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THE INVISIBLE HAND OF UNDERDEVELOPMENT

Adam Smith's invisible hand was supposed to work in favor of economic efficiency and growth. The paradoxical proposition was that each and every economic agent, while pursuing its individual and even selfish interests, creates an economic system in a form of equilibrium capable of maximizing the society's welfare "as if guided" by an almighty powerful invisible hand. For over two centuries the invisible hand has provided many with an explanation of the mystery of the wealth of some nations. Smith's invisible hand, however, was insufficient to explain the relative underdevelopment of the less wealthy countries in the world, even though there have been quite a few theorists proposing that all a poor country has to do is to replicate the ways of the wealthy countries to overcome poverty and backwardness.

Many theories were offered to explain underdevelopment, all based on more or less visible factors, i.e., insufficiency of savings and investments, not enough development of the manufacturing sector, poor infrastructure, secular deterioration of the terms of trade, export instability, and insufficient human capital,

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COMMUNITY-BASED RESOURCE MANAGEMENT

USING RESOURCES SUSTAINABILITY

Community-based resource management (CBRM) is a powerful mechanism to help people change from using resources unsustainably to using them sustainably. It helps people see that using resources sustainably is in their own interest, gives them tools to do so, and helps establish the conditions that allow people to use those tools.

CBRM can affect different socioeconomic groups in communities differently. Addressing these issues and changing how people use resources can be complicated and time-consuming. It also is likely to cause conflict. CBRM programs that commit the time and effort to manage conflict and socioeconomic concerns, such as gender issues, are likely to be more effective.

INCREASING EXPECTED BENEFITS

Most CBRM activities increase expected benefits. By definition, expected benefits = (likelihood of obtaining benefit) x (benefit value). The value of benefits and the likelihood of obtaining them today are more certain than the value and likelihood of possible future benefits. CBRM increases how much people expect from their resource by increasing both the likelihood of obtaining future benefits and their value.

Increase the Likelihood of Benefiting From Sustainable Use. Successful CBRM programs help communities feel more certain of obtaining benefits from resources in two ways — they ensure that the community controls the resource and they provide information needed to use the resource sustainably. Effective local control of resources lets a community be certain it can use the resource tomorrow if it preserves it today. This is critical for CBRM to succeed, but it is not sufficient. Communities also need information and skills to manage and sustainably use resources they control. CBRM programs can provide this information and training.

Three conditions are necessary for a community to control a resource. The community must know what its resource rights are, be sure they are enforced, and be sure the government or others will not rescind them. Knowing its rights lets the community

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plan what to enforce. Being able to enforce its rights ensures that others cannot take resources that the community preserves for future use. Being sure that the government will not rescind the rights ensures that the community can anticipate that it will retain control of resources it invests in or preserves.

CBRM programs also need political support to succeed. Without this support, the government or other groups may be able to abrogate a community's rights to a resource. This is especially a risk if community efforts to preserve or maintain the resource increase the resource value.

CBRM programs may need to help communities, national and local governments, and the judiciary build the skills needed to protect community resource rights. Within communities, women often face additional difficulties enforcing their resource rights. In some places, men can easily appropriate the benefits of resources women use. Under these conditions, women will be less certain about receiving future benefits from resources

they use, giving them less incentive to support CBRM efforts. CBRM programs can ensure that women's resource rights are enforced to the same extent as men's and are as secure as men's.

Many communities need additional information and skills to obtain the full benefits of resources they control. Since men and women tend to use different parts of resources, they may need different information to fully benefit from CBRM efforts. Still, many programs provide information about using resources to men, but not to women, even when women are the main resource users. CBRM programs that explicitly involve women in relevant training will build more support among women.

Increase Benefit Value. The value of resources to people comes from the things derived from the resource (goods) and the services the resource provides (both economic and social/cultural). There are four ways to increase economic value: market more of the goods and services used; market new goods and services; increase the price for goods and services; and decrease the cost of marketing goods and services.

To increase the market price and market more goods and services, CBRM programs can link benefits to resources; increase market price of resource goods and services; remove restrictions on marketing goods and services; create markets for new or unmarketed goods and services; and create competition among buyers.

To lower relative costs of sustainable uses, CBRM programs can lower capital, time, and transaction costs to produce and market; provide information communities need to benefit from resources; and increase costs of using resources unsustainably.

Many of these options will require national-level action — another reason for CBRM programs to integrate their efforts from the community to the national level. In addition, men and women often face very different constraints and have very different roles in addressing each of these aspects of benefit value. Effective CBRM programs identify and incorporate these differences.

INCREASING PREFERENCES FOR FUTURE BENEFITS

Increasing the expected benefits of a resource will encourage people to forgo current gains to ensure greater future gains. CBRM programs can also increase people's desire for those future gains in at least three ways: by meeting people's basic needs; by increasing their sense of control of their lives; and by ensuring access to credit at commercial rates.

Meet People's Basic Needs. Many CBRM programs include activities to increase incomes of resource users and to decrease their dependence on natural resources. In doing so, many programs target activities to assist women, though they may provide little more than subsistence-

RELATED INTERNET SITES

These sites provide information related to CBRM programs and research.

WORLD BANK CONFERENCE

<http://www.worldbank.org/wbi/conatrem> — *information on the Community-Based Natural Resource Management Conference held in May 1998*

UNIVERSITY OF MICHIGAN RESEARCH

<http://www.umich.edu/~crpgroup> — *"A Systematic Assessment of CBRM Partnerships" with related links*

ZIMBABWE CAMPFIRE PROGRAM

<http://www.campfire-zimbabwe.org> — *one of the first successful CBRM programs*

level income. Income-generating activities will be most effective if designers consider the productive skills of the participants and research the local markets before designing the activity.

Increase People's Sense of Control.

As people make more of the decisions on how to use their resources, they will gain more sense of control of their lives. As a result, they are more likely to consider the implications of how they use those resources. Thus, the most effective CBRM programs involve resource users in every stage of decision-making, from identifying problems through implementing solutions. To ensure that women as well as men support CBRM efforts, programs need to explicitly include women in decision-making.

THE MOST EFFECTIVE CBRM PROGRAMS INVOLVE RESOURCE USERS AT EVERY STAGE OF DECISION-MAKING.

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Ensure Access to Credit at Commercial Rates. It is difficult for a community to value future benefits from a resource if it needs to use the resource to repay loans at 20-200 percent interest. CBRM programs can help communities value future benefits more by ensuring access to loans at commercial interest rates. In doing so, the programs must recognize that men and women have different access to credit and may need different mechanisms or assistance in this.

ATTITUDE MATTERS

Attitudes of participants shift as they see themselves as resource preservers and not just resource users. CBRM programs are also opening many opportunities for women that they have not had before. These changes create potential public support for national efforts to encourage and enforce sustainable use of resources.

CONCLUSION

To be effective, CBRM requires a long-term commitment to provide technical support and training at the local and national levels. Also, because CBRM works by helping people use resources, other tools such as resource preservers may be needed to augment CBRM to protect critical biodiversity resources. In addition, because population growth will overcome any gains from CBRM in the long run, programs can provide greater long-term gains by ensuring that communities have access to the reproductive health services they want.

CBRM can ensure that people who use resources have the incentives and the skills to manage those resources so they will provide benefits into the future. Women and men face different constraints to benefiting from CBRM efforts. CBRM programs that address these differences in activities will more effectively ensure that both women and men support CBRM efforts. While CBRM is only a tool to achieve the goal of sustainable resource use, it is probably the best tool available to enable and encourage people in many countries to use resources sustainably.

— *David Gambill*
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This article is an excerpt from *Intentionally Sustainable: How Community-Based Resource Management Enables and Encourages the Sustainable Use of Resources*, the first of DevTech Systems' Gender Working Papers. This new series will explore the applications of gender analysis to sectoral issues in ways that are most useful to policymakers, analysts, and other development practitioners. For more information, contact DevTech Systems' Washington, D.C., office or visit our website.

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among others. The rudimentary methods of scientific observation and measurement of development economists were not suitable to go beyond the immediately visible factors. Their methodology was not capable of identifying what seems to be the most important set of factors that can explain underdevelopment — the existence of rent-seeking coalitions that co-exist in societies with a significant level of corruption. New Institutional Economics, Public Choice Theory, and good old Political Economics seem to be more suitable to the study of modern underdevelopment than traditional approaches. Why? Because they can penetrate the entrails of a society beyond statistical information, and they are neither constrained by the need to show methodological virtuosity nor obsessed with building quantitative models in an institutional vacuum.

Economic underdevelopment, therefore, seems to persist as if an invisible hand impedes the policy reform efforts to develop a market economy and even the public awareness and understanding of the real causes of poverty and marginalization. Interestingly, such an invisible hand is more visible than Smith's, whose construct was more a metaphor than an aggregate. But the phenomenon remains invisible to a number of actors:

- First, to many in the academic community, who follow a methodological approach that by pretending to be scientific and politically neutral avoids all controversial terrains and forms of inquiry;
- Second, to an international development community committed to providing financial resources and technical

assistance under the pretense that the real problems of underdevelopment are those initially stated as such by the pioneers in development studies;

- Third, by most of the governments and officials of developed countries that, even if officially committed to providing development assistance, have few alternatives but to look the other way, unless they can risk hurting the government-to-government relations; and
- Fourth, last but not least, the public and civil societies organizations of the underdeveloped countries that are

generally part of the highly complex system of personal and institutional interrelationships that will make critics pay a high price for focusing on the actual roots of the development problem.

As a result, the invisible hand of underdevelopment is not so; it is simply a more labyrinthine case of the old fable of the emperor's clothes.

If this is the case, what would be the right development assistance strategies? We will discuss them in the next issue of *Sphere*.

– *Jorge A. Sanguinety*
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