The characteristics of the poor

Institutional analysis that aims to contribute to the reduction of rural poverty needs to focus first of all on the ways in which institutions influence poverty and the livelihoods of the poor. Therefore the starting point has to be poor people themselves. This means understanding their diversity and the different characteristics of people who are affected by poverty and experience it in different ways. The tendency to define “the poor” as a homogeneous group with broadly similar characteristics should be avoided as the differences among different groups of poor people often lies at the root of their poverty.

The features that characterize the poor vary considerably from society to society and location to location, but among the factors that are often important are:

- **gender** – women are commonly among the poorest members of society as they are often subject to forms of cultural and social discrimination that exceed those experienced by men in the same situation; moreover their role in child birth, child rearing and household labour constitutes a major burden in addition to their income-generating and food production roles;

- **age** often plays an important role in determining how people experience poverty – the old and the young are frequently among the most vulnerable to poverty and the most difficult for agencies concerned with poverty reduction to reach;

- **class** or **caste**, or any set of culturally determined preconceptions regarding people from particular social and economic backgrounds can often strongly influence the sorts of livelihood opportunities open to people;

- **ability** – the less able will invariably have different livelihood opportunities open to them compared to the fully able, unless they have access to specific forms of support that institutions may or may not be equipped to provide;

- **ethnic background** can also strongly determine livelihood options and opportunities, depending on the social and political context;

- the particular **historical background** of a group or individual can also strongly affect choices, priorities and aspirations for livelihood (for example where people are traumatized by extended conflict or natural disasters);

- the characteristics of the geographic **location** where people live will also have a determining influence on their experience, capacities and aspirations for the future and the outcomes they are able to realize.

Different groups of the poor, identified by their key characteristics, need to be made the subject of any institutional analysis. Ideally, separate analyses should be carried out for each of these groups of poor people as the institutional linkages affecting each of these groups may be quite different.

Key institutions – service providers and enabling agencies

In analysing institutions from the point of view of poor people, two kinds of institutions can be distinguished as being of immediate concern – service providers, which provide goods and services for poor people, and enabling agencies, which establish the policy and legal framework, set the rules and determine how resources are distributed.

Service providers

As the name suggests, this group includes agencies, organizations, or even individuals that provide some kind of service or set of services to people. Examples of these might include:

- a private company or individual that provides a service to its clients – such as a middleman who buys fish from fishers and provides them with fishing gear, fuel for engines and ice; or a bus company that provides transport; or a tailor who sews clothes;

- a government department that provides extension services or technical support to a particular category of people, such as farmers; or is responsible for building and maintaining infrastructure such as roads;
a health clinic that provides primary health care to local people;
a bank branch or money lender that provides loans.

Service providers may be organized and formal (like a government service or a company); or they may be less organized and informal (like money lenders or small-scale traders). Sometimes, particularly for poorer families or in remote areas, access to formal service providers may be very limited, and many of the “services” that people use may be provided through networks of family, neighbours and friends.

Enabling agencies

Enabling agencies are those institutions, organizations and agencies that play, or should play, a “facilitating” role. They may be responsible for establishing the rules, regulations, laws, and policies that govern the provision of services and control how people are able to access certain resources. They may be responsible for making resources available to service providers or even directly to people or “users”. Representative bodies often play a key role as enabling agencies that articulate the priorities of their constituencies and, at least in theory, channel those priorities into policy and law-making processes.

Examples of enabling agencies might be:
- ministries or other policy-making bodies;
- funding agencies and donors;
- elected bodies and assemblies;
- the judiciary;
- bodies or institutions that make laws, rules and regulations;
- groups that establish moral or ethical norms of behaviour;
- patrons (whether formal or “informal”).

Enabling agencies can be found at different levels. Policymakers have an enabling role at the national level while a village headman, or the parents’ association of a school, may have an important enabling role at a local level.

Understanding relationships

An important feature of the approach to institutional analysis presented here is the attention focused not only on the structures and capacities of institutions themselves but on the relationships among them. It is these relationships that often determine the end results of the institutional system as a whole. For example, different service providers are often distinguished from each other not so much by what they do, but by the relationships they have with their “clients” or “users”, including poor people. Private service providers are simply paid for their services – their relationship with their users may be through a fairly straightforward contract, the terms of which are (ideally at least) determined by the market and create a degree of accountability between providers and their “clients” (provided they have a choice of service providers, in which case an unsatisfied client can seek services elsewhere). By contrast, the lines of accountability of public service providers are often more indirect – their roles and responsibilities are determined by enabling agencies (which may be quite remote from both the service providers and their users). As a result, government service providers may not be actually accountable to the users of services but rather to managers and policymakers at higher levels. In order to influence public services, people may have to go the “long way round”, through the enablers (political representatives) that commission those services.

The kinds of questions that need to be asked about these relationships include:
- Is there feedback in these relationships? Does information and learning flow from one actor to another?
How accountable are the different actors to each other?

Are relationships transparent? Are there ways for actors on each side of these relationships to have a clear and precise idea of their respective roles and responsibilities, and the roles and responsibilities of others?

Are the terms of relationships, and the roles and responsibilities of those involved, clearly established by contracts?

Are there ways to represent the interests of the various groups in these relationships?

What is the level of participation among the various sets of actors?

How responsive are the relationships to changes on either side?

What choices can the various actors make about who they deal with and how they deal with them?

Is there a clear separation of roles between “users”, service providers and enabling agencies?

Sharpening the focus and targeting of interventions

Conducting an in-depth institutional analysis will encourage project designers to think more carefully about who their interventions are intended to benefit and the channels through which these benefits will be generated, taking into account the contextual factors that influence poverty among different target groups.

Tailoring development interventions to the institutional and policy context

What is and is not possible in terms of development interventions will be strongly affected by the institutional and policy context. If this context is understood in detail, more appropriate interventions can be designed that will not conflict with existing policies. This in turn will enhance their chances of success and their acceptability among local counterparts.

Identifying key actors involved in development interventions

Through understanding the institutional and policy context, development practitioners should be able to better understand the actors involved in development processes and their relative roles in future development interventions.

Tailoring development interventions to the capacities of organizations and building that capacity

Development practitioners generally work with organizations, whether government departments, NGOs or community-based organizations. The institutional context within which organizations operate determines the incentives available for doing what they are supposed to do. A thorough understanding of these factors will allow development practitioners to design more pragmatic interventions that take into account the capacity of organizations to contribute and design appropriate capacity-building measures.

What are the benefits of institutional analysis?

What concrete benefits will undertaking an analysis of institutions bring to rural development programmes?

In general terms, the principal benefit derived from the process of institutional analysis presented in this guide should be to help the kinds of institutions mentioned above live up to the “titles” they have been given in relation to poor rural people – service providers should genuinely provide actual services and enabling agencies should become genuinely “enabling”.

More specifically, some of the benefits derived from institutional analysis include:

- Sharpening the focus and targeting of interventions
- Conducting an in-depth institutional analysis will encourage project designers to think more carefully about who their interventions are intended to benefit and the channels through which these benefits will be generated, taking into account the contextual factors that influence poverty among different target groups.
- Tailoring development interventions to the institutional and policy context
- What is and is not possible in terms of development interventions will be strongly affected by the institutional and policy context. If this context is understood in detail, more appropriate interventions can be designed that will not conflict with existing policies. This in turn will enhance their chances of success and their acceptability among local counterparts.
- Identifying key actors involved in development interventions
- Through understanding the institutional and policy context, development practitioners should be able to better understand the actors involved in development processes and their relative roles in future development interventions.
- Tailoring development interventions to the capacities of organizations and building that capacity
- Development practitioners generally work with organizations, whether government departments, NGOs or community-based organizations. The institutional context within which organizations operate determines the incentives available for doing what they are supposed to do. A thorough understanding of these factors will allow development practitioners to design more pragmatic interventions that take into account the capacity of organizations to contribute and design appropriate capacity-building measures.
Developing effective strategies for informing and influencing policy

In order to encourage changes in policies so that they are as supportive as possible, development practitioners must identify key leverage points where their efforts to inform and influence policy and policy processes can be most effective. To do this, a thorough understanding of the processes and mechanisms involved in policy formulation and the factors affecting policy implementation is essential.

Taking account of institutionalized patterns of inclusion and exclusion in development interventions

Institutional analysis will help to reveal why particular groups are poorer than others and how institutional factors contribute to this phenomenon. This will help development practitioners develop ways to broaden and deepen the impacts of their interventions and ensure that those currently excluded from development are reached.

Designing more process-oriented and sustainable projects

To address the complexities of poverty, longer-term, process-oriented projects are often required. These often involve multiple agencies and stakeholders and need to take account of, and manage, change. An understanding of existing institutional structures and processes and the dynamics of relationships between different stakeholders is essential when designing such programmes or projects, and for sustainability. Project exit strategies should be based on an institutional analysis of the key institutions involved.

Dealing with issues of power and politics

Development interventions involve intervening in power relations and politics, intentionally or unintentionally. While power and political relationships are so complex and dynamic that they often defy simplification and analysis, thorough institutional analysis can help development practitioners understand some of the key patterns of power, prepare them to address possible areas of resistance and understand the interests of different stakeholders who are likely to be affected by their interventions.

Creating the basis for institutional change and initiating the process

Most interventions aimed at poverty reduction involve processes of institutional change. Proper institutional analysis can provide the basis for initiating such processes and a better understanding of how those processes can be directed and managed to achieve specific results. In longer-term, process-oriented projects, carrying out an institutional analysis that involves a range of key stakeholders can help actors within the institutions understand where changes are needed and thus initiate processes of institutional change.

What does institutional analysis address?