

Money can't always build a better community

Matthias Schündeln and his team have studied the impact of World Bank participatory development projects in The Gambia

By Anke Sauter





Providing financial support directly where it is needed and letting the people there decide themselves how to use it seems like a good idea. However, a study by development economists in Frankfurt shows that aid from the West can lead to unintended risks and knock-on effects in Gambian villages.

The fact that development aid often fails to deliver the desired results might have to do with decisions being made without understanding what is actually needed on the ground. “If people in Washington or Eschborn [where GIZ is based] come up with an idea, they may be acting with the best of intentions. But this might fail to answer people’s actual needs,” says Matthias Schündeln, Professor of Development Economics at Goethe University Frankfurt. Since the 1990s, there has been a shift towards supporting participatory projects: here, under certain conditions, funds are transferred directly to the villages and regions, where the local people can decide what best to do with the money. This approach is also referred to as community-driven development, or CDD for short.

The World Bank also follows this principle. “It is currently active in 90 countries with 327 CDD projects worth 33 billion US dollars,” says Matthias Schündeln. But how successful are these projects? How sustainable are they? And how do they affect existing social and economic structures? In a study funded by the German Research Foundation, Schündeln, together with Simon Heß and Dany Jaimovich, have taken a closer look at such a World Bank project, which was carried out in The Gambia between 2008 and 2010 and included around 500 villages in the first phase.

The selected villages received an average of around 10,000 US dollars – a considerable sum of money in view of 30 to 40 households per village and an annual per capita income of 700 dollars. The overall purpose of the funding was to improve the village’s prosperity in a sustainable way. It was left to the community to decide whether to invest in education, health or infrastructure. The decision-making process was complex, with a specially formed committee

playing an important role. The village head or Alkalo, often a descendant of the founding family, was supposed to have only an advisory role.

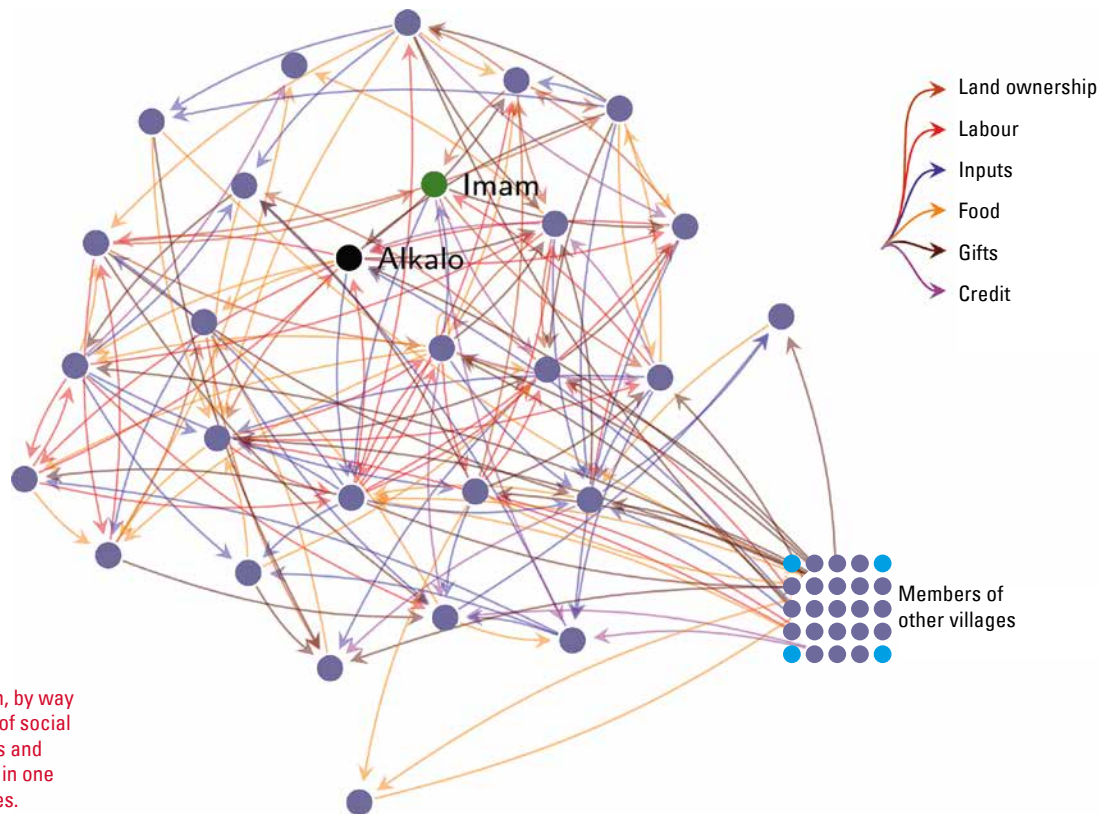
500 villages received aid, 500 villages did not

In theory, this all sounds wise. But how has international aid actually affected the prosperity and social structures in the villages? The research team travelled to The Gambia on a number of occasions to conduct several months of field research. The World Bank project was particularly suitable for this purpose: the 500 villages which had received funding were compared with the 500 that had not, which had all

The villagers decided together what to do with the World Bank’s money. In one village they purchased a mill, in another they bought a tractor (top).

IN A NUTSHELL

- Development economists at Goethe University Frankfurt have studied the medium-term impact of a World Bank participatory project in The Gambia.
- The subsidised village communities received money to boost the village’s prosperity through jointly implemented projects.
- A comparison of villages that received money and those which did not showed that wealth effects as a result of the funding were small and tended to be unevenly distributed.
- The main focus of the study was on social cohesion. In the villages that received aid, there was less interaction between members of the community, but they continued to support each other in an emergency.



Visualisation, by way of example, of social relationships and interactions in one of the villages.

ABOUT MATTHIAS SCHÜNDELN



Matthias Schündeln is Professor of Development Economics at Goethe University Frankfurt and was a visiting professor at Stanford University, the University of New South Wales (Australia) and Columbia University. He earned his doctoral degree from Yale University and worked as an assistant professor at Harvard University for five years. In 2009, he was appointed as a professor at Goethe University Frankfurt. In his research, Matthias Schündeln deals, among others, with the social effects and environmental impacts of development activities, in particular with projects that integrate local community groups in their implementation. In a project funded by the German Research Foundation, he is currently studying the effects of climate change on economic and political development in poorer countries.

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ABOUT SIMON HESS



Simon Heß is a postdoctoral researcher at Goethe University Frankfurt, where he completed his doctoral degree in development economics in 2020. For his thesis, Simon Heß travelled several times to The Gambia to collect data. His research deals with the analysis of the formation and function of social and economic networks. In September 2022, he will take up a position at the University of Vienna.

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been chosen at random. The random selection of the villages that had received funding allowed the researchers to investigate causal relationships with methods such as those used in randomised controlled trials in medicine, for example to investigate the effects of drugs or vaccinations. Following predefined criteria, the researchers from Goethe University Frankfurt selected 28 villages from each of the two groups in the project, a total of 56 villages, where they interviewed 2,700 people. Secondary data sources, such as the 2013 census, were also analysed. Their research revealed that the project had certain effects on the economic situation of the village and its inhabitants; the supply of consumer goods, food and livestock improved. However, the investments made were very different and therefore not easily comparable. Generally, the researchers also identified a clear trend that funding had increased inequality between the villagers.

Aid has reinforced existing elites

“If, for example, a tractor or other agricultural equipment was purchased for the village, you can expect that especially the landowners will benefit,” explains Heß. Aid thus tended to boost the position of the existing elite in the village, an effect that is described by development economists as “elite capture”. The Frankfurt team also looked at the relationships between the villag-



ers, frequency of communication and economic transactions. They discovered that interactions decreased overall within the community, while the elite were able to intensify contact among themselves and with other villagers. Does this mean that development projects upset the social structures in the village? And is the ineffectiveness at the economic level over the longer term, which other studies have identified, due to disharmonious relationships in the village? Simon Heß would not go so far in his interpretation and points out a positive finding: “We asked the villagers if they had experienced any major suffering such as illness, death of a family member, or a poor harvest. And independently of that, we also asked them how they exchanged things with others in the village. It turned out that those who had suffered more had also received more support, and this situation remained unchanged.”

Mutual help is essential

It is important to know that – unlike in wealthy Europe – there is hardly any formal cushioning of existential risks such as illness or unemployment in The Gambia. And those with fewer economic means have little chance of obtaining a bank loan. In an emergency, people rely on their personal and family networks: people help each other – not least because you can then expect help yourself when you need it. And this

emergency mechanism continued to function despite changes to interactions within the village community.

If you weigh up the costs and benefits of such projects, are they really worthwhile? Professor Schündeln believes that the answer is far from simple. Moreover, it is important to take into account the findings of these and other studies and, in particular, to keep an eye on elite capture. After all, it is certainly not in the interests of the donors to promote social discord in the villages. ●

Gathering in the shade of a large mango tree. This photograph is from one of the villages funded in the World Bank project.



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