational considerations. The probability to participate can be formulated as a function of the benefits and costs. We assume that costs and benefits depend on present and future resources and the access to them. Hence, participation depends on household and individual characteristics as indicators of the resources (e.g., time, capital) available within a household and the access of each individual to them. Thus we assume that participation (p) is a function of household characteristics (Z_{hh}) and characteristics of the individual (Z_i). Furthermore, we incorporate the opportunity cost of time by including the average and monetary monthly income (y) of the individual into the function. We derive the following general model:

$$p = f(Z_{hh}, Z_i, y). \qquad (1)$$

We have to take into account though that income itself may be endogenously affected by participation, because income-generating activities are a main focus of both projects. Methodologically, this problem can be solved by applying a two-stage method for mixed qualitative and censored variables. In a first step, income is estimated for a reduced form equation, [2] using a Tobit regression (see Eqn. (2)).

$$y^* = \Pi_1 Z_{hh} + \Pi_2 Z_i + \Pi_3 c + v. \qquad (2)$$

In a second step, we estimate the structural equation for participation by incorporating predicted income and by using a Probit regression (Weinberger, 2000).

$$p = \frac{\gamma}{\sigma_p} y^* + \frac{\beta_1}{\sigma_p} Z_{hh} + \frac{\beta_2}{\sigma_p} Z_i + \frac{u}{\sigma_p}. \qquad (3)$$

(d) The main variables used and hypotheses tested

Household characteristics can take many expressions. We include assets as an indicator for wealth. Among the most obvious assets in a rural setting are *farm area* available to a household. Hence, we include the logged size of arable land per household member into the model. *Livestock* is another measure of household assets and we take small ruminants into consideration because in both cultural settings, in Kashmir as well as Chad, they constitute forms of assets that can be transformed into monetary assets fairly quick. In addition, for Kashmir we also include the number of *cattle*.

In addition to these quantitative measures of wealth, households were also asked to classify themselves according to relative wealth within the community on a rank from one (poorer than most others) to three (richer than most others). We constructed a second model, including the qualitative variable *auto-selected wealth* and excluding the quantitative variables land area and small ruminants in order to avoid multicollinearity, to test whether members of LDGs can be found within certain strata of a community. We contrast average wealth against poor and rich self-classification. Empirical analyzes of (political) participation in industrialized countries usually find that participation is highest with a middle income; individuals with a lower income as well as individuals with a higher income tend to participate less (Hettlage, 1987). We expect a similar effect for assets and for auto-selected wealth of households.

Another household characteristic we include is the *number of children*. We expect that with an increasing number of children in the household, the opportunity cost of time for women to participate increases because of child attendance. For Kashmir, we also include the *attitude toward education* within a household, expressed as a dummy variable. It takes the value one if all children living in the household older than six years go or have gone to school, zero otherwise. The variable is included because it can capture the benefit attributed to education within a household. [3] If household heads decide to send their children to school, this might also have a positive effect on the participation of their wives in group-based projects, because important activities offered by the project are training courses.

While earlier research focused on the entire household as a research object, in recent years it has been realized that this model is too simple. Not all individuals in a household have the same access to resources and not all members of a household necessarily pursue the same goals (Haddad, Hoddinott, & Alderman, 1997; Manser & Brown, 1980; McElroy & Horney, 1981; Wooley, 1988). Participation, and especially participation of women, may therefore also be considered as a function of *individual characteristics*.

In more recent models the access to resources within a household is considered as a function of the bargaining power of an individual (Agarwal, 1997). We hypothesize that the bargaining power of a woman depends on *age* and *years of school attendance*. In addition, in the case of Chad, we constructed an *index of bargaining power* which includes issues of household decision taking (livestock, farming, children's education) and takes the maximum value of one. We expect that all these variables have a positive effect on participation. To express the general attitude of an individual towards organizations and groups, we include a dummy variable into the model, coded with one if the interviewed woman reported a *membership in another group*, such as rotating credit associations or solidarity networks outside the family clan. The sign of this variable is not clear; it could be negative, being an indicator of the opportunity cost of time, or positive, reflecting that the factors determining engagement in networks also determine participation in LDGs.

Finally, we include the *predicted individual monetary and monthly income* of women into the model. We expect that it has a negative effect on participation, because it measures the opportunity cost of time.

(e) Results

The results of a basic Probit estimation for determinants of participation in Chad are shown in Table 3. Two models have been constructed. One includes metric measures of the wealth status of a household (farm area and small ruminants) and the other one includes a categorical variable for self-classified wealth groups. Model 1 will indicate whether a linear correlation exists between the metric measures of wealth, while Model 2 will show us whether or not a cut-off point exists. The statistical validity of both models is strongly supported by

Table 3. *Membership parameter estimates, Chad*

Variable	Model 1	Model 2
Constant	−6.945*	−3.035**
	(−2.107)[a]	(−2.208)
Household characteristics		
Farmarea logged, per household member	1.211	–
	(1.569)	–
Number of small ruminants	0.053	–
	(0.754)	–
Self-classified status of wealth of household		
Poorer than average	–	0.001
		(0.001)
Richer than average	–	−1.296***
		(−2.505)
Number of children in the household	0.222*	0.261**
	(1.802)	(2.335)
Individual characteristics		
Age	0.034	0.042*
	(1.512)	(1.797)
School attendance in years	0.078	0.035
	(1.010)	(0.402)
Bargaining power index	0.695	1.038
	(0.775)	(1.180)
Member of other groups (dummy)	1.660***	2.170***
	(3.160)	(3.909)
Predicted income	−0.198*	−0.197***
	(−2.145)	(−2.451)
Log likelihood	−32.930	−30.682
χ^2	21.400***	30.999***
Pseudo-R^2	0.309	0.325
Number of observations[b]	72	69

Source: Field Survey (1997) in collaboration with "Appui au projet autopromotion des organisations paysannes".
* Significant at $\alpha = 0.10$.
** Significant at $\alpha = 0.05$.
*** Significant at $\alpha = 0.01$.
[a] Number of observations included differ from total sample size due to missing observations.
[b] Wald-statistics in parentheses.

the log likelihood statistic. For both models it indicates that the null hypothesis can be rejected at the 0.001 level or better. With regard to the individual coefficients, the signs are all plausible. In Model 1, four of nine and in Model 2, six of nine coefficients are significant at the 0.10 level or better.

Starting with variables referring to the household, both the logged size of *farm area* per household member and the number of *small ruminants* per household have a positive effect on membership, the first one being near to slight significance. This shows that better-off households in terms of asset ownership have a greater interest in participation. Simultaneously, from Model 2 it can be deduced that a cut-off point exists: not the most wealthy households participate. Contrasted against average households, poor households have a very weak positive and rich households a significantly negative probability of participating in local organizations. [4] The overall significance and Wald-statistics of the second model renders results very similar to those of Model 1. Together with the results from the first model, we can conclude that it is the middle class in communities for which participation in LDGs is most attractive, a result that also holds true for political participation in industrialized countries. The *number of children* within a household also has a significant and positive effect. We would have expected that with a growing number of children the incentive to participate diminishes, because of the higher

opportunity cost of time through child attendance. The positive sign indicates that the discounted expected benefit of participation is considered higher when the number of children within a household is bigger. Two reasons could explain this: when more children live in a household, the age distribution is greater; older children can thus take care of younger children, while mothers attend group meetings. On the other hand, the benefits of participation may be regarded as greater in bigger households, because more persons benefit.

Referring to individual characteristics of the participating members, the variables indicating the *bargaining power of a woman* (age, school attendance and the Bargaining power index) all have the expected signs but, except for a slight significance of age in Model 2, none of them is significant. A strong influence on whether a woman decides to participate or not comes from the general attitude toward groups and networks. Women participating in *other informal groups* have a significantly stronger probability to participate in LDGs than women who do not participate. This finding suggests that the social capital stock within a community, measured by the number of organizations, networks and groups, has a significant influence on the decision to participate. The expected benefits associated with a group membership are regarded higher if a minimum of trust and cooperation within a community exists. One could even speak of a *conditio sine qua non* for participation.

The significant negative effect of *income* on participation in both models is interesting. It indicates that the opportunity cost of participation increases with higher income. In fact, the opportunity cost of participation measured in cost of time is high which is supported by statements concerning time requirements. For instance, in Chad on average 164 h per year are spent for group participation. Another argument could be that participation in groups might also be a reason to forego income, expecting that in due time income will increase because of participation.

Table 4 shows the results for the parameter estimates of Model 1 and two with data from Kashmir. The log likelihood statistics of both models are significant and indicate that the null hypothesis can be rejected at the 0.10 level or better. With regard to the individual coefficients, in both models four out of 10, respective out of nine variables, are significant. When comparing the pseudo-R^2 value for these two

models with the value for the respective models for Chad, it appears that they are smaller. This means that the overall explanatory value of the variables included into the models is bigger for Chad than for Kashmir.

While in Chad the size of cultivated land per household member was strongly and positively correlated with the membership of a woman in local organizations, in Kashmir we observe exactly the opposite result. The *size of cultivated land* has a negative effect on membership in local organizations. This indicates that members of groups predominantly do small-scale and garden farming. It is debatable, however, whether the size of farmarea is a good indicator for wealth in Kashmir, as water availability constitutes a major problem in most regions. Probably it is a better indicator for the source of income. Most households in Kashmir depend on other income sources than agriculture, such as trading, craftsmanship and remittances from overseas. Only five households within the sample earn their main income with agricultural activities and of these only one woman participated in an LDG. We can thus conclude that households earning their main income with farming find it less attractive to participate in LDGs, be it that the opportunity costs of time are too high or the expected benefits too low. Possibly, women living in farming households are more obliged to participate in working activities connected to the farm than women coming from craftsmen or traders families and therefore do not have the time to participate. This is an interesting result, as agricultural activities are a main focus of the project. The number of *small ruminants* and *cattle* both have a positive sign and both are close to statistical significance, indicating that assets do seem to have a positive influence on participation.

The inclusion of the categorical variable *wealth* into the second model instead of farm area, small ruminants and cattle also renders a statistically significant model. It appears that the argument brought forward earlier, namely, that the area under cultivation is not a good indicator of prosperity, can be endorsed. The direction of the estimates remains the same and, as in Chad, richer households tend not to participate, leaving the floor for the middle and poorer class. The "middle-class effect" mentioned above is, however, not as marked as in Mayo Kebbi, meaning that households identifying themselves as poor have a bigger probability to participate than in Chad. Nev-

ertheless, an issue concerning the participation of poor households was openly discussed in group meetings: because poor households' endowments with financial means and assets are low, they cannot contribute significantly to saving schemes of groups. Therefore, some groups deliberately select their members among households with sufficient financial resources.

The effect of the *number of children* in the household is negative and significant in both models. In contrast to Chad where the effect on participation of the number of children was positive, in Kashmir the effect is negative. Therefore it cannot be deduced that, as in Chad, there is a causal relationship between the number of children and available labor force, and concurring time needs for participation in local development groups. A statistically significant and positive impact on participation comes from the *value given to education*. Women living in households where all children in school age are actually sent to school have a much higher probability of participating in local development groups than women living in households where this is not the case. An explanation could be that women living in households that make every effort to educate their children find a greater value in training activities for themselves.

Concerning the individual characteristics, those variables that were included to capture

Table 4. *Membership parameter estimates, Kashmir*

Variable	Model 1	Model 2
Constant	1.613	−0.502
	(0.901)[a]	(−0.486)
Household characteristics		
Farmarea logged, per household member	−1.329***	–
	(−2.566)	–
Number of small ruminants	0.035	–
	(1.491)	–
Number of cattle	0.186	–
	(1.372)	–
Self-classified status of wealth of household		
Poorer than average	–	0.523
	–	(1.190)
Richer than average	–	−0.871*
	–	(−1.646)
Number of children in the household	−0.259**	−0.176*
	(−2.163)	(−1.795)
Value attributed to education	0.657*	0.865**
	(1.606)	(1.972)
Individual characteristics		
Age	−0.025	−0.014
	(−1.063)	(−0.631)
School attendance in years	−0.196	−0.044
	(−1.599)	(−0.593)
Member of other groups (dummy)	0.197	0.658
	(0.417)	(1.576)
Predicted income	0.055***	0.024*
	(2.466)	(1.825)
Log likelihood	−22.6793	−26.4889
χ^2	31.96***	14.91*
Pseudo-R^2	0.322	0.206
Number of observations[b]	71	71

Source: Field Survey (1997) in collaboration with "Neelum and Jhelum Valleys Community Development Program".
* Significant at $\alpha = 0.10$.
** Significant at $\alpha = 0.05$.
*** Significant at $\alpha = 0.01$.
[a] Number of observations included differ from total sample size due to missing observations.
[b] Wald-statistics in parentheses.

the effect of *bargaining power* show an unexpected effect concerning their sign. Both variables, age and school attendance, show negative signs in both models. None of them, however, are significant. This can be explained by the observations that many married women—while they themselves are the target group of the program and therefore also the respondents within this sample—prefer to send their daughters at school-leaving age to attend meetings. Two explanations are possible: one reason is that women might want to improve the opportunities for their daughters; second, in a Muslim society it is not considered appropriate for married women to leave their family compounds, while the rule does not apply as strictly to unmarried girls. As in the case of Chad, a positive influence also comes from being *member in another group* (whereas not significant). Participation in other and informal groups increases the probability to participate in the local development group. It seems that experience with informal groups and networks affects the attitude toward local development groups. In addition, members of informal groups and networks probably have access to more information, therefore they can make a better judgement concerning costs and benefits of participation in groups.

Finally, predicted income has a positive and significant sign. This result differs from the results derived in the Chad model. Women with a higher income have a higher probability of participating in local development groups.

5. CONCLUDING REMARKS

Coming back to our research motivation—determinants of participation and the attractiveness for the poor to join group-based projects—the empirical analysis of two field studies in Chad and Kashmir offers interesting results in four main aspects.

First, regression results as well as group discussions have shown that the opportunity costs for the poor to join group-based projects are high. This result holds true for Chad, where groups form independently from the donor agency, and the agency thus has no major influence on the composition of group members, as well as for Pakistan, where the donor agency actively seeks to incorporate the poor. In the described cases, this has led to a "middle-class effect," meaning that both for the wealthier and

the poorest part of the population the expected cost-benefit ratio of participation is negative. One may wonder why inclusion of the poor proved so difficult in Pakistan. From group discussions, it became evident that the underlying reason is the support system of the donor agency, which is based on both the absolute saving capacity of groups as well as the regularity in savings. Hence, groups have no interest in the participation of poor people, because usually their financial basis is insufficient to participate in the saving scheme on a regular basis, and require high contributions. Yet one should bear in mind that our analysis has been in terms of relative poverty. One should not overlook that all the participating women have to be classified as poor, taking into account the national poverty line. So while these organizations obviously actively and passively exclude the poorer part of the community, they nevertheless contribute to poverty alleviation within an environment. As stated before, some of the activities of the groups have a public good character from which everybody in the community can profit.

These findings have important policy implications. Donors should be aware that it may be very difficult or even impossible to reach the poorest part of the population via participation in groups. In order to reach the poorest, the costs of participation, and especially the risk associated to participation would have to be reduced. It remains questionable, however, whether this can be achieved through program design or rather if different, more targeted policy measures are not more suitable. Moreover, the role of the state has to be reconsidered. It was pointed out that civic organizations are often regarded as "gap-fillers" when market and state fail. Our results show, however, that it is debatable whether small local organizations are able to provide services and goods under equity considerations. Studies in related areas, e.g., by Ziemek and Jütting (1995) on health insurance services provided by community-based organizations, conclude that one important limiting factor is the seize of the risk pool. The enlargement of the risk pool by including the relatively poorer parts of the community could be achieved in a joint partnership with the local public administration through the introduction of a voucher system. It is an important issue for further research to analyze the prospects and the design of a partnership between local organizations, the private sector and the local government in the context of de-

centralization to finance and deliver public goods.

Second, in the case of Chad, the opportunity costs of participation are very high for income-earning women. While it seems astonishing that the effect of income is so significantly negative, as the program explicitly support income earning activities, an explanation might be that all of the visited groups are quite young—participation in terms of higher earnings may only begin to pay off after programs have been established for a longer period. Another possibility is that the income-earning activities offered by the program do not have an income-earning, but an expenditure-saving effect, such as was observed with soap production activities. While beneficial for the household, this will not be covered by taking monetary income into consideration. In terms of policy implications, these results point out that the initial phases of project group formation are especially sensitive ones. The risk associated with participating is regarded as high while at the same time members have to forego income—another reason why poor members might be excluded. If the inclusion of poor members is a policy goal, measures such as financial compensation of group members for group activities should be considered.

A third point reveals the importance of an existing social network as a determinant for participation. This is emphasized by the strong positive effect of *membership in other informal groups* on participation. The expectation of beneficial effects of networks seems to be higher when experience with group membership exists. Thus, we can conclude that for individuals the existing stock of social capital (measured through participation in informal groups) has an important influence on participation in local organizations. Only if a minimum of trust among group members exists will such important activities as insurance for members, be it by running a grain stock or lending activities, work on a sustainable basis. For the establishment of group-based projects this implies that a careful analysis of the situation in the project area with a focus on activities of other groups is essential. For policy makers, however, the question remains as to what to do in such areas and regions where the initial stock of social capital is low or deteriorating. In such circumstances, e.g., in periods of declining living standards as reported in case studies by Moser (1998), the establishment of group-based projects will require further intensive thinking on

ways to create a trustful environment in which group actions can take place.

Finally, the assumption that bargaining power of the members is of importance for their decision to participate in groups could not be confirmed. Rather, overall household characteristics showed statistically more significant results than individual characteristics. The bargaining power of a woman is definitely affected by social norms, which, within the Muslim culture of Kashmir, may not favor women participating in groups. Thus social norms sometimes impose high costs of participation, explaining why the variables expressing bargaining power are nonsignificant and even show negative signs. In terms of policy implications, this means that men have to be included in the process of participation at an early stage, for instance, by informing them about goals and activities of local organizations. Incorporating both sexes into the process from the very beginning, especially in societies where women have a low social status, will increase the overall probability of participation by women. On the other hand, improving and strengthening the position of women and changing social norms are the reasons why women get together for collective action, which is reflected by the names they give their groups, such as "Donnez-nous le Peau," [5] or "Hand in Hand." This is often accomplished after a rather short period of time, such as was reported in different villages in Chad where women started to have their village meetings side-by-side the meetings of males, when issues concerning the whole community were under discussion. Hence, the empowerment aspect of participation cannot be overlooked.

Whereas this article suggests that participation is not always and not for everybody an acceptable option—contrary to the sometimes very enthusiastic statements in the literature—several questions remain open. Further research should address aspects such as the desirability of homogeneity in the groups, the type of activities/support being offered to groups and the possibilities to lower transaction costs for individuals to join groups. Next to these more technical aspects, research should also focus on the relationship between participation and economic outcomes in different socioeconomic settings. The results of such a comparative approach would be highly beneficial for the ongoing current discussion on the impact of civic engagement on the development process.

NOTES

1. We use the term "civic organizations" as an umbrella for organizations of various types such as social enterprises, non-profit organizations, mutuals, cooperatives, professional associations and clubs. Local development groups (LDGs) are a type of civic organizations characterized by their local affiliation.

2. We assume that income is a function of household characteristics, individual characteristics and whether the individual has received a credit through the LDG or not. Results of the reduced form income equation are not shown here but available from authors upon request.

3. Education is normally regarded as a very important determinant of participation, because it enables aware-ness and the willingness to search information (Verba & Nie, 1972).

4. It should be stressed here that the wealth classifica-tion is valid only on a relative scale within communities. For Chad a national poverty line is not available, but the GNP in 1997 was 218 US$ per capita. It must hence be assumed that the majority of the population lives below the poverty line of 1US$ per day and capita. Similarly, for Kashmir official poverty estimates do not exist, but it must be assumed that the majority of the population, living in remote areas, without any opportunities for income earning, are extremely poor.

5. Literally, "Give us the loincloth," which in Chad was the clothing of men in former days.

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