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Academic year 2008 – 2009

THE ROLE OF INFORMAL INSTITUTIONS IN THE PROVISION OF SERVICES TO RURAL COMMUNITIES IN SOUTH COAST, GUATEMALA

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VII Conclusions

VII.1 *Summary*

Development and cooperation aid working in development and transition countries have found many social problems. Empowerment of locals to manage their own services through decentralization policy seems a viable solution for development. But decentralization policy can't solve the existing social problems. This situation has been analysed by social scientists and economist and both have came with the same conclusion: institutions matter. Institutions are defined as *"rules of the game that coordinate human interaction"* (North, 1990: 3p; Gibson et Al, 2005: 8p). They can be written or unwritten; legal or illegal; and/or legitimized by the stakeholders or illegitimate in their eyes. The main difference that the author uses for this research is whether institutions are formal or informal.

Informal institutions are mainly unwritten and don't have a legal ground. This means that they are not always easily visible. This research started with the objective of identifying the role of informal institutions for the allocation of services in rural areas in South Coast of Guatemala. To achieve this objective the steps were to identify (1) how services were managed (2) the informal institutions that affected this management of services and (3) community participation in service management. And the main hypothesis when starting the research was that informal institutions play the most important role in local participation in self-help initiatives for development which can be executed in the frame of the Guatemalan decentralization process.

Chapter II, literature review, gives an overview of the institutional analysis using the IAD framework (Figure II-2) and also of the informal institutions and development theories that are going to be applied and look after during the fieldwork. The IAD framework was meant to find out how the informal institutions affect the local participation in the self-help opportunities that the decentralization policy brings to rural areas. Moreover, the literature review describes how informal institutions can feed each other, negatively or positively, and also the incentives of the stakeholders to support these institutions. At the local level, the actors are differentiated between elite and non-elite according to their decision making power. Taking the elite as a milestone, then the informal institutions can be divided in the outputs derived from their actions and in the

incentives of the elite to participate in rural service management or community development activities. Community members, elite and non-elite, can be organized in self-help organizations by collective action for development. But these organizations face the same limitations as the whole community. There are problems with mistrust, free-ride, low social capital, elite capture, inaccessibility to resources, etc. It is important in this literature review to acknowledge that the elite's actions can be the cause of the social dilemmas or solution for those dilemmas. So, the developed hypothesis after chapter II is: Institutions that characterize elite and non-elite interaction, determine community participation in the decentralization process for development.

Chapter III describes the methodologies and analytical framework. The evaluative criterion of this analysis was participation and the outcome analysed was whether there was community development or not. The fieldwork faced many challenges because the statistical data at the community level was not representative or not available at all. But through triangulation of information, it was possible to identify the four communities to represent different outcomes and poverty conditions in non-indigenous. Qualitative information was gathered using semi-structured interviews and participative observation. These semi-structured interviews were directed to different groups of actors (see annexes I to VI).

The results start from Chapter IV, the action arena: decentralized service provision in rural areas in South Coast, Guatemala. In this chapter, there is a comparison of what the theory (laws or formal institutions) says about the decentralization of services in rural areas and the real implementation of the law at the local level. The author explains how the decentralization policy in Guatemala impacts the performance of city halls, system of development councils and the service provision in rural areas. Through the development councils system, the communities broaden their sources of development projects (Figure IV-3). But the challenge comes at the community level. The coordination committees of the COCODEs require high level of local participation. It is also explained that decentralization has several implementation flaws. Three of them fall in 3 stages of the project life: during the preparation, when scaling-up in the development council system, and during the financing; additionally there are particular flaws related to the local management of the council systems to bring development to

the communities. These are related to the improper management by the city hall administration and low community participation in the COCODEs.

Provision of water, education and health, were consistently available in the four communities visited and therefore, the differences in the service management are comparable. In brief, education can be provided by the state through state schools or through the PRONADE programme. Through this programme the parents have decision making power on the way the education is delivered to their children. Health service has many tracks to reach local population. But through SIAS, basic health service provision demand local participation as health volunteers. In the case of water, the water office of the city hall and the COCODE coordination committee can be in charge of the water provision. This last group demand more self-organization of the community plus local participation in diverse activities related to the provision.

Chapter V, comparative context in four communities in South Coast, Guatemala, is described and analysed. From this analysis, one learn that women are in a disadvantaged position to participate in volunteer activities or development initiatives; informal agreements are part of the services' provision; community members consider that to participate in volunteer activities it is necessary to have spare time, economic and material resources and a broad social network at high political levels. People working in any part of the chain of the services' provision to the communities can bond and bridge social capital. Unfortunately, the lack of interest of bonding and bridging, or sharing information horizontally and vertically, causes conflicts. The two services basically delivered by the state, health and education, have created discomfort at the local level because there is no direct information coming from the central government to the communities about relevant changes in the provision.

In this same chapter V, the physical conditions or the nature of the services are adapted. The nature of the services noticed to be affected not only by excludability and substractability, but also by free-ride, voice, exit, market and hierarchy. Therefore, some services have a characteristic that doesn't fit the theory and therefore the natures are adapted (Table V-4). So, education provided under PRONADE and water provided by the water committee, are public services. Education provided by state schools, health

provided by the *puesto de salud* and water provided by the city hall are government services. Health provided under the SIAS is a common pool resource.

In chapter VI, the results: informal institutions and the outcomes are linked. The main informal institutions identified in the socio-technical root system were related to the actions of the elite (Figure VI-1), being the elite an informal institution by itself. It turned out that the elite can promote community development or can undermine non-elite participation (Figure VI-3 and Figure VI-4). The proposed conceptualization (Figure VI-5) of positive outcome involves, as a first step that, elite encourages non-elite to participate in self-help initiatives for community development. The second step is that non-elite actually participate in the self-help initiatives. The last step is that community members (elite and non-elite) are involved, in one way or another, in bridging social capital outside the community for development.

VII.2 Approach and further research

There is a lack of literature on non-indigenous communities in Guatemala. And, if the lack of reliable statistical data at the community level is added, the future research in non-indigenous rural areas turns into a real fill of literature gap.

The IAD framework has proved to be useful for institutional analysis with emphasis on informal institutions. Nevertheless, there were 2 main critical points when applying the framework. The participation as evaluative criteria is strongly interconnected with the context and with the outcomes. So, one of the difficulties for the researcher was to draw the line that split and differentiates them clearly. The other difficulty was that the action arena: "decentralized service provision in rural areas in South Coast, Guatemala", shows us the broader picture at the higher political, economical and social level. The context goes straight and directly to the community level with a glimpse of the municipality level through the eyes of the city hall administration. That means that this research shows us the context at the community level in an action arena, which is at the national level. So, the informal institutions at even higher levels of power (regional and national elites) and to which extend they would affect the provision of services in rural communities have to be further studied.

There has to be collective action to manage the services provided to the community. Still, collective action can be executed only by elite participation or by involvement of the whole community. In none of the four cases the involvement of the community in collective action for service provision was achieved. Not even in the cases when the elite were encouraging non-elite participation. Then, the mechanisms to incentive elite to encourage non-elite participation and to incentive non-elite to participate have to be further studied.

VII.3 *Concluding remarks*

- Management of the services

Governance of the services through decentralization has been achievable in the provision of water, health and education in the communities; however, as seen in chapter VI, with different participation levels and groups of participants. These four so called ladino communities, or non-indigenous communities, have developed and performed differently. They have had their particular outputs from the work of the central government, city hall, community committees and locals. But their success or failure has depended on the performance of the local elites. In the self-help initiatives like water COCODE coordination committee, water committee, health radars and school meetings, it is necessary local volunteer participation.

- Influence of elite capture, power relations, education or gender differences

Decentralization is a political reform which brings advantages and disadvantages to different actors and organizations. Interested actors, who also know how decentralization in Guatemala works, would find a way to benefit from the policy. Elite as resource, education, knowledge and/or network owner, has the decision making power at the community level. Their incentives, if perverse, will lead to elite capture and conflict inside the communities. If their incentives are based on inclusion of non-elite, these will lead to development or to the start of the development process.

In these non-indigenous communities, the elite are the families which have more economic or physical resources (livestock, vehicles, etc.) than most of the community members and therefore it is easier for them to be involved in community decision making. Moreover, their human capital is higher and their social networks are wider and

at higher decision making levels, inside and outside the community. Therefore, it is easier for them to support other institutions: bonding and bridging social capital. Furthermore, it is easier for them to have success managing the rural services, or even going a step ahead, bringing services to the communities. As this is acknowledge by non-elite, most of the time they let the elite take leading positions at the community level. In the worst of the cases, if hierarchy of infallibility is institutionalized, then even when elite tries to include the non-elite, non-elite will not participate.

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But we can also call elite to the male members of the community who, if they desire it so, can effectively exclude the female from the decision making for service provision and, therefore, for community development. Women can be sociable excluded when even their families, specially the husbands, do not support their activities outside the household. This institutionalized machismo can cause that (1) women are not addressed at all when deciding roles and rules for management of rural services and (2) women accept their exclusion as an institution

• Factors that contribute to local participation

The work of the elite has lead to different outputs for community development. Whether the benefits are captured or not, truth is that when the elite participates actively, the chances for success are increased. Their self-selection for positions at the city hall or at the community committees can't be seen from a negative perspective. Most of the members of the committees were in their jobs for long periods because non-elite tend to exclude themselves from the spotlight. The reason is low capital: financial, economical, human, social, symbolic and/or physical. Participation is not, or shouldn't be, a forced action though. So, exclusion of the elite, the innovators of the community, to allow non-elite to participate shouldn't be an option. The answer should be to increase the human capital of the elite, and to increase of their social consciousness.

The non-elite have found livelihood strategies to cope with the difficult economic situations: multi-family arrangements, female participation in small economic activities and multi-activities. Still, these are strategies that won't alleviate poverty or achieve community development but just help to overcome difficult periods. The economic and social differences will likely remain the same so policies should be directed to make the elites accountable.

VII.4 *Policy Recommendations*

COCODE coordination committees, water committees, MINED, MSPSA, coordinating organizations of health provision, and city halls, have to be downwardly accountable to the users of the services and community members. This transparency and vertical flow of information will not only promote trust but also it will encourage participation in the self-help organizations of the communities: committees, health radar system and in the schools' activities. In theory, in the councils' system, these platforms for information flow and communication already exist. COCODE should hold general assemblies and the city halls should organize COMUDEs. But these formal institutions must be enforced so that the lack of meetings is the exception and not the norm.

In the case of the education and health service, the central government is the source of information asymmetries or deficiencies. The important political decisions, like cancelling the PRONADE system, should be explained by the government using the most popular communication media in the Guatemalan rural communities: the television. Most of the people, even the poorest in non-indigenous communities of the South Coast, do have a TV set and this communication media should be used to transfer information directly from central government to the rural people.

The role of the NGOs working for development in the area should be to increase technical capacity organizations which have the governance responsibilities of the provision of different services to the communities: OMPs, COCODE coordination committees and water committees. In this way, the possibilities of these organizations to successfully bring development projects to their communities or municipalities will increase. But to make it feasible that the poor are not excluded from the development process, the increase of the human capital should be also related with trainings on the importance of accountability to non-elite, transparency of actions and budgets, social problems created by clientelism and corruption, co-production and gender equality. These trainings are by no means intended to make the elite feel that they lack of social sensibility, but to highlight the importance of their actions and their role for development. If social consciousness is not in the mindsets of the elite, the funding or implementing organization have to build it.

The cases of health and education service provision are special because are related to gender inequalities. The health service is mainly delivered in the communities by women. They can work at the *Puesto de Salud*, at the *centro de convergencia* or as health radars. They are empowered by receiving health education and their self-esteem increases when seeing that their work is valuable. In the SIAS, trainings in health-related topics are provided and therefore rural women acquire technical skills. As long, as women are motivated to participate and, very important "and", as long as they have the support of their families, especially of their husbands, the system will be doubly useful. On one hand, it provides health service to rural communities and, on the other hand; it improves the status of women in the rural communities. In the case of the education service, the main problem is the reduced number of young girls attending to the schools. The parents' preference is to provide education to the sons rather than to the daughters. The sons are seen as suppliers of livelihood to the houses and the women are socially established to do the household chores. This gender difference, which causes reduced access to information, education and decision making power to women, can only be contested with educational campaigns and empowerment workshops.

The role of decision makers at the government level and NGOs is to find ways to increase the incentives of the families, or male head of the family, to let the women participate in health service provision and have access to education. In the health service, the monthly payment should be raised. It should no longer be considered a volunteer job. At the moment, the salary or incentive is 50 Q and this amount couldn't be used as a sole source of income for the households. In the education sector, the situation is more complicated. Of course, many educational trainings and workshops can be the start for change, but it is strongly recommended that the change comes from the governmental level. Building the capacity of women for jobs that don't exist or underpaid jobs will only create frustration. Capacitated women with no access to a fair credit to start a business will only improve the number of women trained by an organization and yet these women will have no positive change in their livelihood.

So, it is not only necessary to teach how to fish instead of giving the fish. It is necessary to share knowledge and teach the leader fishermen and fisherwomen how to open markets by themselves for community development.