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Philipa Mladovsky and Elias Mossialos

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Philipa Mladovsky* and Elias Mossialos *

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LSE Health
The London School of Economics and Political Science
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London WC2A 2AE

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*LSE Health, London School of Economics and Political Science, London WC2A 2AE

Abstract

Current thinking in major international development agencies construes community-based health insurance (CBHI) as a transitional mechanism to achieving universal coverage for health care in low-income countries. The policy link between CBHI and universal coverage is implicitly determined by the historical experience of mutual health insurance in countries such as Germany and Japan in the 19th century, where the socioeconomic context was dramatically different to that of today's much less successful schemes. This paper argues that the economic and health system frameworks employed in the analysis of CBHI have not taken into account context-dependent considerations such as goals, values and power. It is proposed that a critical engagement with social capital theories could contribute to our understanding of why CBHI schemes do not appear on course to develop according to the 19th century precedent, achieving significant levels of population coverage in a sustainable way. A framework of social capital and economic development is used to organize and interpret existing evidence and information on CBHI. This process suggests that solidarity, trust, extra-community networks, vertical civil society links and state-society relations at the local level affect the possibility of success of CBHI. To this extent, it may be possible to talk of "social determinants of CBHI". In order to align themselves to local community goals and values, CBHI schemes may need to actively foster certain types of vertical and horizontal bridging relations which could result in the evolution of structures and operations quite different to those proposed by current models of CBHI.

Key words: community-based health insurance, social capital, trust, grass-roots organizations, NGOs, local government

Contents

1. Introduction

Current thinking in major international development agencies construes community-based health insurance (CBHI) as a transitional mechanism to achieving universal coverage for health care in low-income countries (World Health Organization., 2005, World Health Organization, 2000, Davies and Carrin, 2001, Grootaert, 2001). CBHI provides financial protection from the cost of seeking health care. It has three main features: prepayment for health care by the community members; community control; and voluntary membership (Hsiao, 2001) [i]. The policy link between CBHI and universal coverage is implicitly determined by the historical experience of mutual health insurance in Europe (Criel and Van Dormael, 1999, Barnighausen and Sauerborn, 2002, Cordery, 2003) and Japan (Ogawa et al., 2003) in the 19th century. Membership of 19th century mutual schemes grew and eventually they merged to form various types of national health insurance. Emerging in a different socioeconomic context, it is not safe to assume that CBHI schemes will develop according to the historical precedent. For example, although it is estimated that in West Africa there was more than a two-fold increase in the number of CBHI schemes in just three years, from 199 schemes in 2000 to 585 in 2003 (Bennett, 2004b), this is still a small number of schemes when compared to the situation in Europe[ii]. In the 19th century there were 27,000 friendly societies, which operated much like CBHI schemes, in the United Kingdom alone (Bennett, 2004b). Rather than being locally initiated by farmers, associations of industry workers or employers as in Europe and Japan, today's CBHI schemes are mostly the result of top-down interventions led by foreign aid agencies or national governments (Meessen, 2002). Reviews have concluded that the evidence base on CBHI is limited in scope and quality (Ekman, 2004) and that it is unclear whether CBHI schemes are actually sustainable in the long term (Bennett, 2004b).

Constraints to increasing CBHI coverage and sustainability have been identified primarily by a body of literature taking an economic or health system perspective. In agencies such as the World Bank and WHO, analysis of CBHI policy is underpinned by an economic framework, with discussion focusing on features of market transactions such as willingness-to-pay, information, price and quality (Dror, 2001, Preker, 2004, Pauly, 2004, Zweifel, 2004). Another related perspective attempts to set financial transactions into the broader institutional context of the health system, analysing interactions between insureds, insurance schemes, health service providers and the state. This is described here as a "health system framework" (see for example (Bennett, 2004a, Bennett, 2004b, Criel et al., 2004, ILO, 2002)) and it corresponds with the model of health system analysis laid out in the WHO World Health Report 2000 (World Health Organization, 2000). Ultimately underpinning both the economic and health systems frameworks is the behavioural model of utility maximizing *homo economicus*. This paper

argues that this model does not permit the systematic incorporation of social context into policy. New directions in thinking on CBHI policy are needed; particularly an increased focus on values, goals and power relations, as has been argued in relation to social policy in general (Flyvbjerg, 2001). Specifically, it is proposed that a critical engagement with social capital theories could contribute to our understanding of why CBHI schemes do not appear on course to develop according to the 19th century precedent, achieving significant levels of population coverage in a sustainable way.

Social capital has been the subject of spirited academic debate for almost two decades. Since its definition remains under dispute, as a matter of convenience we employ the following as a point of departure for discussion: "the information, trust and norms of reciprocity inhering in one's social network" (Woolcock, 1998):153. Further categories in the social capital taxonomy are considered later in the paper. At least ten years ago empirical studies began to suggest that higher levels of social capital are positively correlated with improved development outcomes in areas such as agriculture, water and sanitation and microcredit in low-income countries (Brown and Ashman, 1996, Narayan, 1997). The World Bank's 'Social Capital Initiative' even suggested that social capital could be the 'missing link' between natural, physical and human capital and economic growth and development (Grootaert, 2001). Theories of social capital have also been applied widely in public health policy. (See (Moore et al., 2006) and (Shortt, 2004) for a literature review). However, although an important component of social capital, trust, is occasionally discussed in the CBHI literature, CBHI has not, for the most part, engaged with social capital theories. In the few cases where social capital theory is considered, it is either mentioned only cursorily, or the richness and complexity of the theory is overlooked.

The specific framework of social capital adopted in this paper was developed by Woolcock (Woolcock, 1998, Woolcock, 2001). It brings together several theories of social capital and draws on quantitative and qualitative evidence from field studies. Its particular advantage for our analysis is its focus on community level economic development projects in low-income countries, similar to CBHI[iii]. It offers CBHI policy a framework that incorporates both economic and social theory by attempting to reconcile debates over whether humans are rational agents or governed by norms and culture. In doing so, the social capital framework can be viewed as an attempt to pragmatically address the need for an alternative to income-based and purely economic approaches to development (Bebbington, 2004). By applying this framework to CBHI analysis, this paper aims to develop a methodology for grounding it in context-dependent considerations such as values, community goals and local power relations.

We draw on Woolcock's social capital framework which is briefly outlined below. The social capital framework is used to organize and interpret evidence and information on CBHI. Since an empirical study identifying the causal links between social capital and CBHI is beyond the scope of this paper, we draw on existing studies of CBHI. Finally, there is a discussion of the possible importance of social capital to the implementation of CBHI and gaps in current knowledge on this subject.

2. Social capital: a policy framework

The concept of social capital was popularised in social science by Robert Putnam (Putnam et al., 1993, Putnam, 1995, Putnam, 2000). He conceives of social capital as a 'stock' that is the property of a group or community, district or even nation and constitutes features of social organization - "networks, norms, and social ties that facilitate coordination and cooperation for mutual benefit" (Putnam, 1995): 67. He argues that informal networks of civic engagement build social capital which in turn facilitates improved governance (Putnam et al., 1993). By conceiving of social capital as a 'stock' Putnam made a theoretical diversion from the principal preceding theories of social capital (Bourdieu, 1986, Coleman, 1990, Coleman, 1988) attracting criticism for over-simplification (Fischer, 2005, Harriss, 2002, Portes, 2000). Previous social capital theorists (Bourdieu, 1986, Coleman, 1988, Coleman, 1990) had conceptualised social capital as a resource for individuals which is socially structured - see for example Coleman's definition - "social capital inheres in the structure of relations between actors and among actors" (Coleman, 1988): S98 - and it is this version of social capital that is employed in Woolcock's policy framework (Woolcock, 2001, Woolcock, 1998). The framework constitutes four types of social capital: (i) bonding social capital inhering in micro level intra-community ties; (ii) bridging social capital inhering in micro level extra-community networks; (iii) bridging social capital inhering in relations between communities and macro-level state institutions; and (iv) bonding social capital inhering in macro level social relations within public institutions. A synthesized (and simplified) version of the framework is presented below.

2.1 Bonding social capital at the micro level: relations within communities

Bonding social capital, the first category in Woolcock's framework, inheres in dense networks within communities. It constitutes expectations between individuals, the trustworthiness of structures, information channels, norms and effective sanctions that can prevent unproductive behaviour in individuals (Coleman, 1988). In this sense social capital "is productive, making possible the achievement of certain ends that in its absence would not be possible" (Coleman, 1988): S98 (for example doing well at school). The concept of bonding social capital has been employed in studies to understand why some immigrant groups in the USA fared better than others in economic development

(for example setting up small businesses and enterprises) (Portes and Sensenbrenner, 1993, Portes, 1998). It was found that in some contexts groups characterized by high levels of bonding social capital could provide enterprising individuals with psychological support and high levels of trust, lowering the transaction costs in enterprise.

However, as well as identifying the merits of bonding social capital, research into US immigrant groups also suggested that the same attributes of the normative structure that made the accumulation of human and economic capital possible (trust, social support etc) were in some settings unproductive, permitting free-riding on communal resources by less diligent members of the group (Portes and Sensenbrenner, 1993). In this paper, this is characterized as the "negative" effect of social capital.

2.2 Bridging social capital at the micro level: relations across communities

Research in the US found that successful (productive) immigrant groups were characterized by individuals who were able to draw on bridging linkages outside the network as well as bonding ties. This was thought to be because extra-community networks were larger and free from the (potentially overwhelming) demands family and friends place on successful members of the groups for support. This permitted exchange to take place on the basis of formal rules or fair market competition. The conclusion was that individuals need to be able to draw on strong intra-community bonding ties and extra-community bridging linkages to balance them out in order to prevent the negative effect of social capital, namely free-riding and corruption (Portes and Sensenbrenner, 1993). This led to the idea that there must be two basic dimensions of social capital at the community level - bonding and bridging - the latter constituting the information, trust, and norms of reciprocity inhering in generalized, formal, extra-community networks (Woolcock 1998, 2001).

Bourdieu's (Bourdieu, 1986) theory of social capital, which influenced the American research on immigrants, elucidates why some groups may be unable to accumulate and employ bridging networks. He argued that individuals and families who already hold forms of capital (of which according to Bourdieu there are four types - economic, social, cultural and symbolic) are strategically adept at accumulating and transforming it (he argues the types of capital are fungible) and may consciously and unconsciously do so. Bourdieu sees economic accumulation as part of a general process of accumulating social connections, education, titles or names or even dispositions of the mind or body which all reinforce each other. Individuals and families that do not possess the various types of capital are from the outset in a disadvantaged position to accumulate it.

Woolcock has been criticized for omitting Bourdieu from his social capital framework (Harriss, 2002) and accused of ignoring structural social inequalities, thereby reinforcing a conservative development agenda (Harriss, 2002, Harriss, 1997). However, a careful interpretation of Woolcock's framework suggests that Bourdieu's ideas do have a significant (albeit indirect) influence on it by way of the central position given to the findings of the American research on immigrants (Portes and Sensenbrenner, 1993). As already discussed, this research found that social structures are able to constrain as well as advance individual action.

2.3 Bridging social capital at the macro level: relations between communities and state institutions

Research into the relationship between social capital, government structures and development outcomes in low-income countries found that "Norms of cooperation and networks of civic engagement among ordinary citizens can be promoted by public agencies and used for developmental ends" (Evans, 1996): 1119. This idea, which is construed by Woolcock as bridging social capital at the macro level, takes up Putnam's theory that social capital is instrumental in promoting effective government (Putnam et al., 1993) but reverses it. Rather than focusing on the idea that links between groups and public institutions ensure that public policy is a collective good that benefits all, the research underlines the importance of direct involvement of public officials in getting citizen efforts organized and sustaining citizen involvement. This moves beyond traditional analyses where the role of the state is to provide public goods and an enabling rule of law. There are difficulties with this idea, which are addressed in the next subsection.

2.4 Bonding social capital at the macro level: relations within institutions

Powerful institutions which transcend the public-private divide, such as governments, can potentially be vehicles for corruption and nepotism. The key to preventing this is a competent, engaged set of public institutions (Evans, 1996). Here, social capital constitutes a professional ethos committed to pursuing collective goals, fostered by social relations between individual representatives of institutions; it is a form of bonding social capital at the macro level (Woolcock 1998, 2001). It has been pointed out that since coherent robust bureaucracies rarely exist in developing countries, the premise behind advocacy for state/society bridging social capital is flawed (Harriss, 2002), although this is probably an overly pessimistic view.

Regarding the four types of social capital in the framework, Woolcock (Woolcock, 1998): 186 argues that "All four dimensions must be present for optimal developmental outcomes. This successful interaction within and between bottom-up and top-down initiatives is the cumulative product of an

ongoing process that entails “getting the social relations right””. The following section explores to what extent CBHI policy has been "getting social relations right" by analyzing CBHI through the lens of each of the four types of social capital in Woolcock’s framework.

3. Understanding the feasibility of CBHI through the lens of the social capital framework

By reviewing the CBHI literature, we identified a core set of studies that consider the social context of CBHI schemes (Atim, 1999, Bloom and Shenglan, 1999, Criel and Waelkens, 2003, Dror, 2002, Franco, 2004, Hsiao, 2001, Jowett, 2003, Kiwanuka-Mukiibi, 2005, Meessen, 2002, Ron, 1999, Schneider, 2004, Zhang et al., 2006). In the remainder of the paper, the adapted, simplified version of Woolcock’s framework is populated with these studies. The framework is used to organise the CBHI studies and extrapolate from them. We also draw on other literature on CBHI, literature on other types of health insurance, and social capital literature outside the health field to develop the analysis. From this, we tentatively assess whether there is value in applying social capital theories to the formation and evaluation of CBHI policies.

3.1 Micro level bonding social capital: positive and negative effects on CBHI

3.1.1 Positive bonding social capital: constraining adverse selection and moral hazard and increasing willingness to pay?

The growth in interest in CBHI is linked to the failure of governments in low-income countries to implement compulsory health insurance for all or most of the population. However, the voluntary nature of CBHI gives rise to serious obstacles, particularly adverse selection. Other obstacles, such as moral hazard, are common to all forms of health insurance. In CBHI in particular, low demand and willingness to pay also pose a problem (Bennett, 1998, Meessen, 2002). In order to counteract adverse selection, it is suggested in the economic literature on CBHI that contracts are designed to ensure: a minimum enrollment rate in the target population; waiting periods so as to prevent people from joining a scheme only when they are ill; and enrollment not on an individual basis but rather on a family basis (Carrin, 2003). Ex-ante moral hazard may be uncommon in low-income countries since the costs associated with accessing health services are sufficient to deter increased ‘frivolous’ utilisation (World Health Organization, 2000). However ex-post moral hazard is likely where CBHI schemes cover minor conditions and decisions to utilize services are driven by the client rather than the provider (Bennett, 1998). Following the economic framework, this can be addressed by introducing deductibles, copayments and/or gatekeepers as part of the contract (Hsiao, 1995).

Charges, although increasing a scheme's sustainability by limiting claims, can harm vertical equity since they disproportionately affect the poor (Ranson, 2002a).

It has been suggested that informal mechanisms depending on social norms at the local level may be more equitable and efficient than the formal, contract-based ways of combating fraud. This is recognized in the economic literature on CBHI when it is suggested that trust mitigates fraud in CBHI (Pauly, 2004, Pauly et al., 2006) and that CBHI covering small pools provides informal safeguards against fraud, such as full information and social sanctions (Davies and Carrin, 2001, Zweifel, 2004). However, in these papers, although the importance of trust is highlighted, it is unsupported by any kind of evidence or example from CBHI experience and it receives no analytical development, since there is no economic theory of trust (a limitation recognized by Pauly (Pauly, 2004)). Therefore, while the economic analysis of adverse selection in CBHI is useful, it has not been sufficient.

Other studies of CBHI taking a "health system" perspective also propose that trust decreases the likelihood of fraud and increases willingness to pay. These do provide examples from the field and propose strategies to increase levels of trust, including: improving behaviour of medical staff to patients, such as increased levels of politeness (Criel and Waelkens, 2003); improving quality of care (through strategic purchasing) (Schneider, 2005); transparency and accountability among those managing the scheme (Schneider, 2005); recourse to justice to punish fraud (Schneider, 2004, Meessen, 2002); subsidies for the poor (Schneider, 2005); increased community participation in scheme management (Schneider, 2001, Hsiao, 2001, Atim, 1999); scheme meetings; and a significant proportion of staff working voluntarily (Atim, 1999, Schneider, 2001). However, the analysis is confined to investigating how trust could be produced and employed at various points in the the consumer-provider-insurance triangle. These discussions of trust do not take into account the broader social context and how this may affect CBHI. For example, in a study of the role of trust in CBHI in Rwanda (Schneider, 2005), the possibility that solidarity among scheme members affects willingness to pay is discussed without any mention of the specific nature and possible root of this solidarity. The socially determined values and norms that form the context of CBHI and may influence it in practice are left largely unexamined. For example, no mention is made of the effect on trust among scheme members of the civil war and genocide that occurred less than a decade before the study took place. Ethnic fragmentation has been associated with decreased local public good provision in Kenya (Miguel and Gugerty, 2005), decreased levels of group participation in the US (Alesina and Ferrara, 2000) and increased informal sector activity and decreased tax compliance in 52 countries (Lassen, 2003) to name but a few studies of the effect of ethnicity on trust. Experience from these studies suggests that CBHI may be hampered by ethnic fragmentation, but almost no studies of CBHI, even in

contexts of great ethnic diversity such as in many African societies, have investigated the effect of ethnicity on trust among potential scheme members.

One exception is a study comparing a hospital-based scheme in Ghana with a scheme based in a city in Cameroon where membership was based on ethnic affiliation (Atim, 1999). It attempts to test the theory that solidarity and the smallness of CBHI schemes can account for successful CBHI. It found that the bonds of ethnic urban solidarity networks represent an effort to re-create or utilise rural solidarity mechanisms as an insurance against the risks of modern urban life. Ethnic bonds linked members in the Cameroonian scheme and, through the CBHI scheme, created a "social movement dynamic". The paper concludes that this alone did not necessarily account for their success, arguing that a scheme without ethnic bonds can incorporate elements of a social movement such as greater community participation, accountability and autonomy, in the course of time enhancing the likelihood of success. Echoing this, studies outside the CBHI literature have suggested that the negative effects of ethnic fragmentation on trust could be mitigated through improved institution building (Miguel, 2004, Easterly, 2001).

Ideas that trust and solidarity bonds in the community improve the likelihood of success in CBHI have parallels with the theory that bonding social capital decreases fraud and increases economic development, described in the previous section[iv]. However, research in China (Hsiao, 2001, Zhang et al., 2006) is one of only two explicit attempts take this up and measure the effect of social capital on CBHI (the other is a study in Vietnam (Jowett, 2003) (see below). In the Chinese research, social capital is employed only in the Putnamian sense to mean a stock of "social cohesion and solidarity". It was found that social capital facilitated collective action, which in turn facilitated willingness to pay. A statistically significant association between indicators of social capital (degrees of trust and reciprocity) and farmers' willingness to join community financing was demonstrated, controlling for other socio-demographic characteristics (Zhang et al., 2006). According to Hsiao (Hsiao, 2001), the pathway linking levels of trust and reciprocity to willingness to pay in the Chinese schemes is that members with higher levels of solidarity are more ready to accept the cross-subsidization which is implicit in the insurance mechanism. CBHI is therefore viewed as a form of collective action. A study in Guinea-Conarky demonstrating that scheme members understand and approve of the re-distributive effects of CBHI (Criel and Waelkens, 2003) supports this view. Other studies have recognized the 'collective action' effect and suggested emphasizing the solidarity benefits of health insurance in information disseminated to communities (Desmet et al., 1999, Schneider, 2005).

There is limited evidence then, that in at least in some CBHI schemes, willingness to pay is increased by solidarity bonds and cannot be purely understood in neoclassical economic terms, where willingness to pay is based on individual expected utility. Instead, a complex interplay between rational utility maximising and socio-cultural norms (such as solidarity, collective action) probably affects individuals' decisions to join a scheme (Schneider, 2004). This is because eventually benefiting from the scheme (by drawing on the insurance in times of illness) depends on need rather than the amount contributed. This is true of all types of insurance, but in a community setting, the redistributive effect may be more apparent to scheme members. Also enhancing the importance of solidarity in CBHI is that insurance may have a different logic from more traditional community-based forms of risk management and income smoothing mechanisms such as rotating credit associations which are based on a notion of reciprocity (you get out what you put in) (Criel and Waelkens, 2003). (See (Sorensen, 2000) for a discussion of risk management in rural communities in developing countries).

3.1.2 Negative role of bonding social capital

The hypothesis that strong intra-group ties mitigate against adverse selection and moral hazard echoes Putnam and Coleman by assuming that social capital has only a positive, normative effect on social relations. However, there is a second argument in the CBHI literature that turns this hypothesis on its head and holds that strong intra-group bonds actually *prevent* the emergence of successful CBHI (Meessen, 2002, Atim, 1999, Jowett, 2003). An example of this comes from Ghana where, in the face of conflicting loyalties between a CBHI scheme and members of their community, field assistants apparently connived with community members in the practice of evading the stipulation of family membership, a mechanism designed to prevent adverse selection (Atim, 1999).

Also supporting the negative view of social capital, Jowett (Jowett, 2003), using data from voluntary health insurance (which operates much like CBHI) in Vietnamese provinces, takes issue with Hsiao's (Hsiao, 2001) argument that social capital facilitates collective action and willingness to pay. The results of Jowett's study, which controls for a range of health and socio-economic variables, showed that high levels of two proxies of social capital - perceptions of social cohesion and informal financial networks - were correlated with lower, not higher, rates of take-up of community-based voluntary health insurance, suggesting that intra-community bonding social capital 'crowds out' voluntary health insurance. In this instance strong intra-community ties apparently favoured informal financial networks such as borrowing money that prevented more formal and institutionalized types of mechanisms such as CBHI from emerging. The Ghanaian and Vietnamese studies, then, fit into the

section of the social capital framework that suggests that high levels of bonding social capital permit free-riding and prevent formal rules for market transactions from being enforced.

There are therefore two countervailing (positive and negative) views of the effect of bonding social capital on CBHI in the literature. As we have seen, this is consistent with the social capital framework which provides the basis for an alternative, third hypothesis: communities with both strong intra-community ties (promoting solidarity) *and* extra-community networks (promoting a willingness to invest in and draw on a larger, more generalized and formal pool of resources) are probably more likely to experience greater success with CBHI than communities with one or neither types of social capital. Communities with only strong intra-community ties may actually be disadvantaged and may benefit from investing in mechanisms to strengthen the other type.

3.2 Micro level bridging social capital: the effect of vertical and horizontal civil society links on CBHI

An important issue for policy makers is whether it would be possible to aid communities in constructing social capital to create better conditions for CBHI, without embarking on some form of social engineering. Affective and emotional relations between family and neighbours are probably not the types of social relations that can or should be developed through policy. However, bridging social capital may be 'constructible' since it constitutes social links that are facilitated by formalized or institutional arrangements (Bebbington, 2000, Krishna, 2004, Putzel, 1997, Fox, 1996, Evans, 1996).

3.2.1 Horizontal civil society links: facilitating the enlargement of the risk pool

In the context of CBHI, enlarging the risk pool has already been interpreted as a case of constructing bridging social capital (Preker et al., 2002). Establishing and strengthening links with formal financing networks is cited as an example. In Rwanda federations of smaller CBHI schemes pool part of their funds at the district level to cover care in district hospitals (Schneider, 2001). Creating horizontal links through scheme mergers in this way allows schemes to expand the risk pool while continuing to capitalize on the positive social bonds fostered by small risk groups[v] (Davies and Carrin, 2001). Larger pools are required in order to: spread risk; actuarially correctly assess the probability of the loss occurring and therefore maintain solvency; cross-subsidize (Schieber, 1997) and lower transaction costs (Ron, 1999).

Another mechanism for facilitating the enlargement of the risk pool without increasing the risk of fraud is "the establishment of supervisory and audit bodies, and support for an independent press and for the professional groups involved" (Meessen, 2002): 90-91. Such interventions are proposed as a

method of fostering an enhanced "generalized morality" across CBHI schemes, or identity or loyalty within a large reference group that encompasses all relevant market transactions (Meessen, 2002) - in short, the development of bridging social capital. Such a professional body has already been established in one region of Senegal. The GRAIM (Groupe de Recherche et d'Appui aux Initiatives Mutualistes) coordinates 21 schemes, supporting development and building capacity and seems to have led to more interest in scheme membership (Bennett, 2004b). These are confined to building links between schemes and other formal institutions in the health system. However some studies have suggested that horizontal linkages between small scale community projects can be even more effective when they connect heterogeneous organizations, building bridges across different sectors.

From the social capital literature, federations of coffee producers and other rural development projects in the Andes (Bebbington, 2000) may provide a useful model for CBHI. Federations are defined by Bebbington and Carroll (Bebbington, 2000) as supra-communal organizations of the poor constituting a special manifestation of social capital. Federations were found to have the potential to foster regional and more strategic forms of collective action and engagement with government, civil society and markets and to build sustainable bridges between different types of organization. Links between political and economic organizations were particularly important. The former type of organization was often more adept at lobbying and mobilization to protect and promote particular concerns of its members, while the latter type (which would include CBHI schemes), was concerned with social enterprise and facilitating service delivery and was more pragmatic, but less inclusive in its stance. Successful federations were able to develop bridges between different types of organization, so that they were able to benefit from each others' strengths.

The idea that CBHI schemes could be situated in the context of a regional or even national development agenda via strategically formed linkages with other grassroots organizations, particularly political ones, has not been proposed in the CBHI literature. This could be a missed opportunity, particularly in contexts where membership is drawn from poorer sections of society with a weak capacity for mobilization. How far it would be possible to build such relationships would depend greatly on the political and leadership dynamics at work in the region. This conceptualization of CBHI entails a broader and deeper consideration of communities' needs, goals and power relations than is currently evident in the CBHI literature.

3.2.2 Vertical bridging linkages: the role of NGOs in capacity building

Vertical linkages, in the form of support from overseas agencies, are probably more common than horizontal linkages in CBHI. Vertical linkages are employed by CBHI schemes to build capacity in

technical areas such as financial and general management and in administration, since the requisite skills for implementing CBHI are often not available locally (Bennett, 1998). In an exploratory study comparing a successful CBHI scheme in the Philippines and a less successful one in Guatemala (Ron, 1999), one of the major success factors in the Philippines (where the scheme grew steadily over three years) may have been bridging social capital constructed through several types of vertical links. A very effective administrative structure was provided by the international NGO Organization for Education Resources and Training (ORT). The structure was developed through the built-in members' participation mechanisms within a cooperative structure, combined with the financial and moral support given by the ORT country office and ultimately the World ORT Union. The Guatemalan scheme, despite receiving superior technical assistance from the WHO, failed to progress after initial registration, partly because it did not develop supportive links with local social and political structures. In particular, the scheme lacked the support of the local Catholic Church. It could be argued then, that the scheme did not develop sufficient bridging social capital. Perhaps supporting the case for the importance of bridging capital is the fact that following the publication of the study, the Guatemalan scheme was successfully re-launched, this time with the support of Catholic Church (personal communication, Dr. Aviva Ron, 2006). However, further research would be needed to assess whether bridging social capital actually affected the outcome of the schemes in the longer term.

While the potential of NGOs to assist CBHI may be great, the provision of technical assistance to community development projects may actually prevent the accumulation of social capital at the grassroots, jeopardising their sustainability. This may occur when vertical bridging relations cause dependency through top-down, non-participatory interventions (Abom, 2004, Fox, 1996). Echoing this argument, it has been found that community participation in CBHI is essential to scheme sustainability (Kiwanuka-Mukiibi, 2005, Franco, 2004). One in-depth study of community participation in CBHI schemes, focusing on Senegal, found that participation has a tendency to wane over time,. Increased decentralization and training are suggested as potential solutions (Franco, 2004). The example of a South African HIV/AIDS prevention project which had exceptionally strong technical and financial external support but failed due to poor community participation might offer further insights into addressing waning community participation in CBHI (Campbell, 2003). In this project, participatory management by a multi-stakeholder committee aimed to empower key marginalised groups (notably sex workers) and to facilitate collective action. However, it failed to take into account the impact of broader social forces on the community (for example poverty) and social hierarchies (for example gender relations) and therefore did not create appropriate incentives for participation. Efforts to support community participation were undermined by experts possessing technical and scientific know-how (epidemiology and biomedicine). Their knowledge was given

symbolic and real precedence in the programme, so objectives articulated by them displaced the objectives of the intended "beneficiaries". Drawing on Bourdieu, the analysis attributes this failure to unequal distributions of economic, cultural, symbolic and social capital in the project which favoured the technical project staff and not the local community.

Where participation has been studied in CBHI, there has been no significant analysis of power relations between technical experts and the community in defining appropriate incentives. Indeed, a recent study of CBHI found that incentives that are socially and politically relevant may be at variance with incentives designed using technical and scientific expertise (such as economic theory) (De Allegri et al., 2006). Employing a social capital framework may help address this. A consequence of defining incentives in a participatory, "bottom-up" fashion may be the development of scheme structures and activities that fall outside the classic insurance model. For example, in Uganda, low ability to pay premiums led to interest among members in pursuing income generation activities to supplement premium payments and the CBHI scheme becoming an income generating business, as well as an insurance house (Derriennic, 2005).

3.3 Macro level bridging social capital: the effect of synergy on CBHI

There are several views on the appropriate role of the state in CBHI. Pauly (Pauly et al., 2006) has recently advocated minimal government regulation of CBHI, arguing that government subsidy causes cream skimming and adverse selection. The health system framework suggests that although CBHI is a private sector method of financing health care, the government can play a vital role in schemes' success, should it decide that CBHI is a good strategy to further its objectives. Bennett et al (Bennett, 1998) argue that if there is government failure, or no clear government policy, schemes are likely to play an important role in the delivery of health care, but issues relating their role in the broader health system are unlikely to be relevant. If government is strong, they argue that CBHI relations with the government are likely to be very important. The following three government mechanisms for supporting community health financing have been identified: stewardship (for example regulation and monitoring); creating an enabling environment (for example the rule of law); and resource transfer (for example subsidies) (Ranson, 2002b). The social capital literature complicates this picture. Evans (Evans, 1996) argues that state agencies can aid civil society organizations to consolidate themselves through the construction of state-society "synergy" and that the state plays two different roles in this: complementarity and embeddedness.

3.3.1 Complementarity

The first is the classic role of the state, akin to the health system approach described above, namely to provide public goods and an enabling rule of law while private organizations and institutions produce goods and services. This is termed “complementarity” by Evans.

Complementarity is important in CBHI. For example, a major obstacle to CBHI is the poor quality of health services (Criel and Waelkens, 2003). CBHI can potentially contribute to improving quality, efficiency and sustainability of health services through strategic purchasing (World Health Organization, 2000, Hsiao, 2001). In health care markets CBHI can be a means of facilitating improved vertical integration and determining the nature and scope of the products supplied by health care providers (Zweifel, 2004). If the provider is separate from the purchaser, an insurance body can improve efficiency and curb provider moral hazard (Atim, 2001) if it pursues a policy of strategic purchasing (World Health Organization, 2000). However, for strategic purchasing there must be an enabling environment: information about the quality and quantity of services must be provided; there needs to be investment in new skills in contracting on the part of both the purchaser and provider (Bennett et al., 1997); and a revision of the balance of power between purchaser and provider must be accepted (Desmet et al., 1999, Meessen, 2002). In light of these numerous preconditions, it is not surprising then that in a study of 258 CBHI schemes in low-income countries only 16% conducted strategic purchasing (ILO, 2002). One method of creating these conditions is for government to provide the function of monitoring, regulating and / or accrediting providers, so that schemes do not need to develop the technical skills to conduct these activities themselves. China’s rural cooperative medical system (RCMS) provides an example of complementarity[vi]. Since China’s health services have become decentralized, local government has less financial leverage to control the running of hospitals and other facilities. The role of government is increasingly to monitor and regulate services. RCMS schemes, on the other hand, channel financial resources to hospitals and local government, but do not have the technical skills to assess quality and cost-effectiveness. Local government and RCMS schemes therefore need to cooperate in order to influence providers through strategic purchasing (Bloom and Shenglan, 1999).

3.3.2 Constructing social capital through embeddedness

The second role of the government is "embeddedness", a process of constructing social capital at the local level (Evans, 1996)[vii]. Central to this is the idea that there is an informal permeability of boundaries between civil society and private sector organizations and the government that can facilitate development. It is often assumed that such permeability should be avoided as it can foster corruption, but Evans argues that embeddedness can significantly enhance development. An

engagement with civil society or the private sector in the form of day-to-day interactions of government officials can build its own, positive, norms and loyalties (Evans, 1996). An example comes from the Taiwanese irrigation system where the water requirement per crop in Taiwan is around 50% lower than in other south east Asian countries. This efficiency is attributed to the embeddedness of the state in society at the local level (Lam, 1996). Local public officials belonging to Irrigation Associations (IA) officially manage the irrigation system but are embedded in the day-to-day operations of the farming groups. Officials depend on voluntary labour and donations by farmers to carry out maintenance and operations, while farmers depend on officials to integrate local needs into the overall plan. Officials gauge these needs not through the formal mechanism of farmers' representatives, but through informal conversations held while collecting water fees. Although these mechanisms are informal, Lam argues that they have not evolved by chance. Rather, they are fostered by the institutional design of the irrigation system. Autonomy of the various units within the irrigation bureaucracy coupled with back-up from higher levels of authority allows individual officials to develop informal rules to cope with various problems they might face without this informality becoming unmanageable or corrupt. In short, embeddedness can be constructed by institutional structures which are designed to encourage a certain set of norms and loyalties at the intersection between civil society and government involvement in development projects (Evans, 1996).

Research into state-society synergy would be particularly important in countries intending to follow the 19th century precedent and scale up coverage by integrating CBHI into government-led national social health insurance schemes, such as Ghana (Government of Ghana, 2003), since in these contexts issues of power between regulatory state officials and CBHI schemes will become paramount. Synergy may also be important in contexts where ability to pay is very low. CBHI has not experienced significant and sustained success in improving access and financial protection among indigents (World Health Organization, 2000) because (a) the poor are excluded from CBHI schemes because they cannot pay the premium or (b) the poor under-utilize services even if they have coverage (Ranson, 2002a, Atim, 2001). It is likely that indigents need to be subsidized by the state, while the rural non-poor and informal workers are targeted to make contributions to CBHI (Bennett, 2004b). In such scenarios, following the social capital framework, it may be advisable to construct administrative structures in CBHI that intersect with local political structures in order to facilitate bureaucrats' loyalty and enthusiasm to become "embedded" in schemes and put their energy into making them work. For example, one Senegalese scheme developed a successful collaboration in which rural councillors are members of the scheme and they support its functioning by letting the manager make presentations at their meetings and by raising awareness and asking people to join the scheme while they are making their own visits to local communities (Franco, 2004). If governments are to have a

role in facilitating CBHI by constructing state-society "synergy", public institutions need to be competent and engaged. This is the subject of the next subsection.

3.4 Macro level bonding social capital: the effect of organisational integrity on CBHI

Woolcock (Woolcock, 1998) defines organizational integrity as a type of social capital. He draws on neo-Weberian theory in perceiving institutional coherence, competence and capacity as deriving from an organizational form that socialises bureaucrats. This allows Woolcock to view the effectiveness of organizations, particularly government, as a product of social relations which foster a certain set of norms.

The corporately coherent robust Weberian bureaucracy in the Taiwanese irrigation system (Lam, 1996) ensured that embeddedness did not degenerate into clientalism, while at the local level the bureaucracy was open to inputs from farmers and local officials (Evans, 1996). Evans (Evans, 1996) argues that without a coherent Weberian bureaucracy (characterized by meritocratic recruitment, good salaries, sharp sanctions against violations of organizational norms and solid rewards for career-long performance) state-society synergy is possible but it will not be a force for good and will foster corruption instead. On the other hand, if a Weberian bureaucracy exists without synergy, inflexible rules and uniform structures (a Weberian "iron cage") will prevent synergy and limit the possibilities for development. In other words, both synergy and coherent robust bureaucracy are needed for optimal developmental results. To support his argument Evans points to studies demonstrating that "synergy" contributed to the success of east Asian countries that experienced rapid development in the late 20th century. Thus Evans diverges from Putnam's view that a lack of prior endowments of micro level bonding social capital is the key constraint to effective local government (Putnam et al., 1993), arguing rather that the limits in government structures cause the inability to scale-up micro levels of social capital (through state-society synergy) to generate action on a scale that is politically and economically efficacious. Applying Evans' argument to CBHI cautions that local government will not be able to facilitate CBHI by constructing state-society "synergy" unless it is competent and engaged.

4. Conclusions

CBHI has been proposed as a transitional mechanism to achieving universal coverage for health care in low-income countries (World Health Organization., 2005, World Health Organization, 2000, Davies and Carrin, 2001, Grootaert, 2001). The policy link between CBHI and universal coverage is implicitly determined by the historical experience of mutual health insurance in countries such as Germany and Japan in the 19th century, where the social context was dramatically different to that of today's, much less successful schemes. This paper argues that the analysis of CBHI in agencies such

as the World Bank and WHO, broadly based on economic theory, has been unable to take into account context-dependent policy considerations. These include values of scheme members and people in their communities, community goals and local and regional power relations. There is a need to develop an alternative framework to complement the economic and health system approaches to analyzing CBHI.

Analysing the CBHI literature suggests that a critical engagement with social capital theories could contribute to our understanding of CBHI. Social capital theory could help explain why schemes do not appear on course to develop according to the 19th century precedent, achieving significant levels of population coverage in a sustainable way. Solidarity, trust, extra-community networks, vertical civil society links and state-society relations at the local level appear to affect significantly outcomes in CBHI. To this extent, it may be possible to talk of "social determinants of CBHI". However, these social determinants have not been considered in CBHI policy in a systematic way, possibly limiting the development and success of CBHI. These conclusions are not based on the findings of primary research, which was beyond the scope of this paper. The limitation of this is that the studies employed do not necessarily aim to identify the importance of social capital. We have therefore been compelled to draw additional conclusions beyond the objectives of the researchers, by linking their work to a new framework. With this caveat in place, possible social determinants of CBHI and their impact on CBHI are summarized here.

We first argue that applying Woolcock's (Woolcock, 1998) social capital framework to the CBHI data puts into question the idea, proposed in the CBHI literature, that schemes characterized by strong intra-community ties are more likely to experience success in CBHI than those without these ties, because of increased solidarity which may reduce adverse selection and moral hazard. The framework complicates the picture by proposing that communities characterized by only strong intra-community ties may actually be disadvantaged in CBHI development due to increased levels of corruption and clientism, or a preference for more informal financial networks. A broader understanding of the factors determining the effect of bonding social capital on CBHI is therefore needed. Bridging social capital in the form of more extensive professional links with NGOs, umbrella organizations or local government (within and beyond the health sector) is likely to be important.

Bridging ties are 'constructible' since they constitute social relations that are facilitated by institutional arrangements rather than affective bonds (Bebbington, 2000, Krishna, 2004, Putzel, 1997, Fox, 1996, Evans, 1996). They can foster more professional relations, strategic alliances, administrative capacity and enlarged risk pools in CBHI schemes. However, vertical links with NGOs, while bringing many benefits, may also foster dependency and may reinforce social structures that

endorse and privilege the work of technical experts. This does little to augment the accumulation of capital (social, economic, human or otherwise) of intended beneficiaries of technical assistance – the scheme staff and scheme members. Mechanisms for building positive bridging social capital in CBHI therefore ought to be explored. A related question is whether and how the advantages of bonding social capital could be sustained alongside increased horizontal and vertical bridging links.

Alongside links with NGOs and civil society, the concept of 'embeddedness', also constituent of bridging social capital, suggests that local government structures can foster productive informal social relations between communities and local government officials (Evans, 1996). In CBHI, it is unclear whether structures could be developed to facilitate the personal engagement of local bureaucrats without increasing the possibility of corruption. Such an approach could be contrasted with more conventional "complementarity" (public/private division of labour) and laissez faire approaches, although it is worth noting that the latter may not be possible in cases where CBHI is to be scaled up and integrated into a government programme for universal coverage (such as social health insurance) as proposed by WHO (World Health Organization., 2005, World Health Organization, 2000).

The process of working through the social capital framework has led us to the conclusion that certain types of social capital are probably a determinant of successful CBHI, but it has also led us to think beyond this. It is also proposed here that CBHI schemes may need to actively develop bridging relations to foster the types of social capital required to ensure they are aligned to local communities' goals, power relations and values. For example, CBHI schemes could link into federations of community-based organizations with diverse political and economic interests, situating themselves in the broader regional or even national development agenda and increasing their inclusiveness locally. Or schemes may find they need to pursue diverse activities to complement insurance, such as income generation. Some schemes may need to develop norms and loyalties at the intersection between their administrative structure and local government and could grow into quasi-non-governmental organizations. These ideas have been gleaned from limited evidence. A greater understanding of what "bridging social capital" in CBHI might constitute is needed, something which would require practical, applied field research.

So far, this discussion has not considered methodologies for primary research into the effects social capital on CBHI. Indicators of social capital have already been developed and these could be adapted for quantitative studies investigating the relationship between social capital and CBHI. Such a task would be no small undertaking. An in-depth literature review of research on social capital suggests that a number of serious conceptual and statistical problems exist with the current use of social capital

by social scientists, particularly in attributing causality to social capital in empirical studies (Durlauf, 2004).

The project of empirically measuring effects of social capital may also be limited for different, conceptual reasons. The argument has been made that such an undertaking is symptomatic of the increasing dominance of mainstream economics over other social sciences (Fine, 2001). We suggest that while applying the social capital framework to CBHI could indeed entail empirically testing a theory of the social conditions under which CBHI is successful, this is not the only possible research methodology. An alternative approach would be to employ the framework qualitatively, for example by using it to guide semi-structured interviews and anthropological fieldwork in order to advance CBHI policy analysis and to understand its social context. This would involve situating empirical or technical analyses (which have already been undertaken within existing economic and health system frameworks for CBHI) in praxis and taking account of context-dependent considerations, such as values, goals and power relations (Flyvbjerg, 2001). Such a process could result in the evolution of schemes that are structured and operate quite differently from those proposed under the economic and health system frameworks and that have quite different long term trajectories from the schemes emerging in the 19th century.

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Authors' professional background

Ms. Philipa Mladovsky

Philipa Mladovsky is a research assistant in health policy at the London School of Economics and Political Science.

Before joining LSE Health, Philipa was a technical officer at the World Health Organization in Geneva, looking into the importance of the private sector in health service delivery in developing countries and the potential role of global health initiatives in health system strengthening. She has also worked with UNDP in Ghana on participatory approaches to the organization of HIV/AIDS prevention and treatment services.

She obtained her MSc from LSE in Health, Population and Society in 2005. In 2001 she completed an honours BA in Social Anthropology at Cambridge University.

Email: p.mladovsky@lse.ac.uk

Professor Elias Mossialos

Elias Mossialos is Brian Abel-Smith Professor of Health Policy, and Director of LSE Health at the London School of Economics and Political Science. In 1998, he co-founded the European Observatory on Health Systems and Policies. He is currently Co-Director of the Observatory.
Elias has published widely on health policy, health services research, pharmaceutical policy and economics, and risk analysis. He has also published in EU law and politics and health systems. He is co-editor in chief of Health Economics, Policy and Law, a journal published by Cambridge University Press. In 1995 he founded Eurohealth, a quarterly journal of health policy, to cover the middle ground between academic scholarship and policy-making. He has served as an advisor to several agencies including World Health Organization, the European Parliament and the European Commission.
Email: e.a.mossialos@lse.ac.uk

[i] Following the consensus that the optimal design for CBHI is schemes that are managed separately from the health care provider (Bennett, 2004a) the discussion in this paper excludes studies of provider-based CBHI schemes.

[ii] National data on population coverage of CHBI are unavailable in the literature, although a USAID presentation suggests coverage is no more than 1% in most low-income countries. http://www.usaid.gov/policy/cdie/8-24final.pdf Accessed 07.08.06

[iii] While from a policy perspective the primary purpose of CBHI is not economic development - rather it is to improve access to health care services – CBHI is a financial mechanism, and as such is compared and contrasted within the framework with other forms economic development.

[iv] This idea also corresponds with the theory in new institutional economics that in contexts where there is no formal third-party such as government or the judiciary to enforce constraints on human interaction, there is a need for informal constraints on human interaction, such as common values, repeat dealing, cultural homogeneity and kinship, to prevent corruption and inefficiency (North, 1990).

[v] The other main method of enlarging risk pools is social reinsurance. This is seen an alternative to external subsidisation or contingency reserves as a means of protecting the scheme from financial instability from catastrophic events (Fairbank, 2003, Dror, 2001). However others have argued that although self-financing may be attractive, because the membership of schemes is usually limited to poor groups, it may be wiser to view CBHI as a supporting strategy to government financing rather than as an exclusive financing alternative (Bennett, 1998).

[vi] Although previously RCMS schemes were government owned, schemes are now voluntary and are managed by a village or township committee. Schemes are separate from providers. Because of these features (privately owned, purchaser/provider split) RCMS is considered in this discussion of CBHI schemes.

[vii] Embeddedness is a qualitatively different concept to the processes that constitute decentralization since it focuses on informal social relations which do not feature in decentralization models.

For further information on this or any of the Health publications contact:

Champa Heidbrink
Managing Editor
LSE Health
The London School of Economics and Political Science
Houghton Street
London WC2A 2AE

Tel: + 44 (0)20 7955 6840
Fax: + 44 (0)20 7955 6090

Email: c.heidbrink@lse.ac.uk
Website: www.lse.ac.uk/collections/LSEHealth/