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**Researching Well-being: Communicating between
the Needs of Policy Makers
and the Needs of People**

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Researching Well-being: Communicating between the Needs of Policy Makers and the Needs of People

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This paper explores the links between conceptions of well-being, the way these are operationalised in empirical research, the knowledge produced and the policy process. The issues researched here - poverty, inequality and subjective well-being - are in one sense universal and as such a focus of concerted global policy attention. Yet for people in developing countries around the world they are also a local reality. The argument here is that in researching well-being in a way that is to be policy relevant we must explore the relationships and tensions between global, universalist and local, context-specific analyses. If the global community is intent on effective policy making which can then be implemented to reduce poverty, then it must be founded in local understandings of how poverty is reproduced but this need not be incommensurate with universalist interpretations of these local realities. The paper illustrates this using the Bath research programme on *Wellbeing in Developing Countries*.

INTRODUCTION

It can be argued that the biggest challenge facing global social policy, as we enter the twenty first century, is the elimination of debilitating poverty around the world. In a world of plenty and of tremendous technological sophistication it is little short of astonishing that the lives of men, women and children continue to be destroyed or blighted by the failure of global, national and local social systems to deliver them enough of the simplest resources to meet their basic human needs. The primacy of this goal, of course, has been recognised in contemporary international political circles and governments around the world have committed themselves to the Millennium Development Goals (MDGs, www.un.org/millenniumgoals/). The first of these is to “Eradicate extreme poverty and hunger”, with targets, by 2015, to:

- Reduce by half the proportion of people living on less than a dollar a day

- Reduce by half the proportion of people who suffer from hunger

This article reflects on the adequacy of how we currently think about poverty and formulate policy to eradicate it. In particular it explores the relationship between ‘universal’ and ‘local’ understandings of poverty and the ways in which international development agencies engage with these understandings. The reflection, and the research programme that underpins it, are prompted by the observations that there have been similar policy pronouncements before¹ and that, post WW2, extremely large amounts of resources have been dedicated to international development and the reduction of poverty, but what is perhaps most striking is the persistence of extreme poverty for so many people. Indeed, some observers claim that poverty may have worsened for many since the end of the second world war (Wade, 2001).

This article argues that for poverty eradication policy to be more effective, it must be better informed by ‘local’ understandings of how poverty is reproduced and that we (academics and policy-makers) need to achieve a better balance in how we relate ‘universal’ and ‘local’ understandings. Of course, the article does not argue that the ‘local’ level is the only one at which we need to think in order to make poverty eradication policies more effective, since there are clearly nation-state and global structural dimensions of the persistence of poverty. Although people in Sub-Saharan Africa may ‘have’ good, fertile land capable of producing good quality crops, global structures such as the EU’s Common Agricultural Policy and international commodity markets ensure that the value that can be derived from that land in Africa, and then translated into other necessities, is less than if it were in Europe. But it does argue that these other structural levels are manifested in and experienced at the ‘local’ level by real people in their day to day lives.

¹ Consider Robert McNamara’s period as president of the World Bank and his speeches during the 1970s arguing that the "central task of development is the reduction and ultimately the elimination of absolute poverty."

The article will first review our understandings of poverty and introduce the perspective on this being adopted in an ongoing research programme of the Wellbeing in Developing Countries Research Group (WeD), at the University of Bath. It will consider examples of where universal thinking or models have been inappropriately adopted at the expense of local understandings, resulting in failed development policies and projects. As we will conclude, this type of imbalance has implications for the efficacy of future poverty eradication policies, such as the Poverty Reduction Strategy Papers (PRSPs) which are now being produced by developing countries as a new element of conditionality in their development assistance relationships.

LOCAL AND UNIVERSAL UNDERSTANDINGS OF POVERTY

First, it is necessary to clarify what is meant by ‘local’ and ‘universal’ understandings of poverty. What is common to ‘local’ and ‘universal’ models is that they are both reflexive social products. As Stephen Gudeman puts it, they are not only attempts to construct an explanation of the reality surrounding the observer, but are then applied to that reality as a basis for action (1986, 28-47).

As such ‘local’ models of poverty entail a view of what constitutes poverty is and how it is reproduced from the perspective of those who live it. It also provides a basis for them deciding what to do about it. ‘Universal’ models. On the other hand, seek to explain from a more detached standpoint(s), are constructed by academics, and are adopted by international development agencies as a basis for policy intervention. They are medium of global communication and are available for adoption as substitutes for local models, depending on the purposes of the adoptee. When we talk of poverty from the ‘universal’ perspective we predominantly talk of what people lack and primarily what they lack in material terms (income, food, shelter). Universal models then go on to offer explanations of how these conditions arise: for example, because of inappropriate institutions,

failed or missing markets, lack of natural resource endowments, or historical location in the international political economy.

According to Gudeman², universal models have particular characteristics:

“Most universal models employ, at least as their ideal, a particular form of presentation. They have a ‘derivational’ pattern. The derivational model is Euclidian in that it typically has a set of axioms, a collection of operational rules, and a series of derived ‘theorems’.”

moreover:

“... the model is bounded in that it demarcates certain behavior to which it pertains and certain behavior to which it does not.” [p29]

Local models, on the other hand, are fundamentally appropriate to our understandings of individuals in particular social contexts.

“As a way of searching, coping and making sense of things, local models represent an exercise in human control and a form of public communication. They are made by humans for specific communities.”
[Gudeman, p37]

In recognising the validity and importance of local models, the approach to understanding poverty which is being adopted by the Wellbeing in Developing Countries Research Group (WeD) seeks to place the person back at the heart of the analysis. Poverty is after all not just a set of statistics about how many people have how little, but is a state experienced and lived by people on a day to day basis. It is argued that if we are to be effective in intervening to reduce or

² Gudeman is talking here of the universal models of economics which have indeed become very powerful in our contemporary world, but universal models can come from any discipline. It is only necessary that they are constructed according to the logic and practices of that discipline.

eradicate poverty then it is necessary to change the processes in which these people are involved and which repeatedly produce outcomes of poverty for them. Placing the person back at the heart of the analysis also builds on the recognition that all policies are ultimately about changing the behaviours of people, whether as individuals or collectives such as the family, the community, or the nation state. And that they act upon people either directly through granting or removing resources, providing incentives or prohibitions or indirectly via changing institutions and organisations which affect them (Lowi 1972).

POVERTY AND WELL-BEING

As Des Gasper (2004) has pointed out, there is considerable and growing academic enthusiasm for the concept of well-being . From an analytical perspective it is an amorphous and potentially dangerously underspecified concept (Piachaud 2004). Nevertheless, as an umbrella term it also challenges us to broaden how we think about poverty. Gasper points out that in the literature well-being has variously discussed it in terms of ‘well-living’, ‘well-feeling’ and ‘well-having’ (p3). This combination encourages the view that it is necessary to think of poverty as both outcome and process and that these two cannot be meaningfully delinked in our analysis. Poverty, as a particular form of well-being (or more obviously, ill-being) outcome, arises from the ongoing interactions of individuals and the structures in which they find themselves and which they reproduce (see Giddens 1976).

While arguing that we must place the person at the centre of analysis this does not discount the importance of structures. From the structuration perspective adopted here, the structures of society are in a continuous state of reproduction, through the repeated affirmations of structure in the relationships reproduced by individual agency. It will be particularly argued here, that for resource poor people this process of constructing well-being is more profoundly constrained

than it is for others with more resources to bring to bear. The agency/structure ontology is oriented towards helping us comprehend change (and, clearly then, its obverse, the lack of change) and thus also is well-suited for thinking about the design and implementation of policy interventions.

Both the well-being literature and the structuration ontology encourage us to move beyond thinking of poverty just as a lack of material resources. Doyal and Gough's 'Theory of Human Need' (1991), which represents one of the foundations of the WeD framework, already substantially moves us beyond material dimensions. Their theory is built on the view that the impairment of an individual's ability to participate in society results in harm or ill-being for that individual. In this it is similar in many of its aspects to Sen's work on 'Development as Freedom' (1999, see also Gough 2003). Doyal and Gough identify health and autonomy as the two dimensions of basic human needs which are required to avoid harm. The identification of autonomy, of course, immediately draws us into considering poverty as having important relational aspects, but also invites us to think about the cognitive dimensions of well and ill-being: to think about how people perceive and interpret their ability to participate in society. While autonomy in the Doyal and Gough model is a 'universal' social construct, a key challenge for development research, and particularly as this addresses issues of governance, will be to comprehend 'local' social and cultural constructions of autonomy.

Recognition that poverty and well-being must be understood as both as both process and outcomes resonates well with what Ryan and Deci label eudaimonic models well-being (Ryan and Deci's 2001). Their discussion of the relationship between hedonic and eudaimonic conceptions of well-being is a particularly timely contribution to the contemporary thinking on Subjective Well-Being (SWB) at a time when there is rapidly increasing interests across the social sciences³ in 'happiness' (see Frey and Stutzer 2002). Kahneman, in particular, has advanced the notion of hedonic psychology (a close relation to the new

³ And particularly in economics.

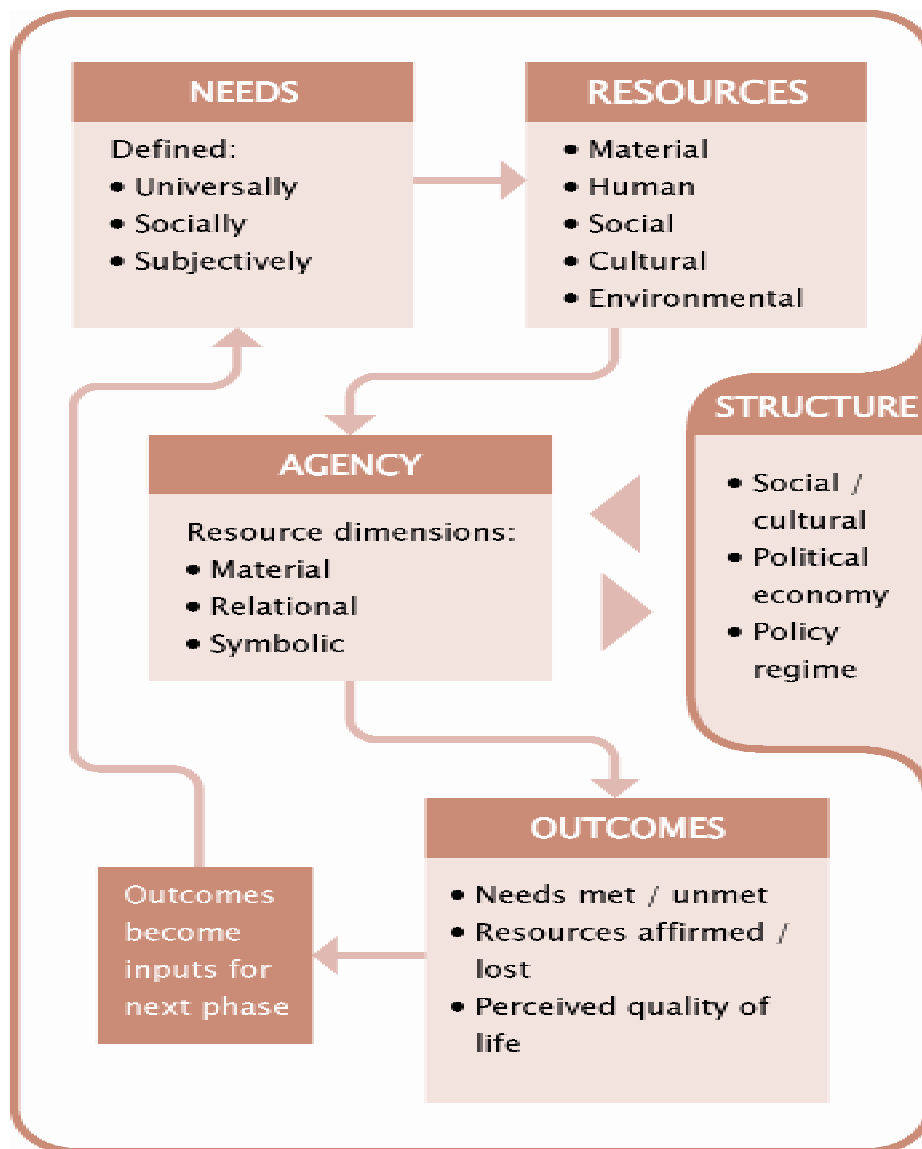
Positive Psychology), which looks back to Bentham's 'balance of pleasure and pain' approach to well-being (see Collard 2003, Kahneman, Diener and Schwarz 1999). Although hedonic psychology explores the processes producing hedonic states, such as happiness, eudaimonic notions offer more substantial connections to the approach to understanding well-being suggested here. In Ryan and Deci's 'self determination theory' (Ryan and Deci 2000), autonomy, competence and relatedness are identified as three essential dimensions of a eudaimonic sense of well-being. The identification of these three elements offer important means of connecting across disciplines and across frameworks in the analysis of well-being. From the structuration perspective, eudaimonic well-being can be seen both as an outcome in their own right, but also as a fundamental element of the processes whereby the hedonic ends are achieved.

The WeD conceptual framework which is shown in Figure 1 below, outlines three main dimensions of 'outcomes'. These are: the resources that people have; the needs that they are able to fulfil; and their subjective evaluation of their state of well-being. Poverty in a comprehensive sense, and from the 'local' perspective of the people who experience it, can be understood only as a combination of all three. These three outcomes are interconnected and are produced in the processes of interaction with wider structures of family, community and society. This way of conceiving of well-being shifts our analysis from the 'deficits' view of poverty, to a view whereby men, women and children are active agents trying to construct a good life for themselves and others close to them. It is a way of thinking about people and poverty that has already received considerable recognition in development studies, where various forms of the 'livelihoods' framework have been employed over recent years (Rakodi 1998, Moser 1998).

The WeD framework incorporates a distinctive form of this approach, as an analytical device for exploring how individuals and households deploy different types of resources in their struggles to survive and thrive (see Lawson, McGregor and Saltmarshe 2000, Saltmarshe 2002). The Resource Profiles Approach (RPA) broadens the notion of resources from that conventionally employed in

economics and operates with five analytical categories (material, human, environmental, social and cultural resources), each of which in itself can be seen as having material, relational and symbolic dimensions (McGregor 1998b, White and Ellison 2004).

Fig 1. The WeD Conceptual Framework



Unlike the other livelihoods approaches, the RPA has deliberately avoided the metaphor of 'capitals' and has instead uses a more malleable notion of resources. This is more than a semantic quibble, as the differences between the terms have implications for the ontological and epistemological positions that are entailed.

Discussing in terms of capitals reifies concepts in a way that is ontologically inappropriate from a structuration standpoint, whereas the notion of resources deliberately implies that phenomena only become resources in their instantiation in relationships. Thus, while it may be tempting to talk of a stock of social relationships, as social capital discourses encourage us to do, in reality we only know what the quality or value of most non-contractual social relationships is in their realisation. In this sense the RPA suggests that social resources are there to be appealed to in efforts to construct well-being, but they cannot in all circumstances, at all times be assumed to be 'there'.

The second form of difficulty inherent in the use of the 'capitals' metaphor is particularly well illustrated by the use of the notion of human capital. The human capital literature has been developed very extensively and with increasing sophistication by economics. While this may be appropriate for some of the stated purposes of that discipline, the history, tight constraints and underlying baggage that comes with the concept make it problematic for other disciplines to work with meaningfully. Thus other social sciences need not be interested primarily in the value that human capital attracts in different forms of market or organisation, but in other vital aspects of what it is to be human.

A powerful critique which is germane to the rejection of the human capital approach is offered by Douglas and Ney (1998). The authors do not join in the stock criticisms of economics or economists, but rather challenge the deep influence of the concept of *homo-oeconomicus* across all of the social sciences. In the case of human capital theory and thinking about the way that people struggle with poverty, the problem lies not so much in what economists can extend the concept of human capital to cover, but in the way that this framework channels our thinking about how people relate to each other, about what can and cannot be 'valued' by others. It restricts our ability to conceive of the diversity and subtlety of ways in which men, women and children are able to generate the valuable outcomes that they strive for.

The use of the term human resources is intended to capture the less tangible qualities of human being, which although not necessarily enumerable and not usually amenable to market exchange, are not less significant in the struggle for wellbeing. For example, someone's sociability, their intuition, or their charm, to name but a few. No doubt, some clever formulation human capital theory could be extended to cover these characteristics, but in doing so it would kill-off the very essence of their subjectivity, their transitivity and their essentially negotiable nature.

The sphere of culture is where the metaphor of capitals⁴ is most strained and in this Bourdieu's use of the notions of symbolic or cultural capital must be reflected upon critically (see DiMaggio 1991 for a discussion of a distinction between cultural goods, cultural resources and cultural capital). The resource profiles approach is more recognisably anthropological in its approach than the conventional livelihoods frameworks have been (Rakodi 1998). The RPA embodies influences particularly from economic anthropology in Britain, from Raymond Firth through the work inspired by the Manchester School under Max Gluckman (see Kuper 200*). It also is strongly influenced by the increasingly significant American economic anthropology of authors ranging from Ortiz through more recently to Gudeman and Wilk (Gudeman 2001, Wilk 1996). This anthropological influence imbues the RPA with a concern over the role of cultural symbols, and status goods and actions in the construction of well-being in a way that is not significant in the other livelihoods approaches.

The RPA has been useful in helping interpret repeated observations that, where individuals or households are operating with low levels of material and human resources (where they are experiencing what has been conventionally and objectively defined as poverty – low incomes, low levels of nutrition or education or skills) then the significance of the social and cultural resources they are able to deploy becomes all the greater (McGregor 1994). Where households are materially poor they may adopt 'survival strategies' that involve investing scarce

⁴ And, some argue, resources (see White and Ellison 2004)

human or material resources not directly in the production of food or income, but in social relationships (see Wood 2004) or in forms of cultural status (see Lawson *et al* 2000, Masae 2004).

In Doyal and Gough's 'Theory of Human Need', the notion of 'needs satisfiers' represents an important heuristic, whereby the abstract of universal basic needs is translated into context specific forms of resources which might satisfy these needs. The two dimensions of basic needs are broken down into categories of 'intermediate needs' and these can then be satisfied in different societal contexts by specific forms of 'needs satisfiers' (Doyal and Gough 1991 pp 155-170). As we will discuss in the conclusion this heuristic represents a potentially important way of thinking about how the balance between 'universal' and 'local' models might be achieved in respect of the design of development intervention.

The notion of 'needs satisfiers' strongly connects the theory of human need to the RPA, where individuals and households seek to deploy a wide range of different resources to meet their needs. Thus, at the material end of the spectrum, land can produce food for consumption or exchange for other goods, while at the cultural end, the status of a religiously observant person may allow them greater autonomy in market and community relationships than is afforded to those who cannot command this status (McGregor 1994).

This way of conceiving of and analysing resources is reinforced by other contributions to the recent Subjective Well-being literature. Robert Cummins brings together many strands of the SWB and psychology literature in his 'Homeostatic Theory of Subjective Well-being' (Cummins and Nistico 2002, Cummins 2003). This proposes that SWB indicators like happiness and life satisfaction are maintained by a "dispositional brain system" that keeps each person's well-being within a narrow, positive range. The system, he argues, consists of an "unconscious, constitutional component", which is dominated by the two personality factors of extroversion and neuroticism, and a conscious

“buffering system”, consisting of self-esteem, perceived control and optimism that filters the impact of environmental events.

Although the widely recorded unresponsiveness of SWB to differences in the ‘objective’ context within which people are located appears to make it a poor indicator, Cummins argues the reverse. He states that “the fact that it is generally predictable and stable enhances its usefulness ... because the values for subjective QoL can be referenced to a normative range [which] is homeostatically maintained”. This suggests that it can represent a good means of identifying an “aversive environment” and enables us to ask “what are the conditions that produce homeostatic defeat?” For him the challenge is to identify “what are the personal and instrumental resources that defend against such defeat?” (p **)

The study by Diener-Biswas and Diener (2001) of the poor of Calcutta, is one of the few example of primary research on subjective well-being among poor people in a developing country context. This empirically investigates the problem of the gap between what outsiders perceive to be miserable circumstances and the well-being resilience of the poor. It asks the question “... are the extremely poor of the world miserable, and if not why not?”. In order to do this they explored how slum-dwellers and commercial sex-workers in Calcutta, evaluated their lives as a whole (global life satisfaction) and in respect of particular aspects of their lives (domain-specific life satisfaction). The global life satisfaction of these groups was slightly lower than for middle-class comparison groups. Due, they argue, to the correlation between global life satisfaction and objective income. While for domain-specific life satisfaction, the study found that these groups reported positive levels of satisfaction, similar to those of other class groups. Satisfaction was particularly evident in the area of ‘social relationships’. The authors conclude:

“The participants in this study do not report the kind of suffering we expect. Rather, they believe they are good (moral) people, they are often

religious ... and they have rewarding families ... They have satisfactory social lives and enjoy their food ...“ (Biswas-Diener and Diener, 2001, p348)

Both the Cummins approach and the Diener-Biswas and Diener study emphasise the diversity of resources with which people operate and on which they focus to maintain resilience. They also both offer different forms of reaffirmation of the particular significance of non-material resources for survival in aversive environments.

OPERATIONALISING RESEARCH ON WELLBEING

Operationalising the conceptual framework that has been proposed here requires a profoundly interdisciplinary approach to the identification and generation of data. The value of interdisciplinarity is a matter of much discussion in the literature on poverty in developing countries at this time (for example, Kanbur 2002, Harriss 2002, Jackson 2002). While most authors recognise its importance, it is more difficult to realize than the goodwill of these writings suggest. The institutional and conceptual barriers to effective inter-disciplinary work are considerable and there are few examples of the types of approaches discussed by those authors being comprehensively translated into research plans. The WeD conceptual framework has sought to draw together a range of contributions from universal debates over well-being and then highlights three basic components which must be explored in interdisciplinary research, in order to build up a view of well-being from the local perspective. These are:

- what people have
- what they are able to do with what they have
and
- how they think about what they have and can do

A major challenge in designing the WeD fieldwork has been to integrate these three elements of the research. While social scientists in development studies have well developed methods for exploring what people have and to some extent what they are able to do, it is much less common for these to be integrated with explorations of how people reflect on and evaluate these (for one notable exception see Beck 1994). The participation movement has sought to strengthen our understanding of the 'local' by giving 'voice to the poor' (Chambers 1997, Narayan 2000 a & b), but the way that 'participation' has been adopted by the major development agencies focuses it more narrowly on how people are to overcome their pre-defined poverty, than on exploring how they themselves define their lack of well-being and how that comes about (White and Pettit 2004).

In each of the four WeD study countries (Bangladesh, Ethiopia, Peru and Thailand) we have selected at least four rural and two urban communities in which to carry out detailed and intensive fieldwork over an eighteen month period. Preliminary fieldwork in all of the countries has built up Community Profiles for each of the communities. The Community Profile provides an overview of some of the basic parameters of the communities selected: their demography, social, political and economic structures, and also begins to offer some insights into the ways in which people think about well-being.

This is then followed by two strands of the research. The first of these is a specifically designed survey instrument, the Resources and Needs Questionnaire (RANQ) which uses the RPA categories, in an initial effort to establish what people objectively 'have' at their disposal. In the selected communities all or a significant sample of households are being interviewed with the RANQ and its urban variant, and this will result in a total of around four thousand rural households and one thousand urban households across the four countries. Given the relationship between resources and needs, the RANQ also explores the extent to which a limited range of intermediate needs have been satisfied for individuals within the communities.

As the RANQ proceeds there is a parallel, more inductive investigation of the cognitive dimensions of well-being. This seeks to explore what people think about what they have, what they are trying to achieve, and how they evaluate their successes and failures in these. In this phase of the research it has been necessary to go back to basics and carry out an open-ended exploration of the concepts which lie at the heart of debates in the psychology literature about quality of life and subjective well-being. Critiques of quality of life measures suggest that a number of these approaches have become more concerned with their own internal logic and statistical validity than with what they are actually measuring. It is also argued that there are profound challenges in simply transposing concepts and instruments for measuring subjective well-being across cultures (Kitayama and Marcus 1991, Christopher 1999).

This element of the research phase involves the use of individual semi-structured interviews, focus groups and also experimentation with and adaptation of individualised QoL approaches (the Person generated Index see Ruta 19** and the SeiQoL ****). The latter work well with this element of the WeD research because they are designed both to “elicit the value system of individual respondents and to quantify quality of life using this elicited system” (Browne *et al* 1997).

The findings of the RANQ provide a basis for further purposive sub-sampling of individuals and households, differentiated by their resource holdings. These sub-samples will then become the basis for a more detailed round of quantitative and qualitative fieldwork. The aim of this fieldwork is to build up detailed understandings of the different local models that are implicated in the reproduction of poverty in these communities

Such detailed data should be regarded as neither luxury, nor anecdote. The studies are not intended to be representative, but to provide the fine-grained detail of the ‘local’ in particular contexts. This ‘local’ understanding can then be used to re-interrogate our ‘universal’ conceptions of poverty and well-being. The

‘universal goals of the research are to establish in what ways it is appropriate to abstract these issues at the ‘universal’ level and to explore what type of methods provide us with a means of bringing ‘local’ and ‘universal’ understandings into meaningful dialogue with each other.

LOCAL MODELS AND EFFECTIVE DEVELOPMENT INTERVENTION

This approach argues that a good understanding of what people have, are doing and think about what they are doing is necessary if development interventions are to be effective at the field level. The history of development interventions is not a particularly glorious one. Amidst a sea of failures and barely adequate justifications for spending large amounts of resources, there have been surprisingly few development successes. In the final sections of this article we will offer a critical review of what have been held out as examples of recent development success: the microfinance NGOs of Bangladesh.

Before we move to these examples, however, it is necessary to briefly take stock of how we currently understand policy processes in developing countries. Over time a small number of commentators have argued that for development interventions to be more successful it is necessary for us to better comprehend policy processes in developing countries (Clay and Schaffer 1984, Gasper and Apthorpe 1996). Merilee Grindle has also been notable in providing ongoing contributions to our understanding of policy processes in developing countries and has offered a framework for thinking about what makes some policies work and some fail (Grindle and Thomas 1991). As with the ‘bottom-up-top-down’ debates in the policy literature of the industrialised North, the type of approach that she and her colleagues have advanced requires us to think carefully about the relationship between how policy is formulated and how it is implemented.

The Grindle framework emphasises the analysis of policy ‘content’ and ‘context’. ‘Content’ refers to understanding what the policy will manifest itself as (i.e.

distribution, redistribution, regulation) and the ways in which it will affect different actors. 'Context' refers to the analysis of the ways that these different actors might respond to the policy in their particular social, economic and political circumstances. The framework argues that policy effectiveness requires a good understanding of the 'local models' with and within which the different actors affected by policy operate. The key to effective implementation of development policy, she argues, is having skilled implementors who are able to work with this understanding of 'content' and 'context' and for policy-makers to decide what kinds of 'resources' will be needed to assure effective implementation.

With her particular emphasis on implementation failure, Grindle places particular importance on the role of the 'street-level bureaucrat' (Lipsky 1990, de Vries 1992) as a key to development success. As with Lipsky's 'street-level bureaucrats' in the US, fieldworkers in development policy interventions are often charged with achieving ambitious objectives, but usually with inadequate resources to achieve these. In the case of development, a crucial 'resource' that has often been missing in both formulation and implementation stages is a profound and systematic understanding of the 'context' within which policy implementors are seeking to achieve their objectives.

Generally, the non-governmental organisations (NGOs) working in development in Bangladesh are regarded as amongst the world's most sophisticated and successful. Credit or microfinance schemes have been an important element of their story. In the wake of the example of the Grameen Bank in Bangladesh in particular, and strongly supported by the international development agencies organisations, organisations such as Banco Sol in Bolivia and K-Rep in Kenya have been prominent in the 'universalisation' of the micro-finance movement and micro-finance thinking. Credit and savings interventions, or micro-finance schemes as they are currently labelled, have been held out as a major 'universal' solution for the poor in the Third World.

However, if we look at the success of the Grameen Bank, the evidence available indicates that it did not arise from the application of ‘universal’ principles about how one thinks about and organises credit and savings programmes, but it rather was built on a firm understanding of the ‘local’ models of credit and debt in rural Bangladesh. Professor Mohammed Yunus, who founded the organisation had considerable prior experience in working on the relationship between indebtedness and poverty, but the key actors in the success of the Grameen Bank and the other major NGOs, were their fieldworkers.

The importance of credit and debt relations has long been recognised as a crucial issue for poor people in developing countries. In South Asia, the problem of indebtedness grew to be a major preoccupation for colonial administrators from the latter half of the eighteenth century onwards (Darling 1925, Charlesworth 1987). Much of the early colonial analysis of credit and debt recognised the importance of the credit system in the social arrangements of the sub-continent, albeit that these observations were tinged with a sense of moral ambiguity about them. It is only later, with the emergence of the unidisciplinary economic analysis of credit and debt that we lose sight of the broader societal role of these relationships.

There are certain ‘universal’ principles that can be upheld in respect to credit in developing countries. At the core we can recognise that in rural societies in which there are seasonal fluctuations in flows or income and employment, where there is vulnerability to natural catastrophes, and where there are no readily accessible formal arrangements for insurance and savings, then relations of credit and debt between people are of tremendous importance. Vulnerability is a key concept here and for resource poor people the relative cost of guarding against it or coping when catastrophe falls are large (see Dercon 2002). Moreover, and as we have proposed earlier, these costs tend not to be just economic. The maintenance of relationships through which credit can be requested often requires the dedication of other forms of scarce resources (for example, social and political loyalty). In RPA terms, they require the investment of scarce

resources of all other forms in the effort to maintain a personalised social resource portfolio. In developed countries, the evolution of the banking system and the insurance industry, stimulated in most cases by a strong state role, has been a huge factor in the removal of acute and widespread forms of vulnerability for most poor people. It has also served to depersonalise the mechanisms for coping with income fluctuations and calamities.

As the main Bangladeshi NGOs evolved their rural development programmes from the 1980s onwards, this 'local' reality of the need that poor people have for access to credit was well recognised. In the face of a sometimes predatory and exploitative culture of patronage, the belief that these development organisations would stand by their new members in times of need was a vital feature in the decision of poor people to become NGO members and to shift at least some of their dependence on to the NGOs rather than traditional patrons (McGregor 1989). Although the term sustainability was not used in the early discourses in the Bangladeshi NGO sector, its expression in terms of 'loyalty' between organisation and clients was a fundamental consideration in the establishment of village level relationships for the NGOs.

The importance of access to loans for poor villagers was well understood by village level fieldworkers. For most organisations, fieldworkers were drawn from similar rural backgrounds and worked in the context of the local realities (McGregor 1991, Ito 1999, Goetz 2001). They themselves were entwined in local relationships and were pivotal in inserting the NGOs, as credit suppliers and holders of debt, into gaps in the rural financial and political landscape. The relationship with the NGOs became one of growing importance for members and they have been prepared to defend their NGO from all sorts of external threat (including donor evaluation). On their part, however, fieldworkers had to assure the members of the continuing fidelity of the organisation. This is a theme to which we will return in a moment.

Anne-Marie Goetz goes as far as to describe NGO fieldworkers in Bangladesh as 'local heroes' and extensively explores the roles that they have played in the success of their organisations (Goetz 2001). Fieldworkers were central to a number of key decisions which shaped the Grameen Bank model from its the outset. These decisions were taken with full awareness of the local context and were made to ensure the effective implementation of the Grameen Bank system. Often these have received a subsequent 'universalist' re-interpretation, both to make the Grameen system acceptable to international donor agencies and also to present the Grameen model in such a way as to make it more globally replicable.

For example, the Grameen Bank learned very early on in its development that it was much easier for its fieldworkers to work with women only, rather than 'mens' or 'mixed' groups. What at first appeared to be a pragmatic decision about the greater ease of getting women to attend meetings and of fieldworkers being able to apply greater pressure on women to comply with the Grameen regime, was over time transformed into a universalist affirmation of gender conscious development for the poor. Fieldworkers also understood that group members could quickly assess who were bad risks in the Bangladeshi context. In the case of the Grameen Bank these were women whose husbands gambled or lost their money in other ways, thus threatening the household's ability to meet the regular repayments. Or, they were widows whose limited access to the market ensured that they were unable to capture the full benefits of their investments (McGregor 1991, Rahman 1999). Once the women members became aware of the conditions required for continued access to credit from the Grameen Bank, they quickly screened out those who were likely to prejudice that relationship (Ito 1999). Thus, although fieldworkers recognised early on (in the early 1980s) that the exclusion of the poorest from groups was limiting the poverty reach of the Grameen Bank system, the organisation nevertheless quietly accepted this and even tacitly encouraged it by observing that it was the inevitable response of group members to their joint liability for debts. This view was taken long before any new-institutional economists got round to game-theory modelling of the distributional consequences of joint liability.

FROM THE LOCAL TO THE UNIVERSAL

As they grew in international prominence and at the same time became ever more dependent on large-scale donor funding, the Bangladeshi NGOs had to develop particular skills and arrangements to mediate a communication between donor-driven ‘universal’ discourses on micro-finance and ‘local’ models of credit and debt. They achieved this by developing a complex and sophisticated cadre of staff and set of arrangements at the top of the organisations for reporting and liaising with donor discourses and funding. At the bottom, they maintained the ‘room for manoeuvre’ for fieldworkers to act in accordance with local conditions. The communications between the top and the bottom was mediated through several different levels of the organisation. In most cases this mediation process was well protected from external scrutiny by a combination of the strategic use of Bengali and the propounding of various organisational ‘myths’ of participation, whereby the organisations were portrayed as being strongly driven by the ‘voice’ of their members (for Grameen see ‘Jorimon’ Yunus 1982).

The room for manoeuvre that fieldworkers enjoyed may not have been of conscious design on the part of NGOs in Bangladesh, more likely it was a straightforward function of distance and difficult communications. But, as it stands, this room for manoeuvre provided a sensible mechanism for coping with the complexity of the local implementation arena. Equally, it was well understood by most of the NGOs that the quality and commitment of their fieldworkers was vital to the continuing success of their enterprise. In this sense NGO fieldworkers in Bangladesh have been Lipsky’s street-level bureaucrats *par excellence*, reconciling scarce resources and bureau policy with a pragmatic assessment of what was possible.

The development success of the Grameen Bank and some of the other major Bangladeshi NGOs brought them face to face with the pressures from and for universalisation. These manifest themselves in the three inter-related issues of expansion, financial sustainability, and replicability. In each of these the relationship between the 'local' and the 'universal' was brought into crisis and in each the NGOs generated something of their own nemesis.

As their successes became more apparent, the major NGOs were increasingly fettered by the aid agencies who were keen to claim some part in supporting development success in Bangladesh. Most of the NGOs planned and were encouraged to plan major expansions of coverage across the country (McGregor 1998a, Thornton *et al* 2000). With expansion, however, one of the major threats to the continuing success of the organisations was in ensuring the quality and commitment of fieldworkers. In their early years NGOs were able to be selective about who they employed and also about where they worked, but with massive injections of donor funds during the late 1980s and 1990s they lost these luxuries. NGOs were no longer able to attract field staff who had the same qualities and commitment to the goals of the organisation as had the staff of the first few generations. Equally, as they expanded into ever more areas of the country the fieldworkers were less free to decide where they would and would not work. Thus villages and areas which would have previously been avoided, because of recognised difficulties in establishing the necessary quality of relationship between member and organisation, could no longer be ignored. Finally, as the NGOs grew it became increasingly difficult to socialise fieldworkers in the organisational culture, as they effectively had when they were small and growing messianic organisations. For example, far fewer of the new Grameen field staff could be exposed to same degree of Professor Yunus' personal charisma than had previously been possible.

The issue of financial sustainability arises directly out of the logic of the 'universal' model of the market and has dominated much discussion space in the microfinance movement. It is an issue that has and continues to constitute one of

the major threats to the development relevance of NGOs in Bangladesh. The financial sustainability argument is basically that organisations should be operate their credit and savings programmes with poor people in such a way as to require no external financial assistance. They should operate as any commercial organisation should, without subsidy either to organisation or poor borrower.

The route to financial sustainability that has been most commonly advanced by donor agencies in Bangladesh is that the NGOS should 'graduate' current and successful borrowers to a less staff-intensive form of organisational arrangement. This is intended to reduce the NGOs costs of serving them and to allow them to continue to expand membership and increase their loan portfolio. This is a simple logic of banking accumulation.

However, to 'graduate' members involves a potential weakening of the quality of the relationship between organisation and membership. Given that most of the organisations had established much of their village credibility with a pledge of loyalty, graduation was seen as difficult to achieve without members feeling that they were being abandoned by their NGO. Despite having policies on paper about member graduation, most of the NGOs in Bangladesh avoided implementing the policies. In this case most of them were acutely aware of the difficulty of reconciling the demands of the 'universal' with the 'needs' of the local.

In the case of BRAC⁵, however, another of the major Bangladeshi successes, the combination of the pressure financial sustainability and ambitious expansion generated a profound crisis for the organisation (McGregor 1998a, BRAC 1995a & b). During the 1990s there was growing concern for many staff in the organisation that fieldworkers were having to pay too great a proportion of their time to the running of the credit and savings system, rather than focussing on the social organisation and institution-building dimensions of the BRAC mission. In effect, however, BRAC had been led in this

direction by a series of financial management advisory inputs, which had been accepted by the organisations at the behest of their donor consortium. While interested in the technical dimensions of the BRAC financial performance and in achieving the ‘nirvana’ of financial sustainability the donor consortium paid much less attention to requiring BRAC to advance its thinking on the social development dimensions of its mission. Both BRAC and its donors appeared to have lacked a mechanism for considering the strategic implications of trade-offs between these two sets of concerns.

Over most of the 1990s BRAC received a regular series of specialist advisory visits and reports from a prominent international microfinance consultancy. These reports were very professional and influential in their impact on the organisation. They cursorily acknowledge that the effective pursuit of BRAC’s mission required the effective functioning of both the financial and developmental aspects of its work, however, the reports addressed few of the development issues. Their advice was based on ‘universal’ principles of good financial practice in respect of running revolving credit and savings schemes. It had no pretensions to have any comprehension of the ‘local’ realities of credit and debt in Bangladesh.

Thus, in the early 1990s, when these advisory reports issued strong warnings about the poor quality of the BRAC loan portfolio, and its threat to the future financial stability of the whole organisation, the recommendations that flowed from these had no means of keeping the development rationale and objectives in focus. At their simplest the recommendations were to expunge or write-off the bad debts and to establish a new system for monitoring the loan portfolio.

At the field level, expunging bad debts meant expelling members. For BRAC the critical weakness of this advice was that it took no account of the social impact of the increasingly tight credit regime on its membership. Following a major round of ‘drop-outs’ and the ‘retrenchment’ of members in 1993, the

⁵ The largest Bangladeshi NGO whose name was taken from its origins as the Bangladesh Rural

report offered by these international consultants focused on the impact of these on savings levels and loan levels for the organisation. Detailed advice was offered on how to analyse the profitability of branches and a model for reviewing and forecasting overall programme viability was adopted.

At the village level, however, the purge of members with overdue loans, constituted a reneging of the deal of loyalty. It placed the fieldworkers in a difficult position, since they were then left to implement the cull, despite their rhetoric of only a few years before of BRAC standing alongside the poor. Whereas village members needed to have an organisation in which they could trust and turn to over the long run, what they saw around them was fellow villagers who had fallen into difficulties with loans being thrown out of the organisation. Years of building the early BRAC identity at a local level were written-off or at least were seriously undermined. Eventually BRAC recognised the potentially disastrous consequences of this for the social and political sustainability of the organisation and subsequently invested considerable time and resources in trying to reconstruct their village relationships.

Finally, replicability is perhaps the most ironic of the three ‘universalising’ challenges. In their search for development success, international donors have been very keen to explore the replicability of the Bangladeshi NGO successes. David Hulme explicitly explored the possibility of the replicability of the Grameen Bank in a popular article at the start of the mid 1990s (Hulme 1993). After all it was not just in Bangladesh that access to credit constituted an important social resource in the struggles of the poor to maintain a livelihood. As Wright *et al* noted for a study in Uganda, "... the clients valued microfinance services (particularly loans) so much that they would take almost any measure to maintain creditworthiness and access to them." (1999 p42). For poor people who are vulnerable to a range of risks, it is not just the

sum of money which can be borrowed which is important, it is also the relationship to a source of credit upon which they can rely when in need.

The Grameen Bank, in particular, was plucked out as a shining prospect and has itself become deeply involved in the 'replication' mission. The irony is that the Grameen Bank proceeded to be presented as 'universal' model, when that model and their success had been firmly founded on their understanding of the 'local' context. In particular, it has been their understanding of the social embeddedness and moral content of their credit and debt relations in rural Bangladesh which had made their system work. While the structures and the procedures of the Grameen Bank were exported to donor funded replicant programmes across Africa, Asia and Latin America, what could be exported was the understanding of the context specific morality of credit and debt, in which these systems worked. Even in Bangladesh itself, as the Grameen Bank has grown, it has appeared to believe its own universal story rather than recognise its own local roots.

CONCLUSION

In the past our academic striving for 'universal' models or principles have been well suited to and been welcomed by bureaucratised development agencies. Universal models have tended to be more intellectually influential and have been readily and widely adopted as a basis for policy, rather than more costly and often more politically problematic 'local' explanations of how poverty is being reproduced. It is argued, however, that to be effective in the pursuit of the Millennium Development Goals then governments and international development agencies need to find a better balance between their 'universal' and 'local' understandings of the phenomena they are trying to change.

This article has argued that there is value in both 'universal' and 'local' models. Universal models are necessary to provide a means of global communication about global problems such as poverty and inequality. They also provide, in

Doyal and Gough's terms, a means of generating critical autonomy, with which to interrogate the 'local'. So what is suggested here is not a recipe for unbridled relativism or a dictatorship by 'local' voices. Rather that it is necessary to find a means of valuing both 'universal' and 'local' understandings and developing mechanisms whereby policy can take account of constructive dialogue between the two.

The problem for development policy agencies thus far, however, has been that they have generally taken recourse to 'universal' models at the expense of 'local' understandings. They have tended to push down 'universal' understandings to inappropriate levels, in the design of policies operating impacting in the lives of real people in very different societal contexts. While some of this 'universalising' tendency may be driven in part by the impelling needs of bureaucracy, for rules and principles, it is clear that it must be possible for these to be translated into locally meaningful terms if they are to prove workable. In short, it will not be possible to eradicate poverty without a profound understanding of the personal circumstances of men, women and children who experience it.

The WeD framework that has been presented in this paper is a 'universal' model but it does not provide a basis for the design of policies for eradicating poverty. What it does is propose a set of abstract categories upon which data must be collected if we are to understand the processes and outcomes of well-being that we observe. The heuristic employed by Doyal and Gough for moving from abstract basic needs to specific needs satisfiers can also be applied here. This suggests that it is necessary to find out what specific resources people have in different contexts, to explore what structures exist and how these constrain and enable what different people are able to do, and also to establish in different cultural contexts what it is that people value and how they think about that.

This paper has argued that for governments and agencies to be more effective in the formulation and implementation of poverty eradication policies then they must find better ways of generating and making use of detailed evidence about

the local realities of poverty reproduction. The current state of relations between developed and developing countries places strong emphasis on Poverty Reduction Strategy Papers (PRSPs see Booth and Lucas 2002). These have become the new conditional requirement for continued development assistance from the major international development agencies. But with PRSPs exactly the same 'universalising' processes are in motion. Although participatory methods are to be used and the 'voices of the poor' are to be elicited in their production, the 'universalisation' of the process threatens to drive out the important fine-grained detail of what mechanisms actually function to stop poverty policies being accurately formulated and implemented in particular contexts.

In the case of Bangladesh, as Battacharya and Titimur note, while donors have been busily generating poverty reduction strategies, there has been an absence of a meaningful statements within the documentation of the Government of Bangladesh about how poverty will be reduced (Battacharya and Titimur 2000). This silence is a matter for concern, but not surprising. A close examination of the local model of poverty reproduction in Bangladesh suggests that the first item on the agenda for any PRSP should 'to change the political culture of the society'. This is not something that incumbent governments tend to want to enshrine in their poverty policies.

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