SOCIAL CAPITAL AND THE ROLE OF THE STATE: NURTURING COLLECTIVES FOR POVERTY ALLEVIATION

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Abstract: *For eradication of acute poverty, it is vital to factor in the human experience of it. Building social capital and networks that nurture, empower, and consistently reinforce a new shared economic identity can provide rich socioeconomic dividends. For states tackling extreme poverty at scale, building and strengthening social capital are essential public goods investments.*

KEY WORDS: poverty, social capital, development, gender, collective, state

I. Introduction

The definition of poverty has evolved and varies depending on who defines it. Research indicates that poor people, in reflecting on the experiences of humiliation, shame, anguish, and grief, see poverty in more than material terms, for having "enough" is not enough for a good life. One also needs social well-being, security, and freedom of choice and action, in contrast to merely avoiding the "ill-being" aspects of the absence of material goods.[1] There is growing focus on the intrinsic human aspects of poverty, including agency and voice as well as the ability and freedom to pursue one's own goals without facing discrimination based on race, social grouping, or gender. However, a majority of public investments aimed at addressing poverty seldom go beyond the binary streams of welfare-centered programs of providing access to resources and services on a basis of narrowly defined economic category membership and physical infrastructure investments positioned as public goods designed for universal coverage. These investments, as standalone or in combination, rarely tap the potential of building human capacity and platforms that can sustainably have a positive impact on intergenerational poverty and economic growth.

In this essay, I focus on my own experience as an implementer and administrator in the state of Bihar, India, and I argue for building social capital through intensive state-led investment. Here, I present JEEViKA, a large-scale poverty-alleviation program of the state of Bihar in India, delivered exclusively through women's collectives as an exemplar. I also explore potential lessons we can use for design, execution, and scaling of social

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[1] Deepa Narayan et al., *Voices of the Poor: Crying Out for Change* (New York: Oxford University Press, 2000).

doi:10.1017/S0265052523000444

capital development as a foundational strategy for economic growth and empowerment.

In Section II, I summarize the journey of the state of Bihar, starting with its development context and taking us up through the introduction of the JEEViKA program with its noteworthy outcomes. Section III reviews prominent concepts concerning social capital and the role played by collectives in fostering it. This section goes on to reflect on how several of JEEViKA's interventions and outcomes are closely aligned with key principles of building social capital and community collectives. Section IV delves deeper into the role of social capital in transforming the physical and mental context of poverty through inclusive collectives. In Section V, I share my reflections on factors that affect the execution of social capital investments in the context of the state as well as challenges associated with rapidly scaling up successful pilot programs. Section VI argues for the state to play a prominent role in developing social capital as a foundational policy to support economic growth.

II. The Development Context of Bihar for the Introduction of JEEViKA

"The history of Bihar is the history of India."
— Romila Thapar[2]

For a world aspiring to be free of acute poverty, the journey of Bihar, a densely populated state in eastern India, can be instructive. If Bihar were a country in 2011, it would be the thirteenth largest in the world with a population of 104 million,[3] 110th largest in terms of area, and 156th in terms of inequality-adjusted human development index.[4] This state is a land of paradoxes. In ancient India, Bihar was considered the seat of knowledge and power, giving rise to India's first empire, the Mauryan. Bihar is the birthplace of Buddhism as well as that of the famous Indigo movement that brought Mahatma Gandhi to national consciousness as the champion of human rights and independence. However, the enduring image of Bihar in most Indian minds would be that of a state rife with corruption, crime, and misgovernance. The gap between the Bihar of today and India's achievements has been so large that, from the mid-1980s, many characterized Bihar's status as a "basket-case" with little expectation of growth through

[2] Romila Thapar, *A History of India*, vol. 1 (London: Penguin Books: 1990).

[3] "Census of India 2011," Provisional Tables, Registrar General of India, https://censusindia.gov.in/nada/index.php/catalog/42611.

[4] Computed from inequality-adjusted HDI scores for Bihar and global ranking, "Bihar Economic and Human Development Indicators Factsheet," https://www.in.undp.org/content/dam/india/docs/bihar_factsheet.pdf, and "Summary," Human Development Report (United Nations Development Programme, 2011), http://hdr.undp.org/sites/default/files/hdr_2011_en_summary.pdf.

much of the latter half of the twentieth century.[5] Arvind Das describes the state of Bihar as an "extreme case of what has happened to a region subjected to societal stagnation, economic exploitation and cultural degeneration under conditions of long and stifling feudalism, external and internal colonialism and the most brutalising experience of late capitalism."[6]

The paradox continues even in the narratives around the state. Scholars indicate that misgovernance in Bihar in the 1990s was driven by its government's desire of keeping their core electoral base continually mobilized and systematically weakening public services as a political strategy.[7] The Bihar state had the country's lowest utilization rate for centrally funded programs and it is estimated that Bihar forfeited one-fifth of central-plan assistance during 1997–2000.[8] In addition, "Public institutions deteriorated so severely" that "government salaries were not being paid and development expenditure was completely halted."[9] On the other hand, political observers note that the poor loved Bihar's political leadership at the time for identifying with the masses, dislocating upper-caste rule in the state, and instilling political ambition and dignity in the people who had long been oppressed.[10] However, no one argues against the fact that Bihar in 2005 was in dire socioeconomic straits. The numbers speak for themselves. In 2005, Bihar was the third most populous state in India with 8.1 percent of the country's population; it was growing at half the national average and the annual per capita income was only a quarter of the national average.[11] More than 44 percent of people in Bihar were poor on the Multidimensional Poverty Index.[12] Bihar was India's most rural state with 89 percent of its people living in villages. Poor service delivery, a complex political and social fabric, limited inclusion in institutions, limited economic opportunities, and poor development infrastructure were all key concerns.

The social structure in rural Bihar was marred with deep-seated inequalities based on caste and gender. Households belonging to Scheduled Castes and Scheduled Tribes were marginalized with a disproportionately higher

[5] Arnab Mukherji and Anjan Mukherji, "Bihar: What Went Wrong? And What Changed?" (Working Paper No. 2012-107, September 2012, National Institute of Public Finance and Policy New Delhi), 7.

[6] Arvind Das, *The State of Bihar: An Economic History without Footnotes* (The Netherlands: Vrije University Press, 1992).

[7] Santosh Mathew and Mick Moore, "State Incapacity by Design: Understanding the Bihar Story" (IDS Working Paper 366, Institute of Development Studies, 2011), https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.2040-0209.2011.00366.x.

[8] "Bihar: Towards a Development Strategy" (The World Bank, 2005), https://documents1.worldbank.org/curated/en/624671468035374716/pdf/328190IN0Bihar1reportl1June200501PUBLIC1.pdf.

[9] Jeffrey Witsoe, *Democracy against Development: Lower-Caste Politics and Political Modernity in Postcolonial India* (Chicago, IL: Chicago University Press, 2013), 77.

[10] Witsoe, *Democracy against Development*, 79.

[11] "Ministry of Statistics and Programme Implementation," Government of India, http://mospi.nic.in/Mospi_New/upload/ftest9%282%29.htm.

[12] "MPI in India, A Case Study," *Global Multidimensional Poverty Index* (2018), 26, https://ophi.org.uk/wp-content/uploads/G-MPI_2018_2nd_INDIA_ch.pdf.

percentage living below the official poverty line as compared to the state average. Women faced the most severe consequences of socioeconomic disparities, with having little access to education and health care and facing social restrictions and violence driven by regressive cultural norms. Bihar had the highest migration rate in the country, with over 9 percent of its population leaving the state during one decade in search of better economic opportunities.[13] This migration further exacerbated the vulnerability of women to economic shocks and violence. Trust at the local level among different social groups and local institutions had eroded, limiting the potential of village economies.

The World Bank and the Government of Bihar aided the Bihar Rural Livelihoods Project (BRLP), locally known as JEEViKA. JEEViKA was initiated as a pilot in 2005 aimed at testing the efficacy of women's collectives as vehicles of socioeconomic empowerment. For Bihar, where gender-based exclusions and disempowerment were the norm, exclusively female-based groups signaled a radical step. The pilot was a precursor to a proposed investment by the World Bank to replicate the success of women's Self-Help Groups (SHGs) seen in the relatively developed and literate states of Andhra Pradesh,[14] Tamil Nadu,[15] and Kerala[16] in Southern India as well as the similar success that Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC) had in Bangladesh. The first two years of the JEEViKA pilot focused on testing the design elements of the program considered "high risk" investment by the World Bank, its first in the state after more than twenty years.[17] The program formally launched in 2007 in only eighteen villages of Bihar and has since then scaled up to nearly 35,000 villages in 2021, with a network of over one million women's groups from nearly twelve million households joining the initiative.[18] This translates to a coverage of more than

[13] Areendam Chanda, "Accounting for Bihar's Productivity relative to India's: What Can We Learn from Recent Developments in Growth Theory?" (Working Paper, International Growth Centre, 2011), 26, https://www.theigc.org/sites/default/files/2014/09/Chanda-2011-Working-Paper.pdf.

[14] "Project Performance Assessment Report, India, Ten Million Women and Counting: An Assessment of World Bank Support for Rural Livelihood Development in Andhra Pradesh, India" (The World Bank, March 30, 2015), https://ieg.worldbankgroup.org/sites/default/files/Data/reports/India_Andhra_Pradesh_PPAR.pdf.

[15] Madhulika Khanna et al., "A Retrospective Impact Evaluation of the Tamil Nadu Empowerment and Poverty Alleviation (Pudhu Vaazhvu) Project" (The World Bank, 2013), https://thedocs.worldbank.org/en/doc/623561459872407029-0050022016/original/ARetrospectiveImpactEvaluationoftheTamilNaduEmpowermentandPovertyAlleviationPudhuVaazhvuProject.pdf.

[16] "When Ten Women Stepped in to Light the Streets of Their Village," Kudumbashree NRO, July 15, 2018, https://www.kudumbashreenro.org/resources/pri-cbo-convergence/itemlist/user/340-kudumbashreenro?start=50.

[17] "Project Appraisal Document on a Proposed Credit, for a Bihar Rural Livelihoods Project" (Report No: 39039-IN, The World Bank, May 21, 2007), https://documents1.worldbank.org/curated/en/675101468269084791/pdf/39039.pdf.

[18] "Management Information System Dashboard," JEEViKA at a Glance, http://20.198.83.63:9090/dashboard/.

60 percent of Bihar's rural households and over 90 percent of the poorest families.[19]

Under the program, rural women are mobilized into small SHGs of twelve to fifteen members. At the village level, the mobilization adopts a "poorest first" approach, starting from the poorest hamlets within the village and orienting households on the benefits of collective action, with the focus on including every household that chooses to participate. These groups are then trained to undertake small weekly savings to be utilized as rotating credit within the group. As groups exhibit patterns of regular savings and inter-loaning, the program provides a group-level capital grant to supplement their savings. Gradually, these groups are linked to commercial banks for a sustainable credit supply based on documented credit histories. As women begin investing higher amounts into various livelihoods, the program introduces training, extension, and market linkage support for the most commonly adopted livelihood pathways. The women's groups are federated to Village Level Organizations (VOs) and Cluster Level Federations (CLFs), each of which serves as critical focal institutions for pooling community grants and specialized funds, while also facilitating access to various public programs and institutions. The high intensity of weekly engagement through group meetings and consistent hand-holding support is anchored by local resource persons identified from within the community who ultimately report to and are paid by the groups they are serving.

The results from the program have been remarkable. The program covers nearly seven out of every ten households in rural Bihar. The individual savings rate has increased and it is estimated that the women's groups have saved more than USD 500 million.[20] Despite a weak banking infrastructure, the women's groups have leveraged over USD 2.5 billion[21] from commercial banks. In areas with long-term exposure to the program, rural debt markets once dominated by local moneylenders notorious for charging exploitative interest rates have undergone a fundamental shift by lowering their interest rates in the face of increased competition. Debt substitution has been a major impact of the program, leaving more resources with the participants through interest-cost savings. Asset ownership has doubled, with the highest increase observed for the most marginalized sections[22] and education expenditure in high program-exposure areas has gone up by more than 300 percent. Other key markers of success in program-exposure areas include reduced share of expenditure on food and reduced incidence

[19] Estimate developed on the basis of inclusion of SC-ST households in total mobilized households under JEEViKA, utilizing MIS data.

[20] Estimated based on the number of community institutions, age of women's groups, monthly frequency, and average savings.

[21] "Bank Linkage," JEEViKA MIS and National Rural Livelihoods MissionPortal, https://daynrlmbl.aajeevika.gov.in.

[22] Upamanyu Datta, "Socio-Economic Impacts of JEEViKA: A Large-Scale Self-Help Group Project in Bihar, India," *World Development* 68, no. 1 (2015): 1–18.

of migration.[23] Looking beyond typical economic indicators, collectives formed under JEEViKA have enabled the rural poor women of Bihar to experience and live a new narrative of individual and group agency that can lift them out of dire poverty and make everyday lives less precarious and more hopeful.

However, the focus of my essay is not to enumerate the achievements of a specific program, but to use it as a relevant example of state-led investment in building a large-scale community infrastructure and to identify design and execution elements intrinsic to the successes and failures of such investments in highly challenging contexts. "Social infrastructure" generally connotes physical infrastructure utilized for delivering social services, such as health (hospitals) and education (schools). However, for the purposes of this essay, I propose that we look at the network of community-based collectives, such as SHGs, as another form of social or civic infrastructure that can support human development by co-opting stakeholder communities as design, implementation, and monitoring partners. In modern development policy where infrastructure is a buzz word, associating infrastructure with community institutions signifies a multiutility platform and a tangible resource that policymakers should look at. The approach of mobilizing community-based groups for delivering socioeconomic interventions is hardly new. Still, a large majority of them fail, especially when executed at scale. Bihar's example holds crucial lessons for practitioners engaged in designing and implementing programs in contexts of deep-seated gender and social inequality, poor economic base, weak systems, and poor markets.

III. Social Capital and Collectives: Codifying Social Capital Development at Scale

As an implementer, the idea of utilizing community groups as cost-effective delivery vehicles is a compelling one. However, it would be simplistic to look at collectives only as factor multipliers for outreach. A rich literature exists on the utility of social capital, the role of collectives, and how they can shape new, shared socioeconomic outcomes.

A. *Concepts of social capital*

The modern concept of social capital derives from the works of Pierre Bourdieu, James Coleman, and Robert Putnam. Bourdieu defines social capital as the "sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and

[23] Vivian Hoffmann et al., *Poverty and Empowerment Impacts of the Bihar Rural Livelihoods Project in India* (Impact Evaluation Report 71, International Initiative for Impact Evaluation, New Delhi, India, March 2018), https://www.3ieimpact.org/sites/default/files/2019-01/IE71-Bihar-livelihoods.pdf.

https://doi.org/10.1017/S0265052523000444 Published online by Cambridge University Press

recognition."[24] Bourdieu's definition presents a grim picture of social capital as an exclusionary instrument that perpetuates power in the hands of the individuals possessing access by virtue of being in a higher social position. As David Gauntlett puts it, Bourdieu's concept is akin to the saying, "it's not what you know, it's *who* you know."[25] Bourdieu assigns exclusivity in access to social capital, so that it is not universally available. While valid in many contexts, this limits the possibilities for constructing new forms of social capital or transforming existing power structures through collective action.

Coleman, on the other hand, conceptualizes social capital as a collective asset, a private as well as public good utilized by individuals as a rational choice. He states, "Social Capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure, and they facilitate certain actions for individuals who are within the structure."[26] Coleman looks at social capital as a product of social structure and considers it altogether productive, providing opportunities for individuals to attain outcomes unachievable in the absence of social capital. However, both Bourdieu and Coleman focus primarily on the individual outside of participation in social networks and do not examine the role of collectives as producers or users of social capital. It is also worth noting that there are varied opinions on what social capital consists of. Does it reflect the social relations or networks, their value, the resources, or all of it? For Coleman, social capital lies in the resource created by a network, while Bourdieu looks at the network itself as the social capital.

Putnam's concept of social capital sheds some light on it. He popularized the idea of social capital through studying civic engagement in Italy, focusing on how rotating credit associations function. His definition of social capital "refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions."[27] Putnam posits that dilemmas of collective action and the self-defeating opportunism associated with tragedy of the commons and the prisoner's dilemma, can be overcome through voluntary cooperation in a community that has inherited a substantial stock of social capital in the form of "norms of reciprocity" and "networks of civic engagement."[28] Putnam's definition does not leave the social network exogenous to the resources it creates, but rather, presents social capital as

[24] Pierre Bourdieu, "The Forms of Capital," in *Handbook of Theory and Research for the Sociology of Education*, ed. John G. Richardson (New York: Greenwood Press, 1986), 241–58.

[25] David Gauntlett, *Making Is Connecting* (2011), https://davidgauntlett.com/wp-content/uploads/2018/04/gauntlett2011-extract-sc.pdf.

[26] James Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology* 94 (1988): S95–S120.

[27] Robert Putnam, Robert Leonardi, and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1992), 167.

[28] Putnam, Leonardi, and Nanetti, *Making Democracy Work*, 169–72.

the combined phenomenon of social networks, norms, trust, and the value created. Putnam expands on his original idea of horizontal networks by introducing bonding and bridging social capital, in his book *Bowling Alone*, as chief components of the concept of social capital. Bonding refers to the value assigned to social networks between homogeneous groups of people, while bridging refers to that of social networks between socially heterogeneous groups.[29] Michael Woolcock introduces the third form of social capital—linking social capital—that, unlike bonding and bridging capital, takes into account the power difference between partners: "Linking social capital pertains to connections with people in power, whether they are in politically or financially influential positions."[30] Linking social capital also includes vertical connections to formal institutions.[31]

Putnam contextualizes Elinor Ostrom's comparative work on cooperatives by attempting to manage common-pool resources, whereas Ostrom outlines principles of institutional design for long-enduring collectives. Ostrom's principles include clearly defined boundaries of the institution, collective choice in defining rules, monitors who are accountable to the common-pool resource user or appropriators, graduated sanctions for violators, and low-cost mechanisms for resolving conflicts.[32] Putnam goes on to argue that successful collectives are both the product and cause of social capital. He holds up the example of rotating credit associations as collectives that utilize the underlying stock of social capital and social connections as collateral while lending money and, at the same time, highlights the fact that these collectives end up enhancing social capital in the form of mutual trust.[33] Putnam concludes that social capital embodied in horizontal networks of civic engagement bolsters the performance of the polity and the economy rather than the reverse. "Strong society means a strong economy," argues Putnam; "economics does not predict civics, but civics does predict economics, better indeed than economics itself," while "a strong society means a strong state."[34]

B. Social capital by design

If social capital is a key contributor to economic growth, the idea of actively building social capital becomes instantly compelling. Putnam describes social capital as a public good that is undersupplied by private agents.[35] Unlike other forms of capital, social capital must be produced as a

[29] Robert Putnam, *Bowling Alone* (New York: Simon & Schuster, 2001).

[30] Michael Woolcock and A. T. Sweetser, "Bright Ideas: Social Capital—The Bonds That Connect," *ADB Review* 34, no. 2 (2002): 26–27.

[31] Michael Woolcock, "The Place of Social Capital in Understanding Social and Economic Outcomes," *Canadian Journal of Policy Research* 2, no. 1 (2001): 11–17.

[32] Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action* (New York: Cambridge University Press, 1990), 90.

[33] Putnam, Leonardi, and Nanetti, *Making Democracy Work*, 169.

[34] Putnam, Leonardi, and Nanetti, *Making Democracy Work*, 176.

[35] Putnam, Leonardi, and Nanetti, *Making Democracy Work*, 170.

by-product of other social activities. A way of intensifying such social activities would be to supply institutions that can foster mutual trust, reciprocity, and civic networks, all key indicators of social capital. This is easier said than done. Mancur Olson challenges the presumption that the possibility of a benefit for a group would be sufficient to generate collective action to achieve that benefit, arguing that "unless the number of individuals is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, rational self-interested individuals will not act to achieve their common or group interests."[36] Ostrom highlights that both firms and the state can be external agents that can organize collective action to overcome adverse outcomes of independent action.[37]

However, there are still a set of common problems to be addressed, namely, free-riding, commitment, arranging for the supply of new institutions, and monitoring individual compliance with sets of rules.[38] Ostrom challenges the notion that common-pool resources consistently result in suboptimal results due to the independent, rational choices of individuals. While analyzing successful examples of collectives, she assumes that individuals try to solve problems as effectively as they can.[39] This is a significant lens for policymaking. Recalling lessons from its developmental journey, BRAC also emphasizes that "[e]very person is capable of improving his/her destiny given the right opportunity."[40] If organizing agents adopt as a core philosophy that communities are inherently capable of forgoing short-term individual gains for long-term collective benefits, programs focused on organizing collectives will tend to be more participatory.

Now comes the design issue. Ostrom's design principles for long-enduring collectives provide an ideal starting point for codifying design for strong community collectives. Here, I take the example of JEEViKA's design, which aligns strongly with all seven of Ostrom's principles. First, beginning with the need for clearly defined boundaries for individuals who can withdraw from common pool resources, JEEViKA adopted the approach of organizing women into SHGs of ten to fifteen members. This presented a small group with members having natural affinity based on neighborhood kinship. Here, the common pool resources would be members' own savings as well as capital grants received from the program, with SHG members exclusively assigned the rights to use. The well-defined boundaries continue to operate at higher federation levels as well. Village Organizations (VOs) are comprised of a set of SHGs and Cluster Level

[36] Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, MA: Harvard University Press, 1971).
[37] Ostrom, *Governing the Commons*, 40–42.
[38] Ostrom, *Governing the Commons*, 43.
[39] Ostrom, *Governing the Commons*, 59.
[40] F. H. Abed with A. M. R. Chowdhury, "The Bangladesh Rural Advancement Committee," in *Reasons for Hope: Instructive Experiences in Rural Development*, ed. Anirudh Krishna et al. (West Hartford, CT: Kumarian Press, 1997), 56.

Federations (CLFs) are comprised of a set of VOs that have well-defined boundaries for use of common resources. Second, in accord with Ostrom's principle, women's groups adopted well-tailored appropriation and provision rules. These included protocols around usage of group capital, including maximum amounts; a prioritization process in case of multiple-user demand; and duties of members around regular meeting, saving, and repayments.

Third, these groups are accorded significant flexibility to appropriately modify the rules, provided they adhere to core principles of inclusion, equity, and collective action. As I describe below, groups have innovated with how they save, collect repayments, and address issues of noncompliance. Fourth, each of the SHGs is supported by locally identified community resource persons who support weekly meetings, document proceedings, training, and hand-holding. These resource persons are also the first line of monitoring at the cutting edge, observing compliance with basic norms of SHG functioning. The honorarium for these resource persons is contributed on a tapered basis by the program, with increasing contribution from the parent SHG with every passing year, ultimately fully passing on the paymaster role to the SHG. This boosts the accountability of these resource persons to the collective. Even during the initial phase, payments to these resource persons is released by the program based on parent group recommendation.

The crucial fifth principle is graduated sanctions for violators of the rules. This is where several programs, especially those designed by the state, fail to achieve large-scale compliance as they grapple with the dilemma of sanctioning program participants for noncompliance when they have limited knowledge about reasons for noncompliance. At the same time, not sanctioning may end up demotivating those who do comply. JEEViKA adopted a phased capital-infusion process for the groups, wherein SHGs would receive capital support in multiple installments, as a reward for appropriate behavior. The first installment of the capital grant is supplied to the group three to six month after they demonstrate constant meeting and savings behavior. The second installment of the capital grant is administered six to twelve months from the first, based on the utilization pattern of the first installment. Furthermore, the program mandated repayment of grants to the federation (VOs and CLFs), so as to facilitate a resupply of credit.

Representative committees comprising members from multiple groups were formed at the federation level and mandated with examining cases of nonrepayment and identifying the underlying causes. This created multiple opportunities for groups to look at noncompliers and address cases of voluntary and forced noncompliance. Furthermore, the high-frequency nature of weekly meetings helped in obtaining large-scale compliance through reinforced group behavior. This observation finds its roots in game theory wherein higher compliance is observed if participants are engaged in iterated games. While this phased capital infusion did not create a perpetual game cycle, it did lengthen it enough to warrant voluntary compliance. Since the entire model is rooted in community-based organizations and facilitated by local resource persons, the groups had access to low-cost arenas to resolve conflicts. Even in cases where group-level conflicts could not be resolved, the presence of federations at village and cluster levels provided multiple pathways to address grievances. Finally, the fact that SHGs across JEEViKA and, to a great extent, across India continue to be informal organizations, fulfills the seventh principle of the minimal recognition of rights to organize. SHGs across India adopt a varied set of rules; while they embody certain core principles, there is ample room for contextual innovation. Yet, this informality and nonuniformity in group rules has not precluded the larger banking system from recognizing them as self-reliant institutions, enabling a supply of billions in credit. It would not be a surprise if SHGs indeed are the only kind of informal, nonregistered institution that is leveraging financial resources to such a great extent.

The scale of collective mobilization in Bihar points to the nature of reproducibility of Ostrom's design principles for collectives. This design language also addresses key aspects of Olson's concept for collective action, namely, being of small size, operating at the local level, and with the support of external stimuli. However, mobilization here is not coercive in nature, but rather, is a force that builds trust and reciprocity through shared experiences. Successful examples around the world in the form of water use associations, farmer collectives, and dairy cooperatives show encouraging signs for generalizability in design. This can be said more confidently about the design phase, but can one also expect similar uniformity at the outcome level through collectives in different contexts? This is where the ability of collectives to foster social capital that support higher equity and inclusion becomes a factor. The next section delves deeper into how strong social capital can manifest into inclusive development outcomes through collectives.

IV. Social Capital Delivery through Collectives: The Bihar Experience

A. *New group identities*

Social capital development at scale can build new group identities driven by ritualization and symbolism. Rituals and symbols can play a key role in building new social identities that transcend those based on social groupings, marriage, or kinships. A key feature of mobilizing collectives at scale is to develop a common language that binds members together, from the reasons for forming such collectives to standard practices that every group follows. Simple ideas, such as every individual introducing themselves to the group in every meeting, can bolster a sense of self different from what a person grows up with. As a case in point, in JEEViKA, female members who introduced themselves in every weekly group meeting brought about a new sense of individuality where they recognized their own names as their primary identity. This contrasted with the social norm of the time where they would identify first as someone's wife or daughter. Similarly, the program insisted that all members learn to write their own signature rather than use thumb impressions, giving a symbolic identity to each person's name. Such identity development can be transformative in building a new sense of self.

B. New narrative of hope

Social capital at scale can build a new narrative of hope for a better future, taking people away from having poverty as part of their identity. Poverty exerts a cognitive tax, bringing in a scarcity mindset that hampers deliberative decision-making and leads to poorer investment decisions.[41] At a social level, poverty shapes the mental models with which individuals make sense of the world, identify with social groups, aspire, and act.[42] In the absence of support structures that can expose individuals to a different worldview, these mental models can perpetuate exclusionary stereotypes, undermining one's perceived ability to make decisions or even aspire to a better future. Recent research indicates that people develop a strong "poverty identity" due to persistent financial insecurity and this identity can influence one's propensity to engage in challenging tasks that may hold the key for a better future.[43] Group-based investments identified through a participatory approach can significantly reduce this mental burden, making poor families capable of better decision-making.

For rural Bihar of 2005, this was especially true, as consultations with impoverished households revealed bleak expectations for the future. However, over the years, JEEViKA's experience indicated that women's collectives at scale could alter mental models of the experience of poverty by building empathy, trust, and confidence through new shared experiences and hitherto unseen local exemplars. For example, JEEViKA adopted the approach of building social capital at scale through networked women's collectives formed around a shared economic identity rather than identities of caste or religion, which provided support structures in which new contexts for decision-making emerged for the poor. The approach of weekly group meetings and savings intensified social interactions and created a new sense of empathy and shared agency. This may sound counterintuitive,

[41] Anandi Mani et al., "Poverty Impedes Cognitive Function," *Science* 341, no. 6149 (2013): 976–80.

[42] "Thinking with Mental Models," in *World Development Report 2015: Mind, Society, and Behavior* (Washington, DC: World Bank, 2015), chap. 3, https://www.worldbank.org/content/dam/Worldbank/Publications/WDR/WDR%202015/WDR-2015-Full-Report.pdf.

[43] Sachin Banker, Syon P. Bhanot, and Aishwarya Deshpande, "Poverty Identity and Preference for Challenge: Evidence from the U.S. and India," *Journal of Economic Psychology* 76 (2020).

as such mobilization may end up reinforcing poverty identity. It is important to note that that may well be the case in initial stages. One of Bourdieu's concerns is that while there may be high horizontal bonding capital available, the collective may still not have access to networks that allow them to transition out of poverty. However, the focus of building such collectives is to then remold this poverty identity to a new narrative of self-help that facilitates their transition out of poverty.

JEEViKA adopted the approach of identifying and training local community resource persons for most of the program interventions, including mobilization, training, and capacity building. In the past as well, several government programs focused on building community-level resource persons, identifying best practitioners to support government initiatives. However, these tended to be highly specialized roles and, in the absence of robust selection systems, the responsibility of choosing such persons stays with local government generally dominated by a rural elite. This perpetuates a system wherein the marginalized continue to be at the mercy of locals who they neither trust nor identify with. JEEViKA tasked the women's groups to identify their own resource persons. In the initial phases, rural women from the South Indian state of Andhra Pradesh visited rural villages in Bihar as resource persons, camping there for months to build rapport and trust with the communities. Gradually, as local examples of success and uplift emerged, women from these new groups emerged as community-based resource persons. This approach led to two outcomes. First, for women in villages of Bihar, this was their first exposure to stories of change outside their own environment that brought in a new sense of hope and provided a sense of shared identity with part of the larger world.

Second, as increasing numbers of local women experienced changes in their own lives and were identified as resource persons, it provided local aspirational figures for their peers to emulate. While this may appear at first glance as a simplistic social-proof approach, the fact that group membership enabled women to witness and share different results based on their choices, allowed for nonconformity in making individual investment choices.

The approach of leveraging human resources at the community level also became a critical cost-efficient pathway for the program to work at scale. JEEViKA developed a massive force of over 100,000 female members as resource persons, moving to new areas for mobilizing women's groups. This peer-to-peer model of scaling up boosted mobility for thousands of women, a large majority of whom stepped out of their house for the first time to new areas and regions. This was one of the many ways physical mobility was enhanced due to programmatic interventions. Women's group meetings were mandated to take place at a new member's house on a rotational basis, further nudging mobility as well as exposure to each other's household conditions. Similarly, increasing transactions with the banking system and working with other government programs made it necessary for women to visit local banks and other institutions, all of which increased physical mobility and provided a foundation for social and economic mobility.

This interestingly introduced a new dynamic into household power relations, as the honorarium brought in by these women gradually broke the barriers to mobility imposed by cultural norms. For reluctant husbands, the experience of observing women from other locations camping in villages and supporting mobilization of their wives was a critical catalyst to accepting new roles for women.

C. Safe spaces for the poor

Social capital at scale provides safe spaces for the poor to express deep-seated fears and insecurities and make them active stakeholders in dynamic design. Group-based microfinance programs tend to look at productive investments from a narrow lens. For JEEViKA, the realization of looking beyond what was traditionally considered to be productive finance, came from the participants. JEEViKA embarked on an exercise of participatory planning at the group level, a concept where each member was asked about their economic conditions, assets, and what kind of investments they would like to make. Surprisingly, a large majority of women expressed little interest in saving or taking loans, as they were fearful of the ramifications of either savings being taken away or penalties for nonrepayment of loans. Deeper probing revealed how rural informal credit systems were dominated by local moneylenders charging usurious interest rates and seizing assets for nonrepayment of loans. Several anecdotes also highlighted the fear of physical and sexual violence at the hands of the village elite. The looming specters of asset loss and violence drove rural families to utter despair and a vicious cycle of poor investments, mostly focused on tackling short-term needs and emergencies.

Unsurprisingly, after significant trust-building exercises, women expressed that repaying old, high-cost debts from moneylenders was their highest priority. Fifteen years on, this has been an enduring phenomenon. The program identified debt substitution as a critical productive activity. As several studies indicate, women's collectives under JEEViKA fundamentally changed the rural credit markets in Bihar, bringing an alternative to exploitative moneylenders by increasing competition. Estimates suggest that rural women save over USD 100 million each year in interest costs as interest rates fell across the board.[44]

This was only the first of many such pathways identified to reduce vulnerabilities of the poorest, giving them more breathing space for deliberative action. Community-level subcommittees formed to follow up on

[44] "Costs and Cost-Benefit Analysis of the Bihar Rural Livelihoods Project—JEEViKA: Preliminary Evidence" (Evidence Consortium on Women's Groups, March 2020), https://womensgroupevidence.org/sites/default/files/2020-04/JEEViKA_Brief_April_1_2020.pdf.

repayment of loans were trained to adopt an empathetic lens while reviewing issues of loan defaults. These subcommittees instilled confidence among group members that common capital would not get lost due to nonrepayment. This was crucial in building generalized reciprocity wherein some members would defer taking loans, trusting that they will get the opportunity when earlier users repay. At the same time, it also allowed community members with genuine issues to defer repayments in the short term. This decreased the cognitive tax associated with indebtedness. Research on microfinance institutions indicates that allowing clients a grace period before repayment can help them invest a greater part of their loan into more profitable activities.[45] Deeper probing is needed to understand whether this turned out to be the case in JEEViKA institutions.

Community feedback led to introducing new interventions. Discussions at the community level identified food insecurity as a crucial source of agony in the months preceding harvest seasons, especially for households engaged in casual labor. Health-related shocks were identified as major life events that pushed people into debilitating debt traps. The program introduced a Food Security Fund, a collective body at the village level to support collective procurement of food grains for lean seasons with no interest to be paid for three months. For families relying on agriculture, this was a critical relief enabling them to tide over food insecurity before harvests without incurring any additional costs. Interestingly, this intervention increased welfare at all income quintiles. However, in the initial phases, consumption went down among the poorest households as VOs procured higher-quality rice before settling into procurement systems that brought the greatest cost savings for all households.[46] This indicates a learning curve for collectives and policymakers where one might think that higher-quality grain is better, but when lower-cost rice procured collectively brought about the most participation and welfare. Similarly, the program introduced low-cost loans specifically for health-related emergencies where female members could approach the group in the middle of the night for cash. For rural women, these initiatives were crucial in reducing the cognitive tax stemming from vulnerabilities.

D. Accessible public spaces and institutions

Social capital at scale can create more accessible public spaces and institutions through effective intermediation. Lower drive among the poor to access public services stems from a combination of lack of information and the unfamiliarity that breeds hesitation and fear. Public institutions can tend

[45] Erica Field et al., "Long Run Effects of Repayment Flexibility in Microfinance: Evidence from India" (Policy Brief 3021, International Growth Centre, June 2011), https://www.theigc.org/sites/default/files/2015/07/Field-Et-Al-2011-Policy-Brief.pdf.

[46] Paul Christian, "The Distributional Consequences of Group Procurement: Evidence from a Randomized Trial of a Food Security Program in Rural India" (The World Bank, July 2015).

to be contemptuous of the uninformed and resource poor. In highly burdened contexts with weak institutional capacity, this amplifies inefficiency in access to services for the poorest. In order to catalyze higher participation, it is critical that processes for access are not only simplified but, wherever possible, are supported by community representatives who have a shared identity with the community. Research also indicates that, in most public service access, "unmediated transactions, rather than being a norm, are rare exceptions."[47] Collectives can support efficiency in service delivery while making public institutions more familiar spaces for the poor, thereby reducing the stress and hassle of the unknown. The economic function of social capital is to reduce transaction costs associated with formal coordination mechanisms like contracts, hierarchies, bureaucratic rules, and the like.[48] This is akin to creating a new form of linking capital wherein a community institution fills the breach between individuals and institutions perceived as powerful and unreachable. Imagine that a woman who has never stepped outside of her village's boundary without her husband is suddenly expected to go to the nearest bank branch to deposit the weekly savings of their group. It can be daunting for her to approach the bank, understand the deposit procedure—including filling out forms and completing procedures —all while staring at unfamiliar faces.

JEEViKA realized this challenge early and introduced the idea of "bank mitra" (or "banking friend"). Bank mitras are women with basic functional literacy, identified from within the women's groups and placed within bank branches to facilitate community members in undertaking transactions. For local rural banks struggling with workload, this was a welcome intervention. Over time, bank mitras evolved as the primary interface between local banks and women's groups, ensuring smooth transactions and repayment quality. Similarly, women became the familiar faces of both public and private institutions over the years. Local shops and enterprises saw women running businesses with higher frequency than before, female extension workers supported agriculture training on farms, and higher political participation gave rise to new local leaders more approachable for fellow women. Another prime example of women breaking through traditional male bastions was the state's decision to award licenses to women's groups for running public distribution shops, which are government-run stores at the village level responsible for distributing food grains to the poorest families at subsidized rates. This was an unprecedented move, as the public distribution shop dealership was seen as a symbol of power at the village level and women taking over this activity brought in a new dynamic to the growing narrative of new roles. The initiative was stifled for years by legal

[47] Anirudh Krishna, "Gaining Access to Public Services and the Democratic State in India: Institutions in the Middle," *Studies in Comparative International Development* 46 (2011): 88–117.
[48] Francis Fukuyama, "Social Capital and Civil Society" (IMF Working Paper 00-74, International Monetary Fund, 2000), https://www.imf.org/external/pubs/ft/wp/2000/wp0074.pdf .

battles hampering the award of licenses to women's collectives. However, over 100 such female-run stores have operated since 2011.

E. Effective targeting and social re-engineering

Social Capital at scale can overcome issues with traditional targeting lists and manifest social re-engineering along new, shared identities and aspirations of the group. It can also provide participants with access to a strong support system that replaces identities based on caste, religion, or gender with a shared identity of the group formed out of common needs. However, this is easier said than done and requires interventions that disregard typical socioeconomic divisions and mobilize based on shared conditions. In India, public investment programs have long relied on public lists, such as Below Poverty Line (BPL), and, more recently, Socio-Economic Caste Census (SECC). However, these lists tend to target inaccurately, leaving out a significant portion of the poor while also including the relatively well-off who then have an opportunity to corner resources.

JEEViKA did away with such lists and relied largely on self-exclusion for mobilization, allowing higher participation from poorer households. Since most activities were group based, requiring regular social interface and meetings, the relatively well-off typically self-excluded. This was especially true in the initial stages of the program, when it was relatively unknown and there was no incentive for the economically better-off to be associated with it. This process also ended up creating a large number of mixed groups based on shared economic conditions rather than being based on caste or religion alone. That is not to say that groups were not homogeneous under the program, but the broad-based criteria for mobilization allowed for mixed groups to be formed based on local proximity and social connections. Adopting the approach at scale enabled the program to minimize exclusion errors. Research also indicates that as programs expand their scale, divergence is reduced among beneficiaries targeted through different methods and a more commonly agreed set of participants can emerge who qualify as eligible across multiple dimensions.[49] Whether this higher inclusion on account of scaled implementation resulted in stronger bridging capital between different social group remains to be analyzed further.

F. Importance of scale and saturation

Social capital at scale and saturation can manifest transformational outcomes. The best chance for social capital to effect socioeconomic change is when it evolves into a densely networked ecosystem that is relentless in its reinforcement of shared agency and examples of change. This enables the network to transcend social barriers and skepticism by refuting local

[49] Sabina Alkire and Suman Seth, "Selecting a Targeting Method to Identify BPL Households in India," *Social Indicators Research* 112, no. 2 (2013): 417–46.

failures through equally evocative examples of success. This would mean that for every woman afraid of stepping out of the home, there are four more examples of women in similar conditions doing the opposite. For this reinforcing phenomenon, scale and saturation are critical.

The approach of mobilizing women into collectives for improved access to finance and greater agency and voice was hardly new in 2005. Several decades of programming in the form of the Integrated Rural Development Program (IRDP) and Swarnjayanti Gram Swarozgar Yogana (SGSY) had been built on the same approach. However, none of those programs aimed at saturation at a local level or replicating it at scale. Furthermore, the role of mobilization and capacity building is passed on to local civil society organizations and other nongovernmental organizations (NGOs), thus losing out on any opportunity to create a common language or narrative of empowerment. As a case in point, 611 different NGOs were engaged in promoting community-based collectives in the state. Bihar had nearly 132,000 community groups formed under SGSY, a number that took JEEViKA almost a decade to reach.[50] However, while these 132,000 groups were scattered all across 534 blocks of Bihar, JEEViKA's first 50,000 groups were in only thirty-eight administrative blocks, creating a much higher density and intensity of social inclusion and associate program implementation. The program's focus on saturating inclusion at the village level (albeit, based on self-selection) ensured a critical mass for local impact. Community federations (VOs formed by federating women's groups) were tasked with 100 percent inclusion as an aspirational goal. The approach has since been replicated at scale, making Bihar the first state in India with over one million women's groups and nearly 60 percent of rural households in its fold. Considering the pro-poor mobilization approaches, high inclusion of marginalized groups and self-exclusion observed in major studies, it is estimated that more than 90 percent of Bihar's poorest families are linked to the program. This social infrastructure investment has started providing rich dividends to the state's weak delivery system.

V. Execution at Scale

A. *Dynamic human-centric design*

Social capital investments should be driven by a dynamic, human-centric design co-created with and by the communities it intends to serve. The poor should be viewed "as agents who can think and act, not just as patients who have needs that require catering."[51]

[50] "Mapping of Self-Help Groups in Bihar" (APMAS, 2011), http://www.apmas.org/pdf/research-advocacy/study-papers/201112-Mapping-of-SHGs-in-Bihar.pdf.

[51] Amartya Sen, "The Ends and Means of Sustainability," *Journal of Human Development and Capabilities* 14, no. 1 (2013): 6–20.

It is critical that any people-centric poverty-alleviation program centers on the belief in the innate capacity of the poor and focuses on harnessing local knowledge and capacities. People are viewed as participants in the true sense as opposed to mere beneficiaries, as the latter automatically distances program design and implementation from its downstream stakeholders. *The simple exercise of asking the poor what they want and why can be hugely empowering.* When the JEEViKA program was first piloted, information and communication materials were developed in close consultation with the community. While it may sound like an obvious intervention, there were startling revelations about how communities responded to it. It quickly became clear that in low-literacy contexts like Bihar, visual mediums were crucial for bringing the point across. The program adopted the concept of flip charts that showed pictorial depictions of all the program stood for as well as various interventions. There were subtle changes, too. Women gave feedback on how the depicted women were dressed and how they could not relate to them. Even depictions of poverty were changed to bring in the local context of geographical segregation, as poorer hamlets in Bihar villages tended to be on the periphery away from key community resources like local ponds, wells, and public spaces.

B. Ability of the poor to improvise

Program design should have scope for the poor to improvise and help one another. It is important that collectives function as enablers of shared agency, allowing the group and individuals to interact without excessive normative boundaries while following a shared goal. As Amartya Sen puts it, agency is the person's ability to act on what they value and have reason to value.[52] Sen also emphasizes social opportunity as an enabler of agency and freedom:

> The word 'social' in the expression 'social opportunity' … is mainly a reminder not to view individuals and their opportunities in isolated terms. The options that a person has depend greatly on relations with others and on what the state and other institutions do. We shall be particularly concerned with those opportunities that are strongly influenced by social circumstances and public policy.[53]

Indeed, carefully nurtured women's collectives can boost social opportunity and, in turn, relational agency for the group members to make their own choices and even improvise on imposed norms for the betterment of the group. JEEViKA adopted the concept of "Panchsutra," the five simple principles that would enable each group to function smoothly. These

[52] Amartya Sen, *Development as Freedom* (New York: Oxford University Press, 2000).
[53] Jean Drèze and Amartya Sen, *India: Economic Development and Social Opportunity* (Oxford: Oxford University Press, 1995), 6.

principles focused on regular meetings, savings, inter-loaning, repayment, and bookkeeping. As we realized over time, though, these principles did not take into account the inability of the poorest to save on a consistent basis. However, groups innovated locally to sustain savings. Members who were unable to deposit savings each week were asked only to simply save "mutthi bhar chawal," that is, "a fistful of rice every day." While this may seem fairly straightforward, the idea for a poor woman to have options was critical to building self-confidence. The program allowed space for such local innovations that supported inclusive principles.

C. Translating design to development

The poor should not be served poorly. The best of program designs are bound to fail in the face of poor execution. Large-scale social capital development is an undertaking that calls for intensive, cutting-edge human engagement. At the same time, implementation architecture must be agile and innovative in identifying contextually relevant solutions while keeping the program objectives intact. Large-scale public programs tend to fail in the absence of a dedicated human resource architecture that owns the implementation and monitoring of the initiative. Typical government departments tend to juggle multiple programs and priorities, leaving little room for intensive engagement and innovation. Therefore, it is critical that investment in building large-scale social capital is backed by a professional architecture largely insulated from the pressures and priorities of the political class.

JEEViKA's implementation architecture was a radical departure from how government-funded programs were typically implemented in the state. A separate, semi-autonomous society was established to serve as a special-purpose vehicle for implementing the program. Apart from a government-appointed chief executive officer (CEO) and a handful of core staff, the entire program staff responsible for core implementation was sourced from the open market. While the program was overseen by an executive committee comprising senior bureaucrats, sufficient devolution of power was done at the level of CEO and core group, enabling higher efficiency. This was a first for Bihar and a practice that has since been adopted for several other initiatives in the state and replicated nationally under the National Rural Livelihoods Mission (NRLM), a nationwide program built on lessons from JEEViKA and similar successful initiatives.

The human resource strategy under JEEViKA focused on identifying the best professionals from the open market at competitive salaries who were given complete autonomy in leading the design and implementation of their respective thematic interventions. The compensation packages for these professionals were benchmarked with the industry and considerations around matching them with the then-prevalent scales for government staff were disregarded. Staff members were recruited based on careful considerations factoring in qualifications as well as the individual's experiences with rural poverty. Rigorous training and rapport-building exercises helped the staff members to build a missionary zeal toward the program's objectives.

As the World Bank's World Development Report of 2015 suggests, development professionals are subject to the biases and mistakes that can arise from thinking automatically, thinking socially, and using mental models. They need to become more aware of these biases and organizations should implement procedures to mitigate them. The report suggests using corporate concepts like "dog fooding," where the designer takes on the role of end user of a product to identify limitations, and "red teaming," which focuses on intensive, group-level deliberations and arguments to design initiatives.[54] JEEViKA adopted similar approaches in its human resource development program. All staff members were mandated to spend time staying with the communities in their homes before they were assigned responsibilities. Every key intervention was tested at the community level with top leadership, including the CEO engaged in testing design principles and incorporating feedback from the community as well as staff. Finally, JEEViKA enabled a culture of open dialogue through weekly team meetings where every aspect of the project was hotly debated before arriving at solutions. Such group deliberation among people who disagree but who share a common interest in finding the truth can divide cognitive labor efficiently, increase the odds that the best design will come to light, and mitigate the effects of "groupthink."[55]

As the program scaled, new innovations were introduced in the human resource architecture. The program adopted the policy of inducting young professionals—management graduates from leading institutions in the country—to support a range of highly technical interventions. During its scaling-up phase, the program adopted the policy of female-only community mobilizers, the frontline community resource person who is the first interface of any participant with the program. This added an element of sensitivity to community interface of the organization, while also bringing in young, educated women to work with the program and gain exposure to the unfolding narratives of change.

D. Evolution as a platform

Scaling up presents the opportunity to transition from program to platform. The eternal question of trade-offs between scale and quality has haunted many practitioners and, in many cases, has precluded highly successful programs from going to bigger scale in terms of outreach and thematic complexity. This is true even for programs focused on building shared agency and social capital through women's groups. Some of the best

[54] *Mind, Society, and Behavior*, 19.
[55] *Mind, Society, and Behavior*, 19.

group-focused interventions in India include Myrada, Dhan Foundation, and so on. Similarly, group-based initiatives (such as those promoted through NABARD Pilots, CARE India, and PRADAN) delivered remarkable results on a small scale. Such programs were critical in providing lessons for larger-scale programs such as JEEViKA and NRLM. However, many of those programs made a conscious choice not to scale up, citing concerns over trade-offs with quality. As a practitioner, I firmly believe that a successful development initiative must aim for scale by design right from the pilot phase, as the social and economic opportunity cost for not scaling up is far higher than the trade-offs that can be minimized through careful planning and execution. As F. H. Abed succinctly puts it while reflecting on BRAC, "Small is beautiful, but large is necessary."[56]

Scaling up a social infrastructure program also opens up opportunities for convergence with several other initiatives that can leverage the platform for more effective targeting. In contexts where public delivery systems are significantly weak, such a scale up can generate a multiplier effect on public delivery efficiency. JEEViKA's collectives became a new source of credible information and mediators for female members on several fronts. From supporting members in enrolling in various social services schemes and getting job cards for the rural employment guarantee program to supporting them in getting insurance claims settled, these women's groups have been key drivers for improving access. Community networks can exert new and different positive pressures on public institutions for higher accountability and access, precipitating constructive conflict. Rather than being fearful of such scenarios, the state can utilize such opportunities to develop new roles hitherto unexplored for this shared agency. This can unlock a new form of networking that boosts the logistical efficiency of information and builds stronger collective intent and ability for action. Anirudh Krishna highlights the value of intermediation in a strong democracy: "Access is not assured for all. Nearly all citizens, and particularly the poorest ones, require an intermediary's assistance. Institutionalizing these linkages—making them reliable, predictable, and steady—is essential for the goal of equality of access."[57]

E. Managing scale and quality

Challenges of a core message being diluted and shortcuts to established processes remain a major trade-off in scaling up. Low-intensity programs or pilots typically have the advantages of novelty and no precedent, which keep expectations manageable. While designing a scaled-up version, it is critical to address challenges pertaining to dilution of core messages and processes for sake of pace. While it is common wisdom to adopt a slower

[56] Abed with Chowdhury, "The Bangladesh Rural Advancement Committee," in *Reasons for Hope*, ed. Krishna et al., 56.

[57] Krishna, "Gaining Access to Public Services and the Democratic State in India."

pace for scale, it is also equally important to understand emerging people's aspirations. JEEViKA scaled up in four phases over the course of twelve years. In its first phase from 2005–2007, the program functioned as a pilot aimed at validating the design elements in a highly challenging context. This was followed by the first phase of investment from 2007–2011 that enabled implementation of tested interventions in a set of diverse conditions within the state. By 2011, JEEViKA was present in about 15 percent of administrative blocks in the state, with a total outreach of one million women. 2011 marked the launch of NRLM, a nationwide initiative of the Government of India that borrowed design and implementation lessons from JEEViKA and similar successful initiatives. From this point onward, it was imperative that JEEViKA scaled faster to counter potential misinformation especially about the public nature of the new initiative. During 2011–2014, JEEViKA recruited professionals in large numbers and devised new approaches to testing staff capabilities with community mobilization tasks as part of probationary training. However, this phase also brought in heightened urgency for rapid scale up, as the state's rural population and political dispensation were keen to see JEEViKA's success everywhere.

While the desire for scale was a significant resource boost for the program, a newer set of households entered the program with heightened expectations of quick changes to their lives. Mobilization efforts also focused on pace, thus bringing down the intensity of messaging around shared economic identities and focusing more on capital grants as the carrot for people to join. As recent research indicates, this had an impact on the overall quality of groups as well as new human resources brought in to meet the mandate to scale up. The latest impact evaluation highlights that the first phase of the program was akin to a mini social movement that challenged the traditional structures of power and patriarchy; mobilizers deployed a discourse co-produced with the beneficiaries. However, as the project scaled up, participants were mobilized with a fixed script that lacked the improvisation of the first phase.[58]

As an administrator, I was acutely aware that while initial mobilization may face such quality challenges, the program design stayed robust in its theory of change. Several checks and balances were brought in to minimize short-term damage to quality. The program introduced a greater role for local federations to monitor inclusion, ensured that bookkeeping was initiated early to track inclusion, and conducted follow-up quality-check drives. It was critical that the scale-up phase did not end up attracting the more economically well-off in place of the poorest. To counter this challenge of scale, the answer was scale. The program adopted the approach of minimal exclusion and maximum inclusion, providing significant elbow room for inclusion error as long as saturation was achieved in mobilization. New

58 Hoffmann et al., "Poverty and Empowerment Impacts of Bihar Rural Livelihoods Project in India."

initiatives, including mandatory leadership rotation and equal representation at village federations, were brought in to ensure that all members had equal opportunities. While these solutions have been far from perfect, an inclusion-focused approach enables the program to correct course in the long run by looking out for cases of elite capture.

VI. The State as a Principal Actor in Building Social Capital

Development of social capital at scale is a public good investment for which the state holds both the mandate and legitimacy. While one may argue that a free-market economy will make this kind of investment if it benefits the most number of people, public good investments have typically been an area of market failure. As Joseph Stiglitz and Bruce Greenwald highlight, "economies in which there are incomplete markets and imperfect information are not, in general, constrained Pareto efficient. There exist government interventions (e.g., taxes and subsidies) that can make everyone better off."[59] Needless to say, in high-poverty contexts, relying on markets alone to make significant investments in social capital development is a distant reality at best. Even Adam Smith defines "necessaries" in terms of their effects on the freedom to live nonimpoverished lives, such as "the ability to appear in public without shame."[60] As I argued above, a social infrastructure can alleviate shame that may otherwise arise from nonmonetary factors.

There is growing recognition of social capital as the dynamic relations within and between bureaucracies and various civil society actors, which constitutes an attempt to synthesize networks and institutional perspectives. This more comprehensive approach addresses the issue of social capital generation, proposing that economic and social development can only be achieved through the establishment of an effective partnership between government and society. Neither the government nor the community has the capacity, insights, vision, or resources to promote sustainable development on its own.[61] Of all the actors in this synergic partnership, "the state's role … is the most important and problematic. This is so because the state is not only the ultimate provider of public goods, … the final arbiter and enforcer of the rule of law … , but also the actor best able to facilitate enduring alliances across the boundaries of class, ethnicity, race, gender, politics and religion."[62]

[59] Bruce C. Greenwald and Joseph E. Stiglitz, "Externalities in Economies with Imperfect Information and Incomplete Markets," *The Quarterly Journal of Economics* 101, no. 2 (1986): 229–64.
[60] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. 2, ed. R. H. Campbell and A. S. Skinner (Oxford: Clarendon Press, 1976), V.2, 469–71.
[61] Michael Woolcock and Deepa Narayan, "Social Capital: Implications for Development Theory, Research, and Policy," *The World Bank Research Observer* 15, no. 2 (2000): 225–49.
[62] Woolcock and Narayan," Social Capital."

As an actor with a potentially stronger resource base and larger outreach, this is also a prudent systemic investment to support socioeconomic development. Social infrastructure investments can significantly boost trust levels, especially for the most marginalized, generating significant economic returns. Putnam points to the transitive property of trust and how collectives end up multiplying trust as a moral resource. Stephen Knack and Philip Keefer find that a one-standard deviation increase in a measure of country-level trust increases economic growth by more than one-half of a standard deviation.[63] Rafael La Porta and coauthors find that across countries, a one-standard deviation increase in the same measure of trust increases judicial efficiency by 0.7 of a standard deviation and reduces government corruption by 0.3 of a standard deviation.[64] While it is difficult to measure trust pre- and post-JEEViKA, one can look at the high repayment rates exhibited by women's groups as a potential performance marker. In the absence of mutual trust, these groups would have dismantled and withered away, as members would not have repaid their loans. However, the data clearly highlight significant growth in credit supply from banks and high repayment rates, as measured by the percentage of nonpayment to be consistently less than 3 percent.[65]

The effectiveness of social capital as a state-led investment also finds roots in its role as a key policymaker. As described above, several pathways taken by women's collectives were shaped by the government formulating enabling policies that allowed them to get a foot in the door for better participation. In 2019, recognizing the need for an intensive approach for inclusion of the poorest of the poor, the Government of Bihar mandated that JEEViKA adopt the model of ultra-poor graduation, learning from examples of BRAC and others. This new program recognizes the limitations of the larger JEEViKA program in meaningfully reaching the poorest and provides a new pathway to build household capacity through grants as opposed to loans, significant handholding support during the formative stages of new enterprises, and enhanced access to social protection programs. The initiative is the first instance of a state government undertaking a graduation approach at such a large scale and utilizing the pre-existing network of community institutions to identify the three to four poorest households in every village to be included under this approach.[66]

[63] Stephen Knack and Philip Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation," *The Quarterly Journal of Economics* 112, no. 4 (1997): 1251–88.

[64] Rafael La Porta et al., "Trust in Large Organizations," *American Economic Review* 87, no. 2 (1997): 333–38.

[65] For state-wise repayment performance of women's groups, see "Project Overdue," National Rural Livelihoods Mission, https://daynrlmbl.aajeevika.gov.in/UI/Outstanding/ProjectOverdue_new.aspx.

[66] Sadna Samaranayake et al., "The State of Bihar's Approach to Economic Inclusion: JEEViKA and the SJY Program" (2021), https://www.peiglobal.org/sites/pei/files/2021-01/Case%20Study%202.pdf.

Finally, significant state investment brings in ownership that is necessary for such platforms to realize their true potential as targeting and delivery systems. Such ownership also brings in higher sensitivity toward program design and provides stability with long-term goals while also allowing space for professionals to work at a distance from the government but with the government. JEEViKA benefited from long tenures for CEOs well beyond the typical duration of appointments given to senior civil servants. This provided much-needed stability to the program leadership and allowed CEOs time to understand and appreciate the complexity of the platform.

VII. Conclusions

States looking to design and implement poverty-reduction initiatives can consider building large-scale social capital that not only enables efficient targeting and service delivery, but also addresses psycho-social aspects of poverty. Mobilization of the marginalized into small collectives and their federations can provide a new social context for the poor through narratives of economic possibilities reinforced by consistently emerging success stories. Social capital development makes tremendous economic sense as the platform can affect pro-poor changes in rural markets by bringing in greater dynamism and competition. As the human experience of poverty changes and new mental models develop, poor households are able to make more deliberative economic decisions and invest in long-term avenues, such as education, that would otherwise appear as futile or luxurious for highly impoverished households. This can be a huge factor in addressing inter-generational poverty, as such shifts in mental models can vitalize an entire generation to strive for better economic conditions and, at the same time, demand better accountability and services from public and private sectors. For the state, this also presents an opportunity to make systemic improvements by co-opting the marginalized into implementation and monitoring. A professional implementation architecture with sufficient autonomy and devolution of power can implement such state-led investments most effectively. Political buy-in and long-term confidence in program leadership are necessary but not sufficient conditions for success. Finally, social capital investments require a great deal of patience and perseverance. As Putnam concludes in his seminal work on social capital: "Institutional history moves slowly. Where institution building (and not mere constitution writing) is concerned, time is measured in decades."[67]

As nations across the world deal with increasing inequality and uncertainty, new programs focused on addressing multidimensional poverty should consider building social capital as an essential investment. For the most vulnerable and marginalized based on social groups or gender, such

[67] Putnam, Leonardi, and Nanetti, *Making Democracy Work*, 184.

social networks can bolster agency, which is a fundamental ingredient for economic growth. These social networks can evolve into forms originally overlooked and become an effective vehicle for targeting and service delivery. Most importantly, social infrastructure investments can help build a new crop of hopeful communities. That alone is a worthy goal to pursue.

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