

Inclusive governance: transforming livelihood security

Experiences from CARE Bangladesh

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Section 1: Introduction

The purpose of this paper is to demonstrate the transformative potential of inclusive local governance in generating more secure livelihoods and coping strategies of extremely poor people. Research was conducted between 2008 and 2009 looking at CARE Bangladesh's work to promote more inclusive governance at the local level. The research documented changes both in how decisions are made in the union parishad (UP) council¹ and the nature of these decisions (Hinton, 2010). It found that active citizenship of the poorest, often women, led to more equitable distribution of public resources. For example, groups of extremely poor people successfully advocated to the UP council for access to public resources such as land and water bodies, enabling them to undertake collective economic initiatives. The UP council had also become more open to participation of citizens in decision-making, including initiating participatory planning and budgeting and the inclusion of extremely poor people in the targeting of UP resources such as safety net schemes. Budget allocations had also become more focused on extremely poor people.

Therefore CARE Bangladesh's work to build inclusive governance seemed to have contributed to improved access to services and resources of the poorest (Hinton, 2010). The current research presented in this paper builds on these findings, testing the implicit assumption that inclusive governance, which leads to more equitable access to resources and services, also contributes to tangible improvements in the livelihood security of chronically poor people. Livelihoods are the capabilities, assets and activities required for a means of living (Chambers and Conway, 1992). People use many different forms of assets to maintain a livelihood. In Bangladesh extremely poor people's lack of access to and control over assets limits their livelihood options making them more vulnerable to shocks (CARE Bangladesh, 2008). Effective social protection is an important strategy for addressing chronic poverty and insecurity, argued by some to help the poor to build assets and enhance incomes (Marcus, 2007).

Social protection conceptualisations emerged in the 1980s and 1990s with the focus primarily on safety nets. However recent thinking in social protection, particularly

¹ The Union Parishad is the lowest tier of government in Bangladesh.

emerging from the World Bank, has stressed that it can address economic needs, strengthening people's ability to deal with the consequences of livelihood shocks. Arguably this approach to social protection has a narrow understanding of vulnerability, concentrating on the risks associated with events (e.g. illness, drought) to the detriment of structural risks and vulnerabilities such as social exclusion and political marginalisation (Devereux and Sabates-Wheeler, 2004). Conceptualisations that adopt a more expansive understanding of social protection are concerned with participation, empowerment and rights-based approaches to development, representing the transformative potential of such policies (ibid).

This paper shows the contribution of more empowered citizenship and accountable governance in improving the effective implementation of existing social protection policies and also creating new and more secure livelihood and coping strategies. Research was conducted in three unions in north-west Bangladesh where CARE implements the Social and Economic Transformation of the Ultra-Poor (SETU) project. Promoting inclusive governance is one prong of SETU's multidimensional model of pathways out of extreme poverty, addressing the inequitable power relations causing poverty. This research has shown that inclusive governance can ensure local actors are better able to deal with shocks when they happen, and promote more diverse and equitable livelihood options thus reducing the likelihood and impact of shocks. This paper will first outline CARE Bangladesh's approach to promoting inclusive local governance, then present the changes in livelihood security observed in the research, linking these changes to its work on inclusive governance. CARE Bangladesh's experience also highlights some interesting implications for policy both in the areas of social protection and governance.

Section 2: Inclusive governance

Inclusive governance means incorporating diverse voices and bringing decision-making closer to citizens. CARE Bangladesh's inclusive governance approach aims to broaden and deepen citizens' influence in the decisions that affect their lives, seeing this as a right (and hence an end in itself) and also as a key strategy for "graduating" people out of conditions of extreme poverty and chronic vulnerability. CARE Bangladesh's work on inclusive governance has been documented in detail in previous research (Hinton, 2010) so a simplified representation is outlined in figure 1 below. This figure shows that there are two main entry points for inclusive governance: the Union Parishad (UP) council and extremely poor communities.

Communities are not homogeneous thus CARE Bangladesh identifies the poorest *para* (hamlets), recognising that they are often systematically excluded from the efforts of development agencies. CARE facilitates processes of social, economic and political

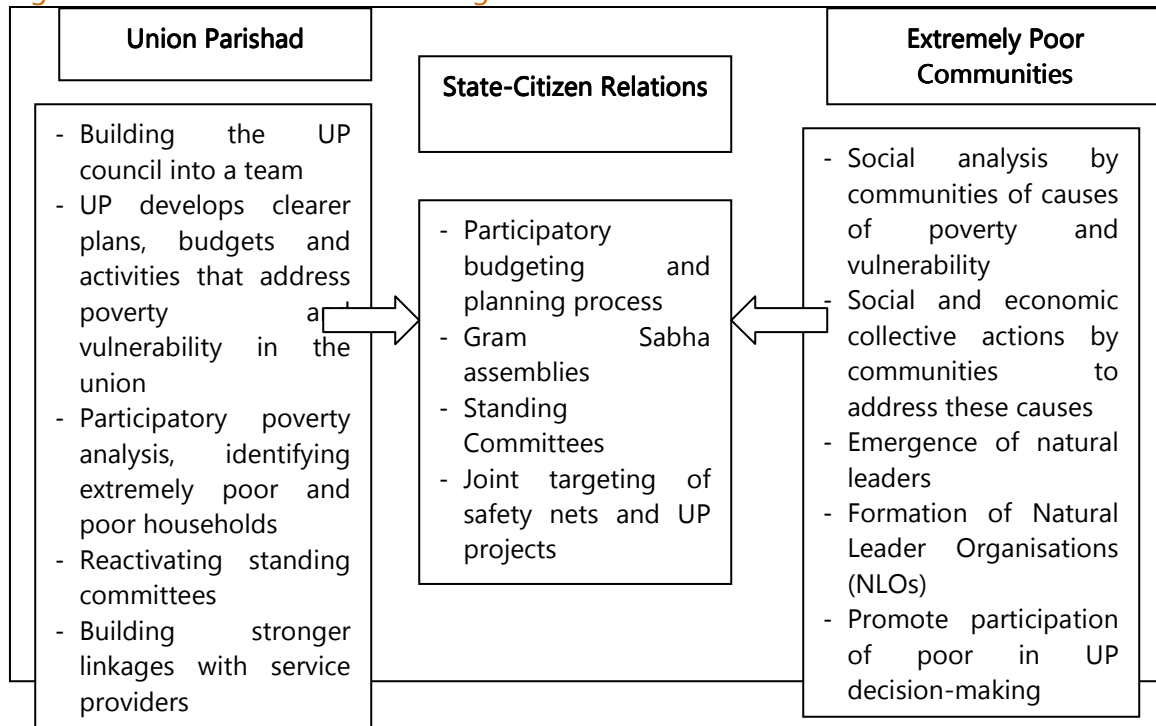
empowerment² within these communities, building their internal solidarity. Emerging from this process are leaders from among the poor ('natural leaders') who are able to motivate and support others in their communities to undertake collective action. The roles of natural leaders include mobilising their communities around social and economic issues, negotiating with landlords and employers for fairer wages, and representing the needs of their communities with formal elites such as UP councils (ibid). The project is supporting natural leaders to form organisations at the union level known as Natural Leader Organisations (NLOs), which can represent the voice of poorer households and marginalised groups in negotiations with local government, essentially acting as a pressure group on UP accountability and performance.

The UP is also a key partner in this model. They are considered fundamental to securing long-term and inclusive development outcomes for marginalised communities and people. CARE Bangladesh has worked with them to strengthen their understanding of the causes of poverty, their planning and budgeting and their ability to engage citizens. Much work has been done to change the mindset of UP councils to recognise their roles and responsibilities, particularly in addressing the causes of poverty.

Finally CARE Bangladesh has built strong relationships between UPs and extremely poor citizens. This has been done by strengthening or creating spaces through which state and citizen can negotiate, dialogue and contest for rights and entitlements. Participation and negotiation have expanded the potential of citizen action, leading to new issues being raised, new channels being used to access decision-makers and further strengthening solidarities needed for action. The intended outcome for this work is that actors at the local level, from both the state and society, are empowered: the UP council to fulfil its roles and responsibilities, and to engage citizens and respond to their demands; and extremely poor people to become active citizens raising voice and demands for accountability from duty-bearers.

² Empowerment is a contested concept. For CARE Bangladesh "empowerment" is a journey, building the capabilities of extremely poor and vulnerable people to exercise choice in decisions that affect their lives. It therefore reflects both "internal" factors such as skills, knowledge and awareness; and "external factors" such as opportunities to exercise choice and social norms and structures.

Figure one: Dimensions of inclusive governance



Section 3: Findings: changes in livelihood security

This study investigated the changes in livelihood and coping strategies of extremely poor and poor households over the course of CARE Bangladesh's interventions (between three and five years). It unpacks the role of different actors, including natural leaders, UP councils and poor communities, in achieving these changes. For many within these communities in the past their main access to livelihood options and coping strategies was through interactions with elite households such as landowners or money lenders. However the research showed that now people have been able to diversify their livelihoods and access support through new avenues such as the UP council, natural leaders and their own communities. This section will present the changes in livelihood strategies of extremely poor and poor households, and then section 4 will link these changes to CARE Bangladesh's inclusive governance approach.

3.1. Methodology

In depth quantitative and qualitative research was done between 2008 and 2009 on inclusive governance in Botlagari Union. This documented processes to increase participation of extremely poor people in local decision-making, and the changes in relations and behaviours resulting from this. A quantitative analysis was done comparing distribution of Vulnerable Group Feeding (VGF) cards, a government safety net scheme, over the period of 2004 to 2008. This study builds on that previous analysis of CARE Bangladesh's inclusive governance programming in its SETU project. A quantitative analysis across fifteen unions in which SETU works was conducted measuring changes

across indicators of participation, citizen empowerment, and responsiveness and capacity of UPs. More detailed qualitative analysis was conducted in a smaller number of unions looking specifically at the linkages between inclusive governance and changes in livelihood security of vulnerable households. Eight poor and extremely poor households were surveyed in two unions: Botlagari Union and Saptibari Union. These surveys looked at the changes in livelihoods and coping strategies of these households before CARE Bangladesh's interventions and currently, unpacking these strategies and the actors that are instrumental in securing them. Focus group discussions were conducted with the Natural Leader Organisations in both unions detailing the method of joint targeting of Union safety net programmes, and also exploring perceived changes in how allocation decisions are made. Finally semi-structured interviews were conducted with UP Chairmen and Members in three unions (also Hossainpur Union) documenting UP planning and decision-making processes and changes associated with these pre- and post-intervention.

3.2. Changes to livelihood security

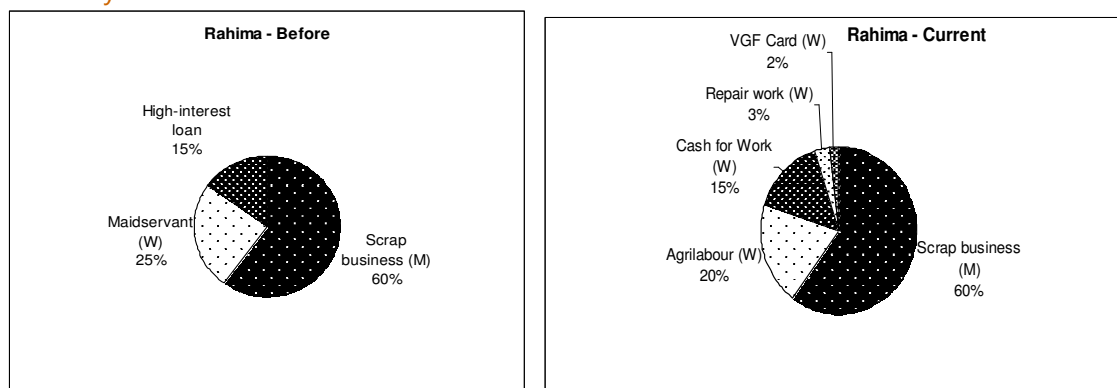
Eight households were surveyed to explore changes in livelihood and coping strategies before CARE Bangladesh's interventions and currently. However one of the surveys produced very limited results, hence it has been dropped from the analysis. Across the remaining seven surveys a number of trends have emerged. Firstly, the **diversity of livelihood strategies** has increased over the project period in four out of the seven households. On the simplest measure the number of different types of activities has increased. While in some cases they reported that the core activity, usually of the husband, had decreased in its overall income, across the board household livelihoods were more balanced and diverse, increasingly involving women and new activities. This has reduced the reliance of households on one person (the man) and one income option, contributing to a reduction in vulnerability.

Secondly in all of the interviews, the **nature of livelihood and coping strategies** had changed, with a general trend towards more equitable terms. In two of the interviews the women reported working as maidservants in the past. This type of activity is very poorly remunerated, receiving on every day worked two meals and half a kilogram of rice. Both women reported that now this activity had either been eliminated or significantly reduced, and replaced with other sources of income. In the case of Rahima (see graphs 1a and b), working as a maidservant had comprised 25 percent of household livelihood in the past. She had now replaced this with working in the Government Cash for Work programme, which paid 120 Taka per day, and agricultural labour, which paid 60 to 70 Taka per day. Both of these activities represent a significant improvement compared to the terms associated with working as a maidservant.

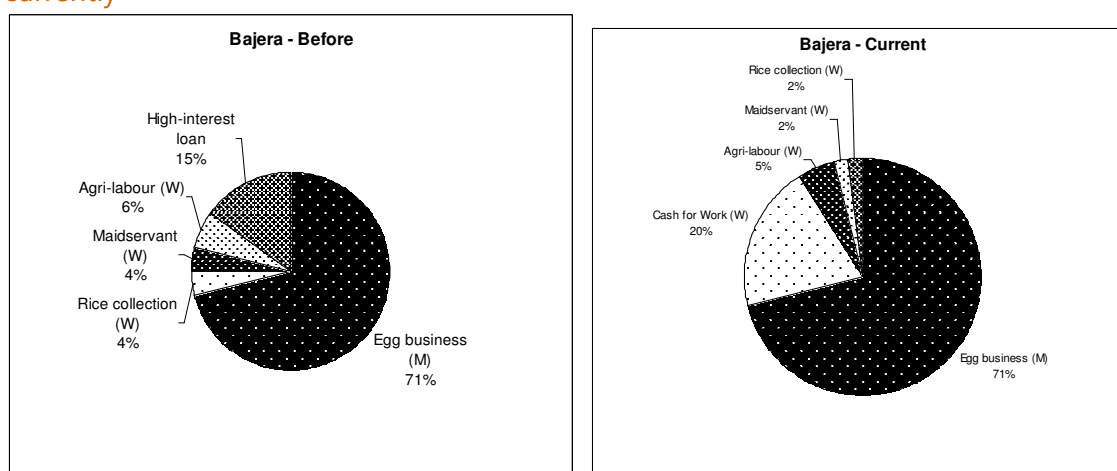
In a second example, Bajera (see graphs 2a and b), another woman interviewed in the study, had now stopped taking high interest loans from money-lenders, which in the past constituted 15 percent of household livelihood. She was now participating in the

Government Cash for Work programme. She was also able to engage in agri-labour on more favourable terms, no longer selling her labour in advance for lower pay in response to a crisis. The majority of households surveyed had either eliminated or reduced their reliance on high-interest loans.

Graph 1: Rahima's household livelihood sources (a) before the intervention and (b) currently



Graph 2: Bajera's household livelihood sources (a) before the intervention and (b) currently



Another trend observed was the **increased importance of Government schemes and resources** in livelihood strategies. All of the households surveyed stated that they had recently received some kind of Government safety net programme such as a Vulnerable Group Feeding (VGF) card, Vulnerable Group Development (VGD) card or had been selected for the Cash for Work scheme. For all people interviewed these government schemes did not form part of their livelihoods prior to CARE's interventions. Those involved in the Cash for Work schemes (5 out of 7 households) were able to save 20 Taka

per week in para savings groups. These *para* savings groups and also *mushti chal*³ groups are informal saving clubs within communities. In all cases membership of these groups had helped the women to build assets, such as livestock and savings. These assets allow households greater flexibility to deal with shocks, in many cases meaning they no longer relied on exploitative coping strategies such as borrowing high interest loans, NGO loans or advance labour selling.

Community-led collective action also comprised a new livelihood strategy for three of the households surveyed. These collective income generating activities include fish, vegetable and banana cultivation. The UP council plays an important enabling role in these income generating activities by facilitating access to *khas* (public) lands and ponds for cultivation. Maleka's case (box A) demonstrates the fundamental role that community-led collective action can play. Her household is particularly vulnerable as both Maleka and her husband have suffered illnesses and been unable to work. She was selected by the community and natural leaders to participate in two collective economic actions, providing income and food for consumption, and she was supported by natural leaders to access Government social protection schemes. While none of these interventions have lifted this household out of poverty or reduced their vulnerability to shocks, the actions of natural leaders and the solidarity of the community have prevented them from falling further into poverty.

Box A: Chronic vulnerability – Maleka's story

Maleka is a 25 year old woman living in Roth *Para*, Botlagari Union. She is married to Jabbar Ali, and has three children (two girls and a boy). They have no land or assets of their own and so household livelihood is mostly from her husband's agri-labour. But Jabbar Ali contracted jaundice 18 months ago, and has been unable to work since then. At that time, Maleka had to sell her poultry and saplings to pay for his treatment and to run the house. Maleka herself has subsequently contracted viral fever and is now suffering from malnutrition making it difficult for her to work as well.

The natural leaders in her *para* helped her to access VGF cards from the UP, and also to participate in the UP's Cash for Work programme. She was also selected by her community to participate in two economic collective actions: banana cultivation and fish cultivation. Unfortunately the banana cultivation was not successful, but through the fish farming she earned an extra 450 Taka (\$6.50 approximately) and received fish for consumption nine times.

Section 4: Inclusive governance: actors and factors contributing to change

These changes in livelihood strategies highlight the power of combined efforts of different actors within the inclusive governance approach to protect the most vulnerable

³ *Mushti chal* means fistful of rice. In this informal savings group, women save a fistful of rice in collective stores which can then be loaned to members in periods of crisis or shortage.

and to build assets and resilience. Government programmes and public resources are being targeted at the poorest; community collective actions are including the poorest enabling them to take actions in their own lives; and together these schemes are helping households to save and transform these savings into productive assets. Furthermore the collective actions of communities are supported and enabled by the UPs, who are providing access to *khas* lands and ponds for cultivation. These activities would not be possible without this support. This section will explore the role and importance of each of the dimensions of the inclusive governance approach outlined in section 2 in contributing to improved security of poor households.

4.1 Extremely poor communities

CARE Bangladesh facilitates processes of empowerment via community-led social analysis and collective action, which can be of social and economic nature, in the poorest *para* or communities. Through this, extremely poor women, men and communities have built capabilities and assets (social, financial, human, natural, and physical), improving their resistance and resilience to shocks. Social collective actions undertaken in their communities, including activities such as sanitation promotion, have built solidarity (social capabilities) amongst extremely poor people. These types of initiatives have also built their confidence and social status within their own communities and with elites. This is particularly the case for natural leaders who are recognised by others, including political elites, as leaders (human capabilities).

Economic collective actions have built financial and productive assets for some, and seem to have provided a basic level of nutrition and protection to very vulnerable households⁴. In the SETU project there are now 572 groups involved in collective economic actions in fifteen unions. There is variability in the economic returns for groups and the long-term viability of these different initiatives, however the women interviewed also emphasised the other benefits from participation in these actions, such as solidarity and mobility.

In the aforementioned *mushti chal* groups, which are a type of informal saving group, extremely poor women in the *para* contribute a fistful of rice each week to the group store, which can then be used by members in the *monga* (lean) season if a household is facing a crisis. Some of the *mushti chal* groups have been able to sell their rice stores in the high season and buy goats as part of a revolving scheme within the group. This mechanism has enabled extremely poor communities to protect the poor during crisis periods, and also to build assets of group members, reducing their vulnerability to shocks and increasing their ability to respond to them in more productive ways. Often the poor are forced into situations of selling their assets cheap, and so their interaction with markets is based on disparities in power (Zerner, 2000). This is seen in practices

⁴ The case of Maleka in box A demonstrates the increased access to more diverse food sources, in this case fish, based on her participation in economic collective actions and community support to her household.

such as advance labour selling. However *mushti chal* groups represent a means of preventing the vulnerabilities that lead to these distress sales and has also allowed more successful groups to engage in markets during profitable periods.

The role of natural leaders has also emerged as crucial in promoting better household security. In all the interviews, natural leaders were cited as facilitating people's access to Government social protection programmes and community-led economic actions. Therefore they have a crucial role in reducing vulnerability and also supporting households to cope with shocks when they happen. Also UP councils have included natural leaders, alongside elites, in formal committees and decision-making processes. Natural leaders were felt to be better placed to identify the poorest and most in need, and are increasingly seen by all stakeholders as representatives of their communities. Participation in formal spaces has been built over time and through practice (Hinton, 2010), and has led to natural leaders spontaneously engaging in new issues and actions. For example in Saptibari Union, natural leaders were now monitoring the UP's construction work to ensure transparency in procurement and also quality of the work.

4.2 The Union Parishad Council

As stated earlier, the UP is a key partner in the inclusive governance model. CARE Bangladesh has built their capabilities to develop and implement their own visions and strategies for poverty eradication based on a stronger understanding of poverty and vulnerability. In SETU's working area five out of fifteen targeted unions have developed both short term and long-term plans to address poverty. The UP councils identified lack of employment opportunities and insecure livelihoods, exacerbated by low levels of education among the poor, as major causes of poverty. The short-term plans have tended to focus on disbursing government safety net programmes to the people most in need. However the long-term plans aim to create opportunities for extremely poor women and men to raise their livelihoods. In the three Union Parishad councils surveyed in this research the long-term plans included the creation of small-scale livelihood opportunities for the poorest, such as access to *khas* lands for cultivation, the provision of loans (5,000 Taka interest free) to poor households for small businesses, the provision of inputs for income generation such as boxes for honey cultivation and sewing machines for mini-garments industry⁵. Local economic development is being promoted by UPs, with the support of CARE Bangladesh, through private sector partnerships for goods produced by poor people in the unions (for example rugs and saris that are sold in Dhaka or exported to international markets), and also by establishing local markets (Assembled Markets) to create employment and business opportunities in the union for many more people than is currently possible.

⁵ 119 people have received boxes for Apiculture, and an additional 169 people are benefitting from other small projects initiated by the UP council, such as rug making, sari embroidery, and tailoring.

The vision of these UP councils currently outstrips their income and ability to resource these plans. CARE Bangladesh is providing matching funds to the UPs to support their plans, and they also reported receiving funds from central government schemes such as the Local Government Support Programme (LGSP). While currently this change has been seen in only a third of unions CARE Bangladesh is working with in the SETU project, highlighting the challenges associated with supporting the uptake of these practices among UP councils, these changes are also highly significant. They reflect a real shift in the mindset of UP councils. These unions are seriously designing projects to create employment opportunities at large scale. The actual plans and projects of the UP councils may benefit from additional support in terms of knowledge of value chains and strategic planning, however even adopting these responsibilities represents a shift in how they view their role.

This more integrated and strategic planning by UP councils to create longer-term employment opportunities for extremely poor households coupled with the improvements in their targeting of protective measures such as safety nets demonstrates the UP's role in protecting and promoting livelihoods of extremely poor people.

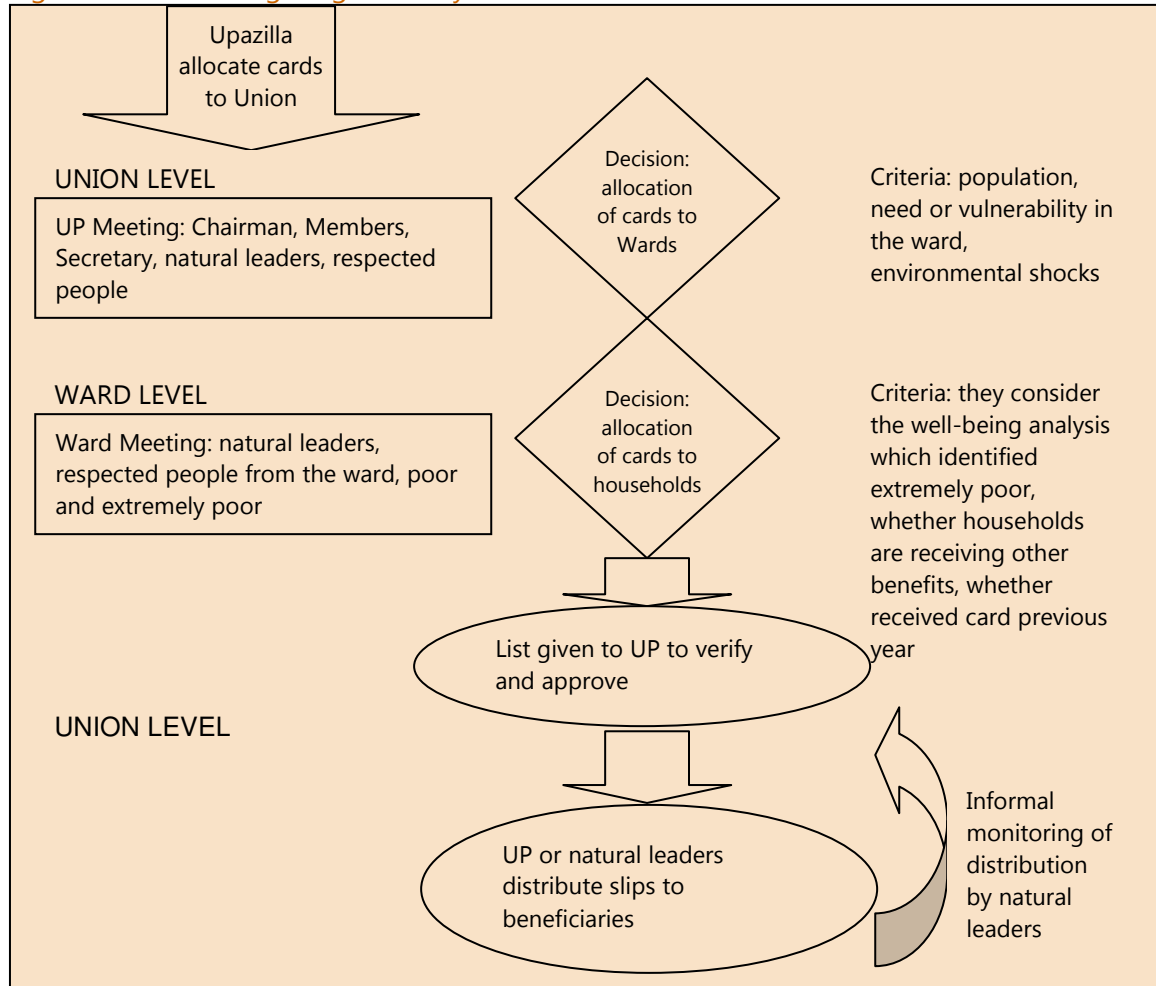
4.3 State-citizen relations

There has been a major shift in the political culture in these unions. The opinions of extremely poor people are actively sought and valued by the UP. The nature of the relationship between natural leaders and the UP can be highly constructive, as seen in the joint targeting model outlined in figure 2, or it can take a more challenging form, with very direct questioning of UP decisions in public and informal fora. The unions interviewed reported their revenue from tax has increased. The increased resource raised by UPs from taxation is an indicator of changing political culture. It suggests that citizens trust the UP to spend money accountably and are thus more willing to pay tax; and the UP is collecting taxes, a task they have been reticent to do in the past when political relations were based on informal practices such as vote purchasing rather than on obligation and duty of government. Therefore this can be seen as a move towards a culture and norms of democratisation in these unions, and as an indication of the improved relationship between the UP and citizens.

The participatory and collaborative nature of decision-making is amply demonstrated by the joint targeting of government services and resources. All UP projects are now targeted in collaboration with natural leaders, and in many cases extremely poor and poor community members also have the opportunity to influence these decisions. Figure 2 shows a process flow for the joint or collaborative targeting of safety net cards such as VGF and VGD cards. It shows that this process involves a number of stakeholders including natural leaders and extremely poor people in the selection of beneficiaries. In the past, natural leaders stated that the UP Member would allocate these cards according to his own interests such as to his relatives or his vote bank. There was no open discussion about who would receive these cards and no verification of who actually received them. Also UP Members often took bribes in return for these cards.

Joint targeting was felt to have improved allocation, reduced leakage and corruption and hence ensured better service outreach of local government. This complements findings of previous research which demonstrated that natural leaders were able to influence allocation of VGF resources to extremely poor *para* (Hinton, 2010).

Figure two: Joint targeting of safety nets: Process flow



The findings of this research strongly support the need for empowered local actors in protecting vulnerable households and enhancing their livelihood options. Inclusive governance has improved the targeting of government social protection programmes. Also livelihoods have become more diverse and less reliant on one member of the household. This is due to community-led collective actions, often mobilised by natural leaders, and UP actions to improve access to productive resources and promote economic development in the union. Community resilience, which is the ability of a community to cope with, adapt to and recover from shocks, has been enhanced. Solidarity is an important driver of this, as poor communities now find ways to support the most vulnerable. This emphasises the vital role of communities and the UP in

providing relief from deprivation to those at risk, averting deprivation and enhancing incomes and capabilities.

Inclusive governance has built the capabilities of local actors, supporting extremely poor people to mobilise collectively to challenge these inequities, and creating new relationships with the UP based on principles of accountability. It has enabled empowered citizens to mobilise collectively around demands for access to productive resources (*khas* land), fairer wages (Hinton, 2010), and for the UP to generate employment and business opportunities. Furthermore this participation in the targeting of government safety net schemes has served as a way of mobilising citizens around other claims for rights and entitlements. Therefore even in a context of very limited devolution of power and authority to local levels, inclusive governance has yielded powerful changes in people's lives.

Section 6: Policy implications

This study demonstrates the important role that empowered local actors, particularly local government and marginalised citizens, have in ensuring secure and productive livelihoods for the poorest. Essential for this is to invest in building the necessary capabilities, including skills and knowledge, but also power and authority, to develop locally responsive and adaptive social protection and livelihood strategies. This approach can take advantage of local economic drivers and at the same time address social disparities and ensure accountability in service delivery. This study suggests that a more holistic approach to social protection policies are needed, recognising the need for safety net programmes to be accompanied by efforts to address social and economic inequalities and vulnerabilities. Increased participation of extremely poor citizens in the targeting of safety net cards has led to greater voice and demands in other areas and has evolved into joint targeting of all of the UPs activities. The participatory planning process also contributes to a widening and deepening of actors and issues at the local level, generating the transformative effects that Devereux and Sabates-Wheeler articulate in their framework of social protection.

This study looked at the instrumental effects of building inclusive local governance on livelihood outcomes of the poorest people. It therefore speaks to policy recommendations in the arena of strengthening governance systems and processes, and also enhancing social protection of the most vulnerable communities. The policy recommendations that have emerged from this work are relevant both within the Bangladesh context, but also have implications extending to other countries and contexts.

Policy-makers should:

- **Emphasise the role of empowered local actors:** national and donor strategies on poverty eradication and social protection should clearly articulate a role for local

governments and empowered citizens in the design and delivery of these programmes.

- **Support integrated, cohesive local plans:** social protection schemes need to be seen more broadly, integrated with other anti-poverty policies and actions.
- **Invest in capabilities of local actors:** integrated planning and policies for social protection requires investment in building the necessary capabilities, including skills and knowledge, and also power and authority, to develop locally responsive and adaptive social protection and livelihood strategies. Critical within this is strengthening accountability relationships between poor and marginalised citizens and authorities, for example through supporting spaces for dialogue and negotiation. Decentralisation therefore provides an avenue for achieving this cohesive policy environment, where efforts are made to put the interests and voice of marginalised citizens centre stage.
- **Ground policies in rights:** transformative social protection incorporates a rights-based approach to policy making. By making social protection policies rights-based, policy makers ensure access and reliability of programmes, and can provide a stronger basis for negotiations between citizens and states.

Section 7: Conclusion

While this current analysis focuses on a small sample size, it is supported by more extensive past qualitative and quantitative research on CARE Bangladesh's work on inclusive governance, enabling some preliminary conclusions and recommendations to be drawn. CARE Bangladesh's approach to governance is based on a belief that work on governance should ultimately lead to impact on poverty. The inclusive governance approach identifies the conditions under which devolution brings diverse voices into decision-making, and this study demonstrates the types of changes that can be expected as a result.

While the changes described in this study show the powerful impacts that can be achieved by inclusive governance at the local level, it also shows the limitations of the current systems and policies in Bangladesh. Social protection schemes in the country are still not grounded in rights-based approaches, which could encourage greater citizen participation in design and delivery, and also ensure the right to social protection. While dependency may have reduced, and resilience and responsiveness increased through this work, there are still important question marks over the reliability of access to government schemes. For Government and donor policies and strategies to have a real impact on poverty eradication and improved livelihood security it is essential that they invest in building local capacities, ensuring that decentralisation really does integrate diverse voices and bring new forms of decision-making and accountability between state and citizens.

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