

SOCIAL CAPITAL AND RESILIENCE

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People have always faced shocks and have devised a variety of institutional responses to cope with, recover from, and prevent future impacts. Central to these shocks and this coping capacity, but often underexplored, is the role of social capital. Social capital includes “features of social organization, such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam 1995) and can serve as an asset for communities, enabling them to engage in and benefit from collective action and cooperation. While social capital takes many forms, of particular interest here are local-level organizations and less formal social networks.

Having long played a role in individual, household, and community risk-smoothing and risk-sharing practices (Fafchamps and Lund 2003), social capital has also been identified as a vital component of adaptive capacity (Adger 2003) as well as a key factor contributing to post-disaster recovery (Nakagawa and Shaw 2004). Practitioners often assume that the poor, who lack other assets, can develop, acquire, and utilize social capital instead; however, as many studies have illustrated, the poor face significant challenges in building and using this resource (DiGregorio et al. 2013). Moreover, social capital by itself may not be sufficient to encourage proactive adaptive behaviors and changes; external interventions may be needed to strengthen indigenous associations and support for resilience. However, clearly understanding local-level social capital is necessary for such interventions to effectively engage with, and not erode, effective local responses. This chapter explores how local forms of social capital can contribute to resilience and how policy interventions can build up, support, and deepen these connections.

Community-based Organizations

Community-based organizations are local groupings of individuals that can be either informally organized or formally registered. While some community-based organizations are founded through outside

This chapter was originally published as *Local Sources of Resilience: Working with Social Capital*, 2020 Conference Brief (Washington, DC: International Food Policy Research Institute, 2014).

interventions, many have originated through local initiative. These organizations can undertake a wide variety of tasks, such as managing shared natural resources, collectively marketing agricultural goods, offering credit, or performing civic and religious functions. Within these groups a diversity of arrangements exists, from those with more formal codified rules to informal organizations that depend on social enforcement mechanisms. However, all are based upon bonds of trust and interpersonal relationships.

Community-based organizations can play a role in building local-level resilience by helping to manage risk and smooth consumption, facilitating the adoption of new agricultural technologies, helping smallholders to access markets, increasing access to external funding and knowledge, encouraging bonds of trust and collaboration between members, sharing information among members, imparting new skills, diversifying income sources, building up asset and capital ownership, or managing conflict. However, while local groups may facilitate the accumulation of assets and help members accrue various capitals (economic, social, political), they may operate on unequal terms, with barriers that exclude vulnerable members of the community through restrictions based on sex, religion, caste, or other socioeconomic divisions. Moreover, the risk-sharing nature of these forms of local collective action is often limited to dealing with idiosyncratic shocks, such as illness or death, as opposed to more widespread covariate risks, such as crop failures from droughts or floods. With predicted climate changes, dealing with covariate risks will be increasingly important.

Ethiopian Iddirs

Ethiopian *iddirs* are one example of local organizations that can help to build resilience at the individual and community levels. Iddirs are burial societies or funeral organizations in which members meet monthly and contribute a small payment. They are formally organized, with written records of contributions and payments. Upon death of a member, they make a payment to surviving family members. In some parts of Ethiopia, iddirs have expanded to cover additional shocks that prove to be harmful to members, such as providing health insurance or offering cash or loans in the case of fire, loss of livestock, destruction of houses, weddings, illness, and harvest loss.¹

Iddirs help to reduce the impacts of idiosyncratic shocks by covering costs of illness and expenses associated with burials, which have been demonstrated to be two key events that keep families in poverty (Krishna 2004; Krishna et al. 2004). Moreover, iddirs build and deepen the bonds of trust and

1 Our discussion of iddirs is based on Dercon et al. (2012).

reciprocity in the community. However, iddirs seem most suited to deal with idiosyncratic shocks—and only for their members (not the entire community). The expanding role of iddirs to cover other shocks demonstrates an ability to evolve to address additional concerns, but overall, the organizations seem to offer services that are mainly reactive in nature—and limited to defined geographic areas. By relying on local assets and capacities, iddirs do little to build the capacities of communities, households, and individuals to proactively adapt to a changing environment and address larger structural constraints.

Policy Implications

The question for policy, then, is how to fill the gaps that community-based organizations are not able to address, particularly in terms of adaptive and transformative capacities, dealing with covariate risks, and coverage of the socially marginalized.

The adaptive comanagement of natural resources offers one example of how higher-level organizations can support and work with local-level organizations. In adaptive comanagement, higher-level organizations support and strengthen the ability of local users to manage their resources, paying particular attention to their capacity needs and their ability to respond to and cope with uncertainty and change (Armitage et al. 2008; Plummer 2013). Adaptive comanagement processes develop over time, changing in response to lessons learned and adapting to changes in the context and environment.

However, engaging with community groups can at times run the risk of co-opting them or diverting them from their original goal. When higher-level institutions work with local groups, they must recognize and assess the possibility of expanding the community groups' ability to engage effectively in the required capacities, while remaining ready to intervene when a different mechanism can be more effective. Moreover, if external resources are to be channeled through community groups, such as in response to a disaster, it is important to examine who will receive the benefits and who will be excluded.

The role of community groups, and their ability to contribute to local-level resilience, may also be increased by collaborative and participatory approaches that support communities in identifying and implementing solutions themselves. Action research interventions that facilitate the engagement of communities have been successful in bringing about transformative and structural changes that include modifications in social norms, new legislation, and increased power and capacities at the local level to manage projects (German et al. 2012; Ratner, Halpern, and Kosal 2011; Ratner et al. 2013).

Social Networks

Social networks are ties, not bounded by organized groups, that facilitate the informal exchange of information, materials such as seeds or fertilizer, or resources. Such ties can include kinship, ethnic, religious, friendship, or client-patron relationships. Social networks are important to consider in any discussion of resilience, for they describe with whom and how individuals interact, and also affect the distribution of resources. Social networks can have a positive impact on the adoption of new technologies and the distribution of information and resources. However, not all social networks contribute toward resilience; some client-patron relationships provide short-term coping capacity at the expense of long-term adaptive or transformative capacities, further deepening power dependencies and inequalities. Furthermore, social norms and patterns of behavior dictate who is included in social networks, which can lead to unequal opportunities between men and women. Similar claims can be made along socioeconomic lines as well.

Within kinship networks, moral obligations of reciprocity and sharing are supported by customs and norms, and may allow individuals to claim and receive assistance in times of need. These expected behaviors and the social pressures for redistribution among kin provide a form of safety net (coping capacity) as well as connections and opportunities (funding and information) for livelihood diversification that contribute to adaptive or even transformative capacity. However, they may also reduce incentives to advance if the benefits must be shared with others, perhaps resulting in socially suboptimal outcomes or in evasive or less-than-honest sharing among communities and individuals (Di Falco and Bulte 2013).

Migration, as both a response and an adaptation to shocks, creates, disrupts, and expands social networks, with both positive and negative implications for the resilience of individuals and communities. Through migration, individuals whose social networks include out-migrants gain access to outside resources, can diversify income through remittances, gain knowledge, and spread risk across larger scales, increasing the diversity of their networks. Yet migrant-sending households are necessarily investors, often sacrificing some of their household labor, which leads to a decrease in the intensity of farming operations back home and may contribute toward a disintegration of local governance and community organizations, with reduced access to natural resources and livelihood options for the remaining community members.

Philippine Migrant Networks

Survey evidence from the Philippines suggests that households employ a variety of different types of networks to deal with various economic and social issues.² Virtually all households in a survey in Bukidnon reported at least one person on whom they could rely for help in various manners. Of the various types of networks, 75 percent of households reported a network for smoothing economic losses, 69 percent for getting price information, 58 percent for assistance with family problems, 53 percent for care of the house, and 48 percent for technology adoption. The size of these networks did not depend on the number of groups that an individual belonged to but was correlated with human and physical capital, including education and asset level. This study found that migrant networks and local social capital acted as substitutes for each other and that sons and daughters played different roles in social and economic networks, due to the ways in which boys and girls are socialized: daughters are socially obligated to support parents and families and, by virtue of living elsewhere, serve as important sources of information for new technologies and prices, while sons, who live in separate households within the village, are more likely to engage in agricultural production themselves and may be seen as a local source of technology information for parents.

The authors of the Bukidnon study found that households that experienced more negative shocks between 1984 and 2002 belonged to more groups in 2003, which is consistent with the hypothesis that groups perform an insurance function. There was statistically weaker evidence that the number of shocks experienced after 1984 increased the number of persons to whom a household could turn for assistance in 2003. Households relied on preexisting personal relationships for economic networks.

In this study as well, remittances appeared to have a consumption-smoothing function. A greater number of cumulative shocks up to 2002 increased the likelihood of receiving remittances and increased the amounts received. A daughter's education also increased remittance receipts, which indicates that "households' risk management strategies involve investing not only in local networks but also in migrant kin networks" (Quisumbing, McNiven, and Godquin 2012).

These networks appear to build coping capacity for households, enabling them to respond to shocks and smooth consumption. However, in terms of adaptive capacities, they suggest that there are trade-offs. Households must make investments to send migrants, potentially reducing the amount of labor

2 This section is based on Quisumbing, McNiven, and Godquin (2012).

at home. Migrant networks, and social networks in general, help their members connect to information sources and resources, potentially building adaptive capacity. These outside resources may diversify against local shocks and encourage proactive investment, initiate a learning process, and enable the accumulation of human capital through education. However, the social dynamics of relying on daughters and investing in migrant capital at the expense of local social capital may limit the exposure of households to new ideas at the local level. In order to ensure greater investment in productive enterprises, and possibly transformative capacities, governments should make efforts to provide opportunities and incentives that enable and encourage remittance-receiving individuals to invest in activities that will reduce vulnerability to shocks, economic or climatic.

Overall, social networks prove to be an important mechanism for coping and, through the addition of migrant networks, for bringing in additional resources. However, there is a risk that because individuals are not able to draw on the same resources through their social networks, relying on these networks for resilience may increase social inequalities. In addition, severe communitywide shocks may overwhelm the capacity of social networks to respond and function.

Policy Implications

At a policy level, interventions to strengthen social capital must take into account the context and scope of social networks, inasmuch as the different types of social networks have different uses and strengths.

First, those implementing project and policy interventions must understand and appreciate the function of the social networks that the interventions employ, recognizing who is included, who is excluded, and what types of information and knowledge are passed along.

Second, project and policy interventions that improve interactions between individuals, communities, and outsiders can help to facilitate the development of social networks. Establishing forums to exchange ideas and new technologies can make important contributions. Obviously, these interactions must be sensitive to the gender and resource nature of these networks. The literature on social learning suggests various techniques that can be used to help deepen and encourage knowledge and feedback among communities.

Third, to harness the resources and potential of social networks, governments and policymakers should ensure that institutions and incentives are in place for the productive use of resources and for allowing remittances to complement government and donor expenditures and investments.

Conclusions

External policies or project interventions designed to promote resilience at the community level do not operate in a vacuum. Locally occurring forms of social capital, including groups and networks, play an important role in building the resilience of rural communities to confront shocks. Policymakers must at least recognize the importance of social capital as an asset and consider different ways in which existing forms of social capital interact with, strengthen, or compete with policy initiatives and programs. These efforts must be driven by both a desire to understand the context-specific forms of local social capital and a commitment to do no harm. This effort requires building on the existing forms of social capital and offering additional resources and support, in particular focusing greater efforts on strengthening the adaptive and transformative capacities of communities and individuals. However, policymakers must recognize the limitations of local social capital, which may not be effective in mobilizing resources that are outside of communities or in responding to widespread shocks, and may therefore require assistance to access and utilize these necessary resources to build resilience. Researchers should work to expand understanding of how social institutions respond to external programs, especially in the context of shocks. A particularly important research gap in this context is how different types of local organizations and social networks interact with the programs of governments or nongovernmental organizations and how they serve—or exclude—men and women, rich and poor, especially in times of crisis.

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