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Promoting Institutional Change in Post-Soviet Armenia: Is Social Capital the 'Missing Link'?

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Abstract

This paper argues that the social capital framework used by development agencies in community-driven development policies and projects is not adequate for analysing conditions affecting participation. Instead, it proposes a framework for analysing co-operation. The research in Armenia shows that the availability of social capital in a community may not necessarily translate into community participation. The governance environment plays a key role in affecting the nature and forms of community participation and in shaping local institutions in Armenia. This implies that development interventions that focus on building social capital as a means to institutionalise participation may not be effective without addressing broader structural factors affecting participation.

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1. Promoting Social Capital in Post-Soviet Countries

Since the mid-1990s, the concept of social capital has entered mainstream development thinking and practice. The term social capital commonly refers to norms and networks that facilitate collective action (Woolcock and Narayan, 2000, p. 226). It is believed that social networks based on shared norms, values, beliefs, knowledge and understanding can significantly enhance people's capacity to organise in their own collective interest, co-operate to perform collective tasks and achieve mutual benefits. Since the mid-1990s, development agencies have been advocating and supporting a variety of decentralised and participatory programmes and projects as a means of improving service delivery, enhancing local self-reliance and empowering the poor. These initiatives are often referred to as Community Driven Development (CDD).¹ Most CDD initiatives are based on a "bottom-up development model" for service delivery and capacity building. On the one hand, the availability of social capital is thought to be a necessary precondition for successful project outcomes (Van Domelen, 2003, pp. 10-11; Dongier *et al*, 2003, p. 6). Thus many initiatives, such as social investment funds (or social funds), group-based micro-finance schemes or safety net targeting programmes draw on existing stocks of social capital in order to enhance their development effectiveness. On the other hand, CDD interventions seek to build and strengthen networks within and across communities as a means of empowering poor people and improving their access to resources and services (Dongier *et al*, 2003, pp. 7-8).

The literature on social capital is multifaceted, and the concept of social capital itself has been imbued with multiple meanings and connotations. This paper does not intend to provide a comprehensive review of social capital theories and their critiques, but rather highlights the specific conceptual understandings of social capital underpinning CDD initiatives. The CDD bottom-up model is primarily based on Putnam's (1993) conceptualisation of social capital. Putnam

views social capital in terms of norms of trust and reciprocity and “networks of civic engagement”, measured as membership in and density of voluntary organisations, clubs, co-operatives and political parties. For Putnam, interpersonal trust is the key variable that facilitates societal co-operation. The definition of trust used by Putnam stems from game theoretical assumptions, in which trust is an assessment by an individual of whether or not the behaviour of other individuals is trustworthy. This view holds that overlapping positive expectations about other individuals’ actions can lead to co-operation and collective action. The conceptualisation and operationalisation of social capital within the World Bank has also been influenced by Narayan’s work. Narayan (1999, p. 2) refers to primary social group solidarity as “bonding” social capital, and to the linkages between social groups as “bridging” social capital. This framework was further developed with the introduction of the notion of “linking” social capital, which refers to building ties between the poor and people in positions of authority, such as government representatives and private institutions (Grootaert *et al*, 2004).

The CDD bottom-up development model presumes that by building social networks, strengthening interpersonal relations and improving organisational capacity, bottom-up interventions can promote participation of people in local development (Schmidt and Marc, 1995; Narayan, 1995; Narayan and Ebbe, 1997; Kammergaard, 1999; Jørgensen and Van Domelen, 1999, p. 20; OED, 2002; Serrano, 2003; Van Domelen, 2003). This section presents the CDD bottom-up model drawing on social funds literature, where it has been described in a more consolidated manner. Social funds share similar bottom-up, community-based institutional arrangements for service delivery and capacity building with other CDD initiatives. It is thought that social fund micro-projects can help establish institutional structures (e.g., implementing agencies or community committees) that can continue functioning to solve other problems after micro-project completion and can become a focal point for community activity in the future. By promoting the formation of community groups, bottom-up interventions can create spaces for community participation

and interaction. Frequent interactions among community members and positive problem-solving experiences can reinforce and cultivate norms of trust and relations of solidarity. Successful co-operation and performance can help create expectations that future behaviour will be positively rewarded, make the probability of future collective action more likely and encourage future collaborative efforts in new areas. In addition, social fund interventions are said to have a “learning by doing” effect. Participation in micro-project activities can enhance a community’s access to information and experience and help develop organisational and technical skills. It is assumed that the strengthened social capital, attitudinal changes and improvements in people’s skills and abilities will enhance a community’s capacity to undertake mutually beneficial development initiatives and effectively solve collective action problems.

CDD projects and programmes have become popular in the former Soviet Union since the mid-1990s. In 2000, the World Bank developed a strategy to “scale up” CDD in the region as part of its poverty reduction and good governance agenda (World Bank, 2000a; 2001a). The primary objective of CDD in the former Soviet Union has been seen in strengthening social capital and developing community institutions in order to enhance local self-reliance and self-organisation. It is a commonplace assumption in development literature that ideological restrictions and domination by the Communist party eroded the civic space and produced “distrustful” and “atomised” citizens (World Bank, 2000a; 2000b; 2001a; 2001b). For example, a World Bank presentation on community development in the ECA (Europe and Central Asia) region maintains that “successful examples of autonomous local action are few” and that “people still depend on the state for resources and guidance” (World Bank, 2000b, p. 18). It goes on to argue that in most ECA countries “people lack the trust in one another that is needed to foster community action groups” (World Bank, 2000b, p. 18). It is assumed that the cultural and normative orientation of citizens, i.e. the “Soviet mentality” factor, presents a serious obstacle to developing active self-organising communities. For example, the World Bank’s CDD Strategy Note for Armenia (World Bank,

2001a, p. 3) maintains that the Soviet rule enforced “citizen passivity” and an expectation that authorities or external donors should be responsible for community welfare. Thus the task set out by CDD in post-Soviet countries is to promote attitudinal changes, develop institutional structures and strengthen capacity of communities to take part in local development.

Figure 1: Conceptualisation of Local Institutions in CDD in ECA

Post-Soviet Institutions	Civic Institutions
Trust is limited to kinship and friendship (bonding social capital) and does not extend to the society as a whole (weak generalised trust or bridging social capital).	Trust extends beyond the limits of family and kin relationships to the whole community/ society (bridging social capital); and family/ kinship ties do not preclude community-wide ties.
Social capital mostly serves individual/private interests and rarely public interests.	Social capital serves not only narrow individual but also collective/public goals.
People are distrustful and opportunistic and achieving collective action is difficult.	High levels of generalised trust make collective action and co-operation possible.
Limited citizen participation in formal and informal groups and associations.	Citizens participate in formal and informal groups and associations to pursue their objectives and interests.
Reliance on the state, informal social networks and often illegal practices in solving individual and collective goals.	Co-operation and partnerships with authorities (linking social capital) instead of reliance on authorities. Practices are based on the rule of law and the existing informal practices are not illegal or exploitative.

These assertions about the weakness of post-Soviet social capital have been reinforced by transitologists studying processes of political transformation in the former communist countries. These scholars (Marsh, 2000; Raiser *et al*, 2001; Badescu, 2003; Uslaner, 2003; Howard, 2003) have commonly attempted to measure social capital in post-Soviet countries by studying

membership and participation in associations and groups and measuring levels of generalised or societal trust (as opposed to particularised trust based on kinship and friendship). They have used the World Values Survey, which among other variables measures participation in voluntary organisations, people's interest in politics and levels of generalised trust.² According to its results, total associational membership and levels of trust in transition countries are almost half those in OECD countries (Raiser *et al*, 2001). These studies conclude that low levels of generalised trust and limited citizen participation in formal and informal groups are indicative of weak social capital and civil society in post-Soviet countries. Figure 1 provides a summary of the main assumptions about post-Soviet local institutions in CDD policies and projects and the key features of “civic” institutions that are thought to characterise “modern”³ (Western) societies.

This paper examines the conceptual and operational utility of social capital for enhancing community participation within the social and institutional context of post-Soviet transition in Armenia. The conceptualisation and usage of social capital by development agencies has been criticised for “de-politicising” development by obscuring issues of politics and power relations (Fine, 2001; Harriss, 2002), the potential to reproduce existing social inequalities and poverty (Cleaver, 2005) and the tendency to ignore gender dimensions of development (Molyneux, 2002). Fine (2001), for example, criticises the World Bank’s “romanticised” view of social capital as the “missing link” in development policies and projects. According to him, social capital “fails to address properly either capital or the social; it tends to set aside issues of power and conflict; it compartmentalises capital into its economic and social components; and it places emphasis on civil society at the expense of state and politics” (p. 137). There is still a pertinent need for detailed contextual studies that can help establish patterns of local social and institutional organisation within specific social, political and cultural settings and draw lessons for more general application in development policy and practice. This paper discusses the usefulness and relevance of social capital by mapping out

local social and institutional relations and establishing contextual factors affecting community participation in post-Soviet Armenia. The paper relates these findings to the wider literature and discusses their implications for the conceptualisation of social capital and community participation and for designing policies to promote institutional change in post-Soviet countries.

2. Social Capital and Community Participation in Rural Armenia

The following sections discuss the findings of the research that I conducted in seven rural communities in Armenia in 2002-2004. Armenia is divided into 930 units of local government, or “communities” (*hamaynk*).⁴ Of these, 872 communities are rural. This notion of a community as an administrative unit overlaps with the “village community.” All local governments have a directly-elected community head (*hamaynkapet*) or local mayor. The objective of the research was to examine the existing forms and nature of social capital and community participation and identify social and institutional factors that affect participation in the sample communities. This research used qualitative techniques for data gathering and measurement. In particular, the research used conversational and semi-structured interviews and focus group discussions with local government officials, other formal and informal leaders and community residents. The sampling was stratified so as to reflect the social composition of the studied communities and represent a variety of views and circumstances. The participants included men and women; the elderly; indigenous residents, new settlers from other parts of Armenia, and ethnic Armenian refugees from Azerbaijan; the disabled; the relatively better-off and marginally poor households; ethnic Armenians and Yezidi Kurds. The smallest community in the sample comprised 120 residents (90 households) and the largest – 1,700 residents (760 households). The names of the communities

and participants of this study have been concealed in this paper in order to ensure anonymity.

The actual empirical findings of this research are specific to the particular geographic and temporal context of the communities in the sample and are influenced by the respondents in the studied communities. At the same time, my extensive involvement in research, project development and policy work in Armenia allows me to conclude that the core findings of this study are representative of most rural communities in Armenia. Despite their geographic, socio-economic and historical differences, most Armenian communities share the key features of institutional and social organisation described in this study.

(a) Social Capital

In pre-Soviet rural Armenia (Eastern), the main social institutions were centred around the family, the village and the Armenian Church. Kinship ties and a sense of communal affiliation performed an important regulatory function (Kilbourne Matossian, 1962). The patriarchal family (*azg*) was the primary unit of pre-Soviet social organisation in rural communities. The extended families formed a village commune. They elected the village headman (*tanouter*), who was in charge of communal governance. There were no sharp class or social distinctions in these communities, although some traditionally better-off families (*ojakh*) retained privileged positions. Land, pastures and sometimes irrigation canals and mills were communal property. Land was distributed among families according to the number of family members. Certain activities, such as building of a house, were undertaken by the village as a whole. Community members sought to maintain the “solidarity and distinctiveness” of their community (Kilbourne Matossian, 1962, p. 8). Good relations with neighbours were deemed important. Birth, marriage and death gathered the entire community. The Armenian Church was extremely significant in people’s lives, not only as a

religious institution, but also as the intellectual centre and the source of the national identity of Armenians.

Kilbourne Matossian (1962) maintains that the Soviet regime regarded the traditional Armenian family as a potential source of resistance to the system and as a “backward” institution. The state policies were designed to transform the traditional family and to develop loyalties outside the family. Collectivisation and the new *kolkhoz* village organisation contributed to the fragmentation of the extended Armenian family. The large landholdings, which were necessary to maintain the extended family, were fragmented and distributed as household plots among the collective farmers. The *kolkhoz* replaced the traditional village organisation. The regime encouraged participation in *Komsomol*, trade unions and various public associations, such as professional associations, women’s committees (*kinbazhin*) and sports clubs. These policies, however, did not completely destroy the extended family as a social institution in Soviet Armenia. Kilbourne Matossian (1962, p. 183) suggests that sometimes “the collective farm family only pretended to split up, but continued in fact to function as a unit.” She also asserts that family solidarity in Armenia remained strong, and members of extended families continued to support each other and pursue common objectives by pooling resources. The role of the Church, however, was significantly weakened and most of its political, social, economic and educational functions were suspended by the Soviet regime.

In all Soviet republics, informal social networks based on kinship and friendship as well as on diffused personalised relations (*blat* networks) provided an important social space through which individuals and groups could pursue their interests and identities in the absence of other legitimate avenues (Box 1).⁵ These networks were crucial in providing Soviet citizens with access to scarce resources, the opening up of new economic and social opportunities, securing their rights and collective pooling against social risks (Lomnitz, 1988; Shlapentokh, 1989; Ledeneva, 1998). Lomnitz (1988) argues that the informal networks in the Soviet Union were a result of the malfunctioning of the Soviet

bureaucratic systems that failed to satisfy social requirements. Thus these networks were an “adaptive mechanism” that attempted to compensate for the inefficiencies of the formal system. Informal social networks also played an important role in the emergence and sustenance of an informal or shadow economy in the Soviet Union (Katsenelinboigen, 1977; Grossman, 1977; Simis, 1982; Mars and Altman, 1983; 1987). In particular, relations of trust and reciprocity enabled Soviet citizens to successfully undertake informal entrepreneurial activities and establish illegal trade networks. The shadow economy was especially well developed in the Caucasus. Most Soviet informal networks have continued their existence in the post-Soviet era, although in modified and reconfigured shape and forms.

Box 1: Informal Social Networks in the Soviet Union

- Mutual help and solidarity networks: based on kinship, affection and friendship.
- *Blat* networks: based on diffuse social connections, friendship and reciprocal exchange.
- Informal/shadow economy: unofficial and illegal economic activities.

The findings of my fieldwork allow an examination of the existing social relations in post-Soviet rural Armenia. In particular, I examined the forms and nature of interpersonal relations, networks of mutual support and solidarity, social participation and existing conflicts and disagreements in the sample communities. There were strong endowments of social capital in all of the studied communities, which manifested in dense networks of mutual support and solidarity and high levels of social participation (Box 2). The participants often referred to the traditions of co-operation and solidarity in their villages by describing their communities as “cohesive” or “united.” Their interpretation of “unity” referred to the extent to which people were willing to support each other and to participate in collective activities. Relations among community members appear to be governed by pragmatic considerations of reciprocity, adherence

to traditional norms and altruistic motives. In the absence of effective state support, mutual assistance has become a crucial resource upon which many households can draw to survive the transition. Extreme poverty has also made it more difficult for people to co-operate and support each other. Often due to material and social deprivation, people are forced to concentrate on their own everyday survival needs, and have less time and resources to dedicate to their relatives, friends and fellow community members. Many participants of this study noted that despite their desire to help, it is often impossible or difficult to be helpful.

Box 2: Features of Social Capital in Rural Armenia

- Strong traditions of mutual assistance and solidarity.
- Relations of trust and reciprocity exist both within smaller groups such as kinship and friendship networks and across various groups within communities.
- Schools are important centres of community life.
- Economic and social deprivation constrains the ability of people to support each other and participate in social and ceremonial activities.
- Conflicts in local communities occur over economic resources, most often for sharing potable or irrigation water.

Mutual support networks existed both within smaller groups, such as kinship and friendship networks (bonding social capital), and between different groups in a community (bridging social capital). As resources at the disposal of a household were limited, informal assistance prioritised kinship networks. In all studied communities, people provided support to their co-villagers, who were outside their kinship or friendship networks, where they had available resources. The participants described many instances when they would help people whom they were not connected with kinship and friendship ties. Relations with neighbours were no less important than relations with relatives and kin related co-villagers. In several villages, there were ethnic Armenian refugee families from Azerbaijan, who were well integrated into village life. A

refugee woman in S said, “I love this village, and I would never want to leave it.” Relations of reciprocity existed between Armenians and the Yezidi Kurd residents in the ethnically mixed community R. Armenians and the Yezidi Kurd minority here co-operated and shared food and resources. Moralistic judgement was sometimes applied towards some individuals who relied on humanitarian aid and social assistance benefits. Some participants thought that humanitarian food aid had created dependency and disincentives for work and “encouraged laziness.” However, such attitudes did not transfer into denial of access to formal or informal social assistance or essential services.

Social networks and relations of solidarity developed in different ways in different communities in the sample. An important source of social cohesion is common kinship ties. The residents of A, for example, originate from Sasoun region in Western Armenia (Eastern Turkey) and share common kinship, identity and sense of belonging to the same place of origin. Descendants from Sasoun are known in Armenia for their strong bonds and sense of solidarity. The community of K descends from three extended kin groups, who have lived in the same village for more than one hundred years. The village is rather remote and difficult to access, and there has been little migration into the village, which has helped maintain the historical social composition of the village. Lack of kinship ties does not preclude the formation of social capital. A common positive history of interaction is crucial for establishing trusting relations. The village of S was founded in the early 1970s by young families, who came from different regions of Armenia. A female respondent in S said, “Maybe one reason that our village is so peaceful is that we all came here as very young families, without our parents-in-law.” According to her, the presence of older community members would have compelled them to give greater significance to the kinship and origin of their co-residents and hence reinforce traditional hierarchies. Finally, the degree of effectiveness and accountability of local mayors directly influences levels of economic development and social cohesion in the local communities.⁶ Local mayors can play crucial role in fostering trusting relations among community members

by creating spaces for community interaction and maintaining social justice. On the contrary, the lack of effective management and accountability on the part of local mayors can translate into social cleavages and tension.

In all studied communities, people helped each other with “what they could.” Mutual help included limited cash assistance (donation and lending), in-kind assistance (food donation and lending, donation of clothes, donation of agricultural inputs, such as fertilisers and pesticides and lending machinery and spare parts), and labour assistance (agricultural works, e.g., harvesting, or repairing houses and taking cattle to pastures). People borrowed cash from their co-villagers, usually in small amounts, to cover the cost of their essential needs (for example, for buying food and hygiene items and paying utility bills). In all studied communities, local shops sold goods on credit. People usually repaid their debt after they obtained cash from selling their crops or receiving remittances from abroad or social assistance benefits. Many participants said they often lend small amounts of money without the expectation that the money would be returned. In most cases, people paid their co-villagers back for the borrowed items, although sometimes repayment could take up to six months. A resident in K said, “Everybody in the village is indebted to each other.” People helped each other not only materially, but also offered psychological support in times of crisis and stress. A woman in S said, “My husband fell ill, and the whole village was in my house.” In the case of the death of a family member of a co-villager, the entire village raised money to help with the funeral expenses.

In all of the studied communities, there were some extremely poor households who were entirely reliant on humanitarian food aid, state-provided social assistance (family) benefits and material support from their neighbours and co-villagers. Local leaders often assisted the poor by waiving the requirement for community contribution in community-based projects funded by the Armenia Social Investment Fund (ASIFI), Save the Children, Oxfam and local NGOs. Schools helped some of the most impoverished schoolchildren by donating

clothes, shoes, stationary and small amounts of money for renting textbooks and medical emergencies. Access to schools becomes limited during winter time, as the poorest cannot afford warm clothes and shoes. In many schools, teachers have established an informal monitoring system and themselves identify the poorest children in order to help them. Teachers often visited their pupils at home in the case of frequent absences. Some relatively well-to-do parents helped the poorest schoolchildren by donating clothes and food, paying for textbooks or subsidising the cost of school events for which parental contributions were required (for example, school excursions or a graduation ceremony).

Social events, traditional celebrations and social interaction have historically played an important role in the life of Armenian communities. Celebrations of birthdays, weddings, national and religious holidays, and visits to relatives, friends and neighbours play a crucial role in uniting communities and strengthening social bonds. Most participants believed that participation in social life was important for keeping the community spirit and supporting people psychologically. A woman in S said, “We get together with our friends and relatives for a birthday or a holiday celebration. We are still human.” Most participants noted that there was a decrease in the level of their social interaction as compared with that in Soviet times. They complained that “life these days is not the same as it used to be.” They explained this by the lack of economic resources and time to host friends and relatives and pay the costs incurred in ceremonial events and festivities.

Most conflicts and disagreements in the studied communities occurred over economic resources, mostly over sharing irrigation water. Scarcity of water was a major factor causing disagreement and negatively affecting interpersonal relations. Conflicts occurred when, for example, some villagers drew water above the amounts allocated to them. This often deprived other villagers, especially those whose fields were at the tail end of the irrigation system. The participants reported that during the drought in 1999-2001, when

water supply in Armenia was especially scarce, conflicts over water were very frequent. These conflicts were not violent and were usually resolved peacefully by the community members themselves or through the intermediation of the local mayor. A resident in A said, “We all are neighbours here, and we don’t live just for one day. Sometimes we have conflicts, but they are always quickly resolved.” The residents in K said that as most people “live with each other”, they are compelled to resolve conflicts peacefully.

(b) Community Participation

This section examines the forms and nature of people’s participation in service delivery and local governance and discusses the key constraints to community participation in the sample communities (Figure 2). I use the term “citizen participation” to refer to empowered participation, and use it as a normative benchmark in analysing and interpreting the research data (Box 3). Citizen participation is defined as a state of social and institutional organisation in which citizens are empowered to “participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives” (World Bank, 2002, p. 11). Such a conceptualisation is different from the narrow definition of participation, in which participation of citizens in local development is limited to the provision of voluntary labour and resources. Thus, it implies that community members become active agents not only in terms of their physical and material contribution. It refers to the ability of individuals to take part in important decision-making, hold officials accountable and claim citizenship rights. This view implies that participation is broad-based - not dominated by local leaders and elites; bottom-up - driven by the community members themselves and not by top-down directives; and inclusive – whereby all members have equal opportunities to take part in development processes. This conceptualisation of participation is based on the notions of citizen rights, inclusiveness and democratic accountability.

Box 3: Features of Citizen Participation

- Participation in collective initiatives and activities is broad-based (not dominated or driven by leaders and elites) and inclusive (with non-priority groups).
- All members have equal opportunities to take part in development processes.
- Community members have the opportunity to convey their voice, influence important decision-making and hold their leaders accountable.
- Strong leadership is important for effective governance, but it does not translate into individual domination.

In all of the studied communities, residents took part in various local initiatives and communal projects, initiated by the local mayors and school directors. People were willing to contribute time and money towards the common community good and were dealing with their local problems as best they could. Community residents took part in these initiatives even when they did not personally benefit from them, mostly as a sign of solidarity with their co-villagers. People seemed to be genuinely interested in the life of their community, their fellow community members and the future of their communities. Most participants of this study thought that the problems of their communities were their own problems. The most common form of participation in the sample communities was the contribution of voluntary labour in community infrastructure and environmental maintenance initiatives. In particular, residents participated in cleaning canals, rehabilitating roads and potable and irrigation water systems, collecting rubbish, planting trees and improving school areas. Residents also contributed money for the rehabilitation and maintenance of community infrastructure, as well as for community events and celebrations. Patterns of gender participation in communal initiatives reflected traditional Armenian norms, which tend to strictly prescribe roles for men and women. Women participated in the public sphere, but their participation was limited to specific areas. In particular, women had greater involvement in school affairs, and had limited participation in “hard”

sectors such as irrigation and potable water, which were regarded as male domains.

Participation of residents in all of the communities, however, was restricted to the provision of “physical” inputs, such as contributions of labour, cash and materials (Figure 2). Ordinary residents rarely assumed leadership roles to undertake independent initiatives and organise collective action to pursue their interests. The local mayors and school directors in the sample communities played the key role in organising communal initiatives and social events by mobilising cash, managing logistical arrangements and involving community residents. Participation in formal organisations and informal groups was not perceived by people as a viable means of pursuing their interests and achieving their goals. There were very few formal and informal groups or associations established by the residents in order to pursue their objectives. The existing formal associations such as community-based Water User Associations (WUAs) were established by the central government, and most WUA members did not view the WUAs as vehicles through which they could advance their interests. Community associations established under various development projects sponsored by donor agencies dissolved immediately after the completion of the projects. Ordinary residents had limited involvement in local decision-making regarding the formulation and implementation of local policies and programmes and resource allocation. They were not active in claiming their rights and exacting accountability and transparency from local leaders.

The lack of material resources significantly constrains the ability and willingness of community members to undertake local projects and initiatives. There are only limited activities that community members can successfully implement on their own. These are mostly small clean-up works, minor repairs and other activities where limited technical skills and resource investment are needed. Otherwise, solutions to more significant problems are more labour and time consuming and require a specialised workforce and monetary

investment. Any local action requires significant resources and logistical effort, which local governments and community residents can rarely afford. For example, even relatively small-scale initiatives, such as cleaning up the communal areas, require cash for fuel and tractor hire. Thus local participation can often only provide limited solutions, and a lot of problems remain unsolved. Community residents struggle to sustain their livelihoods and have little time and energy to assume leadership roles, initiate collective action and solve problems of a community-wide nature. In all of the studied communities, men spent most of their time cultivating their fields, working at their land plots or taking care of animals. The workload of women was often double that of men, as women had to combine their work responsibilities with their duties at home, including household work and care of children. People believed that in addition to material problems, psychological factors also discouraged their participation. A resident in R said, “People are breathless, the village is dying out, we don’t have money, everybody is indebted, and there is no water - what can we undertake in this situation?”

The poor governance environment in Armenia poses an especially significant constraint on citizen participation (Box 4). One manifestation of poor governance is the significant gap that exists between the state and its citizens and the lack of state support for public participation. The state institutions do not attempt to engage with local communities and establish spaces where people can voice their needs and concerns, access information and enter into a constructive public dialogue. In all studied communities, residents had negative experiences of dealing with the state institutions. There were cases when people attempted to challenge certain decisions, petition the government and organise protest actions. These attempts did not result in successful outcomes, which reinforced the general sense of powerlessness within the local communities. As a resident in A put it, “It is very hard for people to get things done: wherever you turn, you encounter a reluctant attitude [of authorities] or lack of finance.” Various accounts of the participants indicate that when people directly appealed to regional or central authorities, they were,

as a rule, neglected and encountered bureaucratic resistance. A resident in S said, “If we go to the regional government, they will tell us - who are you? You don’t have a mayor? Who are we? They will never take us seriously.” Such negative experiences produce popular distrust in the possibility of achieving beneficial outcomes through democratic forms of participation and collective action.

The constraints on citizen participation are rooted in informal norms and practices, rather than formal legal and administrative arrangements. The overall political environment in Armenia is relatively open, and the state is tolerant of civil society, unlike for example in post-Soviet Uzbekistan, where the government openly represses grassroots initiatives and NGOs.⁷ The legal and regulatory framework by and large supports decentralisation. Community residents have a legal right to participate in public decision-making (Tumanyan, 2001, p. 331). The Armenian Constitution allows forms of direct democracy, such as referenda and public hearings and meetings. Registering an NGO in Armenia is relatively easy, and any citizen can become the founder of a voluntary group or association. It is the existing informal practices and attitudes of the governing institutions that suppress people’s initiative. In Armenia, as in other countries of the Soviet Union, the communist ideology required extremely centralised systems of decision-making and policy implementation. The legacies of the Soviet system continue to exist informally, despite the introduction of political pluralism and administrative decentralisation after independence. Ordinary citizens and community groups are not regarded as equal partners who can have influence and control in public decision-making. The prevailing perception among the authorities is that only formal institutions of the state should be responsible for national and local governance.

Box 4: Constraints to Citizen Participation in Armenia

- The weak rule of law and weak state capacity encourage reliance on strong leaders ('patrons'), connections and unofficial payments for getting things done.
- The values and normative orientations of public officials reinforce Soviet style hierarchical relations at the local level.
- The lack of support and engagement of the state with local communities produces powerlessness and distrust in the possibility of solving local problems through collective action and democratic participation.
- Local residents find it difficult to raise the required financial resources and contribute their time and energy for communal activities, which are often money and labour consuming.

Citizen participation is limited not only by the autocratic outlook and indifference of the regional and central authorities, but also by the existing institutional arrangements for service delivery and resource allocation. The weakness of the rule of law and pervasive corruption affect all spheres of economic and social life in Armenia (World Bank, 2000c; Hansen, 2002; ICG, 2004; Freedom House, 2006; Greco, 2006; TI, 2006; Anderson and Gray, 2006). Personalised relations, unwritten rules, favouritism, misuse of public positions and rent-seeking continue to be part of post-Soviet reality. The weak administrative and financial capacity of the central government restricts its ability to deliver goods and services in an effective and efficient manner. This enhances opportunities for rent-seeking officials, who are in control of the allocation of scarce resources. In this situation, goods and services, information and opportunities can be obtained in exchange for friendship and reciprocity or informal monetary or material compensation. Most participants of this study perceived that important things in local communities can be only done through influence, connections and cash. A resident in A said, "Connections are very important. In order to lay a single pipe, you need connections." Some residents believed that even development projects

supported by international agencies can only be “brought from above”, through connections or cash.

The weakness of the rule of law and the poor state capacity in Armenia encourage patron-client relationships at the local level. Patron-client relationships are usually referred to as mutually beneficial, but unequal relations between individuals who have power, wealth and social status, and individuals who are powerless and poor (Scott, 1977). The control of patrons over critical goods and services creates compliance on the part of clients, and may even “legitimise” dependence (Scott, 1977, p. 25). In a situation where access to public goods, services and regulations is facilitated by social connections and money, ordinary people have little power to attract external resources and advance the interests of the community by undertaking independent problem solving initiatives. They are often compelled to rely on local leaders, such as local mayors and school directors, who have a position of influence, access to important social networks and strong organisational skills. In all of the studied communities, most residents were almost entirely reliant on their local mayors for their survival. In addition to their formal authority as elected officials, local mayors possess significant skills and resources, such as connections and access to information. Local mayors in their turn derive various benefits from their formal positions, including influence, social status and access to economic and social opportunities and development resources.

The key formal and informal role that local mayors in Armenia play in managing local development and securing livelihoods for community residents provides the mayors with significant discretionary power. The mayors themselves define the boundaries or “spaces” (Cornwall, 2002) for community participation in local governance. Participation of ordinary residents in the decision-making in the studied communities was mostly restricted to “listening” and “consultation” (Figure 2).⁸ Community members had access to their leaders and opportunities to exercise voice. Thus, people usually expressed

their preferences and criticism during informal and formal community meetings and in their everyday interaction with the local mayors. Some active community members, mostly men, regularly gathered in the local government office or at the village square nearby, exchanging information and discussing local problems. The local mayors, however, had full control over decision-making with regard to the choice, design and implementation of local policies and projects and resource allocation. A resident in S said, “The mayor is the sole master and organiser here.” The extent to which the mayors were willing to involve local residents in decision-making varied depending on the personality and leadership style of the mayor. The dependence on the local mayors weakens channels of accountability and restricts people’s ability to hold their mayors responsible for their actions. People usually tolerated rent-seeking behaviour or mismanagement of local resources by those mayors who were effective in attracting development resources for their communities.

A study of the World Bank supported Armenia Social Investment Fund (ASIFI) project (Babajanian, 2005b) demonstrates that the social fund bottom-up interventions did not change the nature of the existing local institutions and social organisation in the local communities. In fact, they reinforced the existing institutions by strengthening the positions of local leaders without empowering ordinary community residents. Although community residents were involved in the identification and implementation of micro-projects, their participation was limited to the provision of physical inputs. The local mayors played the key role in the decision-making with regard to the choice, design and implementation of the micro-projects and resource allocation. As the involvement of community residents in the micro-project processes was restricted in its scope and nature, the micro-projects provided little space for community interaction and networking. Consequently, community members did not have the chance to benefit from the micro-projects and the learning experience they offered. The local mayors alone had the opportunity to receive new knowledge, improve their skills, gain more experience and access new

networks. Thus the existing local institutions largely determined the processes and consequently the outcomes of the micro-projects.

Figure 2: Forms and Nature of Community Participation in Armenia

Forms of Participation	Nature of Participation
Strong networks of mutual support and solidarity based on trust and reciprocity.	Local mayors play a key role in local decision-making with regard to the formulation and implementation of local policies and projects and resource allocation.
Participation in community-wide social/ceremonial events is an important part of community life.	Community participation is restricted to listening and consultation.
Community members take part in local projects and initiatives by contributing voluntary labour, materials and cash.	Community members have access to their leaders and opportunities to exercise voice and express their demands and preferences.
Participation is mostly informal, and there are very few formal groups and associations.	Community members have limited influence and virtually no control in local decision-making.
Community members rarely exercise leadership and undertake independent initiatives. They mostly rely on local leaders in accessing goods and services and solving local problems.	Community members are restricted in their ability to exact accountability and transparency from their leaders.
Local leaders play key role in mobilising community members, liaising with external organisations, raising resources and organising community-wide events.	

3. Rethinking the Social Capital Framework

This paper shows that endowments of social capital may not necessarily translate into community participation. This research found strong networks of mutual support based on trust and reciprocity in all of the studied villages. They existed both within smaller groups, such as kinship and friendship networks (bonding social capital), and between different groups within a

community (bridging social capital). Community members actively supported each other and participated in the economic and social life of their communities. Despite the availability of strong endowments of social capital, community participation in the sample villages remained restricted in its forms and nature. This paper demonstrated that the limited community participation in the sample communities was not conditioned by the weakness of social capital and/or attitudinal factors, but rather by the broader institutional, socio-economic and political context within which communities live and function.

The social capital framework used in the CDD bottom-up development model overlooks the importance of the broader structural and institutional constraints that predetermine how institutions at the local level develop and operate. The theories of social capital are not adequate for analysing conditions affecting *community participation*, but mainly suggest a framework for analysing *co-operation*. Cognitive variables such as norms of trust and reciprocity governing interpersonal relationships represent mechanisms through which co-operation is built and optimised to produce mutually beneficial outcomes. However, they do not necessarily determine people's decisions to participate (or not to participate) and the specific forms that such participation may take. The explanatory power of social capital as a basis for co-operation has been best exemplified in collective action literature. Decisions to co-operate depend on a series of collective action problems determining who will share in the costs, how the benefits will be distributed and how the activities will be monitored and sanctioned (Ostrom, 1990, 1992). A number of studies show that social capital can help resolve collective action problems by facilitating co-ordination of activities, information sharing and collective decision-making, diminishing opportunistic behaviour and free-riding, and reducing conflicts (Ostrom, 1990, 1992; Tang, 1992; Lam, 1998; Kähkönen, 1999). Thus, the social capital framework can be useful for the analysis and design of institutional arrangements and co-operation mechanisms within users' organisations and communities, rather than for the understanding of the forms and nature of people's participation within specific contextual settings.

These research findings question the accuracy of the current conceptualisation, measures and indicators of social capital in relation to post-Soviet countries. For transitologists, the key indicators for assessing the level of social capital and civil society in post-socialist countries have been associational activity and membership and interpersonal trust. The weak associational life in most Soviet countries has been interpreted as reflecting the weakness of social capital and civil society in general. This research demonstrates that the lack of formal groups and associational activity in rural Armenia does not necessarily indicate a weakness of social capital. People choose to join those networks that are most conducive to the production of goods and services and strategies that are most likely to succeed under particular social, economic and political circumstances. A similar conclusion was reached by Rose (1998) in his study of social capital in Russia. According to Rose, the nature of governance in Russia affects expectations and experience of citizens and determines the choice of social networks that individuals rely upon in “getting things done.” Following Weber’s theory on the role of bureaucratic organisations in a society, Rose argues that the society in Russia is permeated by “organisational failure”, where state institutions are unable to effectively deliver goods and services and “fail to operate impersonally, predictably, and in accordance with the rule of law” (Rose, 1998, p. 1). Confronted with this organisational failure, the population largely relies on informal coping strategies (e.g., growing own food and borrowing), personalised relationships and connections, or breaking or bending rules. Rose suggests that in order to reverse this situation in Russia, “the immediate need is not to change the values and attitudes of the mass of the population; it is to change the way the country is governed” (Rose, 1998, p. 20).

Most development professionals and transitologists have attempted to explain the limits of citizen participation by the legacies of the Soviet regime that have arguably produced social distrust, apathy and dependence on the state. These views have been grounded upon logical or intuitive inferences, rather than

rigorous exploration of causal links through investigation of empirical data. For instance, the fact that the communist regime suppressed independent initiatives in the Soviet Union allows some analysts to make logical inferences about the “weakness” of post-Soviet community as a “natural” legacy of the communist era (World Bank, 2001a, p. 2; World Bank, 2001b, p. 199). The existing informal networks have been viewed as a “problem” of individuals rather than of structures, without an attempt to understand the roots and sources of informal networks and behavioural patterns of individuals. For example, Howard (2004) argues that one of the factors prohibiting the development of a “genuine” civil society is the persistence of “private friendship networks” among ordinary citizens. Such views confuse cause and effect, as they fail to recognise that informal networks at the micro level are produced and reinforced by the macro level institutions.

These findings have implications for the operationalisation and measurement of social capital in development projects. Increasing social capital is often defined in development projects as an end in itself (OED, 2002, p. 41; Van Domelen, 2003, p. 16). Meanwhile, it is not the availability of social capital, but rather how it is used that can make a difference. The availability of norms (e.g., trust and reciprocity) and networks (formal and informal groups and partnerships) by itself does not necessarily imply that they can facilitate collective action and serve developmentally beneficial outcomes. Norms and networks are important as far as they serve the objective of enhancing the ability of communities to organise and pursue their interests. In particular, high levels of trust may not necessarily translate into collective action outcomes, and the mere presence of networks and associations may not imply that they have a meaningful involvement in local development. It is important that development policies and projects explicitly address the specific factors that affect the willingness and ability of community members to participate in local development.

4. Institutional Change: Culture or Structure?

Institutionalisation of participation implies that citizens' involvement in local development becomes the "normal way of conducting community affairs" (Midgley, 1986, p. 29). In other words, it implies that participation becomes not only "role-based" but also "norm-based" behaviour (Uphoff, 1997, p. 9). In order to institutionalise participation, development interventions must induce institutional change, i.e., alter the nature of the existing institutions so that they support participation. In particular, development interventions must promote a change in the existing formal and informal rules and organisational arrangements for resource allocation, service delivery and decision-making in contexts where participation is not an accepted or usual way of "getting things done." In the post-Soviet context, this implies that the existing Soviet-type institutions or networks must be transformed. Thus, the prevailing institutional arrangements, such as the reliance on patron-client relations, informal social networks and illegal or informal payments must be replaced with different forms of social and institutional organisation. In this new institutional arrangement, democratic participation in formal and informal groups and community activism become a legitimate and effective means of obtaining goods and services and governing local development (Figure 1).

Institutional change requires change both within formal rules and informal belief systems (North, 1990; 1995). It involves establishment of new formal institutions, such as rules, laws and organisational structures, as well as changes in the normative orientation, traditions and values to support these new rules and structures. According to North (1995), even with a change in formal rules, the informal rules and values may persist and reinforce the

perpetuation of old “rules of the game.” North (1995, p. 25) maintains that whilst a change in formal institutions can happen quickly, informal institutions change gradually. The survival of informal institutional constraints in the face of alterations in the formal institutions is coined by North as “path dependence.” Path dependence implies that specific patterns of history and local context can play an important role in shaping policy outcomes. North (1995, p. 25) maintains,

Since it is the [informal] norms that provide the essential ‘legitimacy’ to any set of formal rules, revolutionary change is never as revolutionary as its supporters desire, and performance will be different than anticipated. More than that, societies that adopt formal rules of another society... will have very different performance characteristics than the original country because both the informal norms and the enforcement characteristics will be different. The implication is that transferring the formal political and economic rules of successful Western market economies to Third World and Eastern European economies is not a sufficient condition for good economic performance.

There are different views on the types of institutional arrangements and policies required for institutionalising citizen participation. The social capital framework used in the CDD bottom-up development model reflects a “cultural” view of institutional change. The cultural view presumes that societal change can be achieved by altering social and interpersonal relations at the local level. This model places strong emphasis on the normative orientations that govern interaction between individuals. In particular, it implies that the absence of a trusting culture is the main obstacle to community participation and that individual trust and co-operative values can be fostered through a process of social learning. It assumes that participation in common activities can improve the levels of trust, induce changes to the “Soviet mentality” and hence enhance people’s willingness and ability to undertake independent initiatives and participate in local development. As this paper shows, the main barriers to community participation in Armenia were posed not by a breakdown in interpersonal relations and “passivity” of citizens, but rather by the existing power structures that affect rules and arrangements for resource allocation, service delivery and decision-making in local communities. This implies that CDD policies and projects that emphasise attitudinal and psychological

barriers to participation may not be effective in addressing structural constraints and promoting institutional change in the context of post-Soviet transition.

A more radical, “structural” approach conceptualises institutional change through the framework of power relations. It suggests that individual behaviour and actions are largely determined by the existing structural constraints. In his critique of the cultural view, Midgley (1986, p. 9) notes that “powerlessness is often conveniently interpreted as passivity and indifference but the real problem is the lack of opportunity for their [people’s] direct involvement.” Such conceptualisation ignores complex structural and social processes and conditions that influence positions of individuals and which cause and reinforce psychological disempowerment. The relationship between power structures and psychological barriers to participation has been scrutinised by a number of feminist scholars. For example, Kabeer (1994, p. 228) notes that the lack of resistance may not necessarily indicate “false consciousness” on the part of women. The “false consciousness” argument rests on the assumption that “elites are able to impose their own image of a just social order, not simply on the behaviour of non-elites, but on their consciousness as well” (Scott, 1985, p. 39). It assumes that marginalised people accept their situation “as normal, even justifiable part of social order” (Scott, 1985, p. 39). Kabeer argues that the acceptance of subordinate positions can be driven by strategic choices of women (as well as men), who recognise the prevailing “rules of the game” and realise that confrontation can be costly and can jeopardise their security and personal well-being. Kandiyoti (1988) maintains that women in patriarchal societies are rational actors, and that their livelihoods strategies, life choices and forms of resistance are determined by existing institutional constraints, which she calls “patriarchal bargains.” Kandiyoti (1998, p. 142) stresses that the scope of resistance of subordinates is normally restricted by existing power relations, and that “the powerful are much better placed to change the rules of the game unilaterally.”

The structural approach suggests that effective societal transformation depends on poor people's political capabilities and their capacity to mobilise for political action and influence public policy (Friedmann 1992; Moore and Putzel, 1999; Moore, 2001; Mosse, 2004; Gaventa, 2004). It holds that changing the existing power relations is an inherently political task, and hence building the political agency or "political capital" of the poor is as important as strengthening their social capital. For example, Mosse (2004, pp. 56-57) suggests that the capacity building and bottom-up approaches to empowerment employed by development agencies are not adequate for changing the existing power structures and the institutions through which they are expressed. The main agents of change for these scholars are local citizens, who claim and negotiate their rights "from below." This view advocates the need for the state and donors to empower the poor by supporting an enabling environment in which the poor can organise politically. It considers participation as a politicised arena, in which citizens form partnerships with progressive state and societal agents in order to function in opposition to the oppressive institutions of the state.

The issues of governance and politics are increasingly becoming part of the formal discourse on participation by development agencies. The latest World Bank view of social capital emphasises the importance of institutions and political participation (Grootaert *et al*, 2004). The CDD approach to governance is based on the idea of a "state-society partnership" (World Bank, 2002, 2004; Dongier *et al*, 2003). This view assumes that community participation can be promoted through institutional arrangements encouraging collaboration and partnerships between the state, local governments, service providers and local community groups, and through improvements in the legal and regulatory framework and sectoral policies. One has to doubt, however, whether policy reforms and "partnerships" can bring about institutional change. Thus, it is questionable whether changes in formal laws and public sector rules in post-Soviet countries can transform historically established informal norms and practices within public institutions. This conceptualisation of participation still

ignores the importance of power structures in affecting participation outcomes. The partnerships framework does not offer effective operational links with the issues of political and social rights, representation, transparency and accountability. For example, it is not clear why central or local governments should be more accountable to local communities once they enter into partnerships with them. The experience of ASIFI project demonstrates that state-society partnerships can be formed on unequal terms and that collaboration does not necessarily imply better accountability and inclusiveness (Babajanian, 2005b). This finding is likely to be true in most settings where the elites derive economic and political benefits from patronage and rent-seeking and have little desire to share power with citizens.

Institutionalising participation requires concerted action, which would go beyond the scope of individual projects, sectoral interventions and policy reforms. It requires a change in political systems that reproduce unequal power relations. Building political capabilities is crucial for empowering ordinary citizens. At the same time, any external involvement in politicising local development is prone to risks and conflicts (White, 1996, p. 15; Cleaver, 2004, p. 275). In contexts where patron-client relationships provide important welfare and political functions, a more radical political approach may antagonise and fragment local communities and jeopardise people's livelihoods. Citizen participation cannot be fostered in the absence of an enabling governance environment. Bottom-up community-driven initiatives, even if they are "politicised", need to be combined with top-down efforts to democratise both formal and informal institutions of the state. Bottom-up development in post-Soviet countries represents an attempt to establish "islands of democracy" within largely undemocratic environments and it is questionable whether these "islands" can survive. It is crucial that state institutions support and actively enforce the rule of law and democratic freedoms. This cannot be achieved in the absence of political will on the part of a country's ruling elite. State leaders must be genuinely convinced of the importance of citizenship rights and must actively create spaces for public

participation.⁹ In my view, institutional change and democratisation in post-Soviet countries can only be possible when there are “enlightened” leaders, who genuinely believe in the principles of justice and democracy and who are able to mobilise public support for political and economic reforms.

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Notes

¹The CDD paradigm originated within the World Bank, at the same time, similar “community-driven”, “community-based” or “community-linked” initiatives have also been actively supported by other development agencies and NGOs.

² For more information see <www.worldvaluessurvey.org>.

³ See for example Rose (2000) on “modern” and “anti-modern” networks in Russia.

⁴ According to the 2001 population census, Armenia’s permanent population is 3.2 million and the present population is 3 million (NSS, 2002, p. 115).

⁵ For a more detailed review of literature on Soviet informal networks, see Babajanian (2005a).

⁶ For a detailed discussion of the role of local leaders in influencing levels of social cohesion see Babajanian (2007).

⁷ See for example Ilkhamov (2005) on Uzbekistan.

⁸ According to the World Bank’s categorisation (World Bank, 1996, p. 11), participation by its intensity can vary from “listening” and “consultation” (weak intensity) to “collaborative decision-making” (high intensity).

⁹ For example, Fox (1994) argues that the “transition from clientelism to citizenship” in certain policy sectors in Mexico was largely driven by reformist elites who actively encouraged opportunities for public participation.