

Enabling the Voluntary Sector in Third World Housing

Sukumar Ganapati
Florida International University

Abstract

In addressing Third World housing problems, the voluntary sector, characterized by voluntarism and community involvement, plays a crucial role in filling the gaps left by the public and private sectors. Although the voluntary sector is more flexible than public bureaucracy and is not constrained by profit-making goals of the private sector, it suffers from voluntary failure and faces accountability issues.

In this article, I argue that enabling the voluntary sector requires building synergistic relationships among the three sectors. I propose that intersectoral and intrasectoral institutional structures are crucial in building the synergy. Two aspects of the institutional structures need to be taken into account in this respect. First, the structures should allow for voluntarism and autonomy. Second, the structures should support the voluntary sector in financial, administrative, legal, and technical issues. I illustrate these structures by drawing on cases from Thailand, India, and the United States.

Introduction

In addressing Third World housing problems, the voluntary sector plays a crucial role in filling the gaps left by the public and private sectors. The voluntary sector covers a broad array of organizations, which are characterized by voluntarism and strong local community involvement. It is more flexible than the bureaucracy of the public sector, and, unlike the private sector, it is not motivated by profit-making goals; however, it faces voluntary failure and accountability issues.

Although the characteristics of the voluntary sector are distinctive, its functioning is not independent of the public and private sectors. I argue that enabling the voluntary sector requires building synergistic relationships with the other two sectors to mutually reinforce each other's capacity to address housing problems. Fostering synergistic relationships with the voluntary sector helps expand the welfare arm of the public sector and builds social capital. Synergy with the private

sector helps expand the capital base of the voluntary sector. In this sense, partnerships between the public sector and voluntary sector, between the private sector and voluntary sector, or among all three sectors enhance the capacity of the voluntary sector.

Synergy, however, cannot be taken as a given. Partnerships could be productive if sectors mutually reinforced each other's strengths, but partnerships could also become unproductive if relationships among sectors became adversarial. Furthermore, state involvement in enabling the voluntary sector is inherently paradoxical because voluntarism cannot be mandated. Because of these limitations, I propose that the state policies should focus on building institutional structures that can foster the synergy. *Institutional structure* refers to the manifest forms of relationships among organizations (for example, horizontal networks, hierarchical structures). The structure could be intersectoral or intrasectoral, and it could be formal or informal. Appropriately designed institutional structures could aid in both enhancing the strengths and mitigating the weaknesses of the voluntary sector. In this respect, I examine three cases: Community Organizations Development Institute (Thailand), Society for Service to Voluntary Agencies (India), and Community Development Corporations (United States). I argue that two aspects of the institutional structures are significant. First, the structures should allow for voluntarism and autonomy of the voluntary sector; they should encourage flexible accountability mechanisms of the voluntary sector. Second, institutional structures should support the voluntary sector in financial, administrative, legal, and technical issues. The forms of institutional structures could differ between countries, depending on the political and historical contexts.

The remainder of the article is organized as follows. The second section outlines the characteristics of the voluntary sector. The third section explores the need for synergy in reinforcing voluntary sector activities. The fourth section explores the role of institutional structures in building the synergy. The fifth section gives case illustrations of how the synergy is achieved through institutional structures in Thailand, India, and the United States. The sixth section outlines the significant features of the institutional structures to enable the voluntary sector. The seventh section concludes with the major lessons.

Characteristics of the Voluntary Sector

The voluntary sector encompasses a broad range of organizations, including nongovernmental organizations (NGOs), philanthropic organizations, community-based organizations (CBOs), grass-roots organizations (GROs), nonprofit organizations (NPOs), and cooperatives. These organizations differ in terms of their membership characteristics, financial sources, and groups they serve. For example, NGOs, NPOs, and philanthropies are typically voluntary organizations funded by other agencies (public, private, or philanthropic) to provide housing-related services to the homeless and slumdweller. CBOs, GROs, and cooperatives are typically membership organizations that promote the collective interests of their members. Their funding is often internally generated through their members. Whereas CBOs and GROs are loosely structured local associations, cooperatives are structured on collective ownership.

Voluntary sector organizations differ in their scope and type of activities. The scope of their activities ranges from international to national to local levels. The nature of activities at these three

levels differs. For example, international organizations typically provide financial support to local organizations; national organizations act as umbrella organizations or networks of locally based organizations. Furthermore, voluntary sector organizations could be involved in advocacy (that is, defending a cause) or operational activities (that is, direct provision of services). These divisions, however, are not mutually exclusive; that is, some organizations could be involved in both advocacy and operational activities (for example, they could protest eviction of slumdwellers, champion for slumdwellers' rights to housing, provide basic infrastructure and health services in slums, and so on). Furthermore, voluntary sector organizations are contextual, based on the country's legal framework. For example, in the United States, the sector comprises mainly the tax-exempt non-profits, which cannot distribute their profits to their principals. Indeed, because of the voluntary sector's varied nature, defining and classifying the voluntary sector is a problematic issue (Morris, 2000; UNCHS, 1992; Vakil, 1997).

Despite the variations among voluntary sector organizations, it is useful to broadly distinguish them from the public and private sectors for international comparative studies (Gidron, Kramer, and Salamon, 1992; Salamon and Anheier, 1997). Whereas public and private sector agencies are based on the principles of vocation and income maximization, respectively, voluntary sector organizations are based on the principle of voluntarism (Brett, 1993). Public sector agencies are broadly governed by the polity and can invoke the coercive power of law to commandeer resources (for example, through eminent domain, zoning, taxation, preferential regulations). Private sector agencies are governed by market forces, and their resources depend on their profitability. Voluntary sector organizations promote the interests of their own members or other vulnerable groups. They usually are self-governing, depend on charitable donations, and are not motivated by profits. Hence, "in the public sector, this means bureaucratic hierarchy associated with democratic accountability and, in the private sector, profit and accountability to the market," while voluntary organizations are private bodies motivated by "principles of obligation and reward based on solidarity or purposive incentives" (Brett, 1993: 276).

The voluntary sector has been especially useful in filling the gaps left by failures of the public and private sectors. Public sector intervention is typically prompted due to the private housing market failures; however, public sector agencies also fail and do not fully compensate for housing market failures. Private housing markets fail due to externalities of urban housing and land markets (Whitehead, 1983), lag time in reaching equilibrium between housing supply and demand, and information asymmetry between sellers (developers) and buyers (households). Public sector intervention to correct these housing market failures could also fall short of expectations. Public bureaucracies are inefficient because of their rigidity and inflexibility. Government failures are most evident in public housing, which, in addition to suffering from poor construction and bad management, also incurs higher costs. Indeed, inefficiency of the "top-down" public housing programs paved the path for "bottom-up," self-help housing approaches during the 1970s (Rodwin and Sanyal, 1987; Turner, 1976).

Since the late 1980s, a renewed policy interest in voluntary sector organizations has occurred with the emergence of the *enabling* approach. This approach emerged essentially in response to the failure of conventional public-sector strategies in addressing housing problems (UN-HABITAT, 2005). It seeks to remove institutional constraints hindering the efficiency of housing markets,

thus enhancing the role of the private sector (World Bank, 1993). Following this approach, several countries cut back on the public provision of housing; however, the private market has not been able to fulfill these housing needs either because of the peculiar features of the land or because of housing market externalities (Baken and Linden, 1992). In the face of the public-sector retreat and the market inefficiency, voluntary sector organizations have a greater onus in extending the welfare arm of the state to fulfil the housing needs of those excluded from the formal housing market.

The voluntary sector fills the gaps left by market and government failures by acting as private producers of collective goods (Weisbrod, 1975). For example, in many developing countries, NGOs, CBOs, and cooperatives have taken up the task of providing collective goods such as streets, playgrounds, water supply, sewage, and sanitation. The voluntary sector also extends the welfare state to the benefit of the poor in at least three ways. First, voluntary action complements public-sector efforts in targeting services to the poor who are left out of the private housing market. Second, voluntary sector organizations empower local communities by mobilizing collective action. For example, NGOs have mobilized collective action among slum and pavement dwellers in developing countries to obtain tenure security and basic services. Third, voluntary sector organizations have been able to implement nontraditional housing finance systems such as microcredits and group-lending programs to provide credit to the poor (who are usually not catered to by formal banks because of their lack of collateral, unstable income, and high transaction costs) (Mitlin, 1997).

Voluntary sector organizations that have strong ties with the local community can design and implement programs that are more responsive to the local needs. They are more flexible than the public sector. The United Nations Centre for Human Settlements (UNCHS) (1996) identified three roles for NGOs as agents of the local community:

- *Enablers* (that is, community developers, organizers, or constituents) alongside CBOs.
- *Mediators* between the people and the authorities that control access to resources, goods, and services.
- *Advisers* to state institutions on policy changes to increase local access to resources and to use these resources in locally determined ways.

Voluntary sector organizations have a much broader role, however, than fulfilling these three responsibilities. They provide exemplary norms of civic conduct through their public involvement. They enhance the community's stock of *social capital*. Social capital implies "social networks, norms of reciprocity, mutual assistance, and trustworthiness." (Putnam and Feldstein, 2003: 2) Social capital is a productive feature intrinsic to voluntary groups, networks, associations, and so on (Coleman, 1990). In economic terms, social capital reduces transaction costs and, in political terms, it increases public involvement to support informal and formal decisionmaking processes (Fukuyama, 2001). In membership organizations such as CBOs and cooperatives, norms of trust and reciprocity are contained within the group; in other organizations such as NGOs and NPOs, such norms extend beyond the organizational circles. Several scholars have emphasized the significance of social capital for housing and community development, particularly through the voluntary sector organizations (Ganapati, 2008a; Gittell and Vidal, 1998).

As with the public and private sectors, the voluntary sector has its weaknesses. These weaknesses stem from voluntary failure. Salamon (1987) identified four sources of such failure. First, voluntarism suffers from *philanthropic insufficiency*; that is, the voluntary sector cannot raise enough resources to provide collective goods adequately. Second, voluntarism suffers from *philanthropic particularism*; that is, the voluntary sector focuses on particular subgroups of the population, so that other deserving subgroups may not be adequately represented. Third, voluntarism suffers from *philanthropic paternalism*; that is, the voluntary sector may assist in such areas where it perceives a need, rather than providing assistance based on assessed local community needs. Fourth, voluntarism suffers from *philanthropic amateurism*; that is, the voluntary sector may not be capable of professionally dealing with local community problems.

In addition to voluntary failure, the voluntary sector faces accountability issues. While the public and private sectors are accountable to the polity and the market, respectively, accountability in the voluntary sector is more ambiguous. Accountability issues are less problematic in membership organizations such as CBOs and cooperatives—these organizations are accountable to their members, who are usually both the fund providers and the beneficiaries of services. Other organizations such as NGOs and NPOs face multiple accountabilities because the fund providers are not the beneficiaries of services (Edwards and Hulme, 1995). These organizations must be financially accountable to donors (upward accountability) and politically accountable to beneficiaries (downward accountability). Accountability becomes critical when the state is the donor, because state-funded NGO/NPO activities need to be broadly justifiable to the polity. In comparison to programs receiving philanthropic and private funding, state-funded programs usually involve more red tape, cumbersome procedural requirements, and regulatory control. Overemphasizing accountability at the cost of flexibility, however, threatens the voluntary sector. Edwards and Hulme (1996) argued that the dependence of NGOs on official funding may compromise their performance, distort accountability, and weaken their legitimacy. Indeed, a degree of flexibility is required in directing funds according to the assessed community needs. In this respect, the private sector holds promise, because it can be more flexible in its lending accountability procedures. By approaching the private sector and other philanthropic groups with similar goals, voluntary sector organizations could potentially expand their capital base while maintaining their flexible accountability.

The Need for Synergy in Reinforcing Voluntary Sector Activities

Although housing activities of voluntary sector organizations have grown over the past decade, considerable scope exists for further expansion. Enabling a concerted growth of these organizations is required for two reasons. First, this growth is fundamentally required to expand the welfare state to benefit the poor. Although a reduction in the state provision of public housing is justified, an overall decrease in state funding for housing has shrunk the welfare state. At the same time, the formal private sector has failed to cater to the housing needs of the poor in developing countries. The voluntary sector could complement the public sector in extending housing services for those not served by the private sector. Second, the inherent voluntary characteristic of voluntary sector organizations enhances the stock of social capital. Voluntary sector organizations provide exemplary norms of civic conduct while also acting as enablers of local community groups, mediators between local community and public authorities, and policy advisers to state agencies.

Although enabling the voluntary sector is desirable, state involvement in the enabling process is paradoxical because voluntarism is hard to achieve through coercive power of the state. Governments establish the legal and political framework within which voluntary organizations emerge. Voluntarism cannot be mandated; it needs to be nurtured. Unlike the public sector organizations, voluntarism is not based on political mandate. Unlike private sector organizations, the incentives for profit making do not exist. Voluntary organizations are curtailed if governments perceive them to be competitors in delivering services, or as critics of state programs (Bratton, 1989). Overt regulatory controls (for example, in authoritarian regimes) have the unintended effect of reducing voluntary activities (Ganapati, 2008b; Ho, 2007). State regulations need to provide a nurturing environment for voluntary sector activities to expand (Bratton, 1989).

Rather than regulate the voluntary sector, enabling policies should realize the synergistic relationship between the state and the voluntary sector. Synergy calls for mutually reinforcing relationships among the sectors, which is characterized by not only *complementarity* (that is, one sector fulfilling the gap left by the other) but also *embeddedness* (that is, mutual interdependence) (Evans, 1996b). Synergy enhances the voluntary sector's capacity in providing collective goods and in extending welfare services. Synergy is based on ties that span the public, private, and voluntary sectors to create productive, informal networks of bureaucrats, entrepreneurs, and volunteers. The networks build social capital by spawning informal norms of trust and reputation among the sectors. While maintaining the comparative advantage of each sector, synergy builds partnerships based on mutual advantage. Mutual relationships among the three sectors are important for effective voluntary sector intervention. As Edwards argued:

Making a difference to livelihoods and capacities among poor people depends on NGO successes in fostering autonomous grassroots institutions and linking them with markets and political structures at higher levels. (Edwards, 1999: 361)

Synergy, however, cannot be fostered based on the normative basis of comparative advantage alone. Fostering synergy requires sensitivity to the political and historical context of relationships among the sectors. Criticizing the comparative advantage approach, Sanyal (1998) argued that different institutional motivations could exist among sectors. For example, the state could collaborate with NPOs to appear neutral in its project implementations; on the other hand, NPOs could collaborate with the state to create a track record of their activities or to influence government programs. Sanyal (1998: 81) identified three variables in the relationship between the state and NPOs: (1) nature of the political system (NPOs may find allies in a multiparty democratic system); (2) political affiliation and sympathies of NPO leaders; and (3) the internal management and political coherence of the political party in power (systems with centralized decisionmaking could "deter the party from effectively mobilising the poor at the grassroots level, leaving room for NPOs to fill the void").

Indeed, synergy cannot be taken for granted and the evolution of productive relationships is not automatic (Rosenau, 1999). Several types of relations among the public, private, and voluntary sectors have been identified in scholarly literature. Gidron, Kramer, and Salamon (1992) identified four models of political relationships between the state and the voluntary sector in Europe: state-dominant, voluntary-sector dominant, dual, and collaborative. Coston (1998) identified eight modes of relationships between the state and NGOs depending on the state's attitude toward institutional pluralism. On an increasing scale of tolerance toward institutional pluralism (that is,

authoritarian to decentralized governments), these modes are repression, rivalry, competition, contracting, third party, cooperation, complementarity, and collaboration. Furthermore, differences could exist among institutional interests of the sectors. Najam (2000), for example, identified four possible relationships between the state and the voluntary sector based on institutional interests and preferences for policy ends and means: cooperation in case of similar ends and means, confrontation in the case of dissimilar ends and means, complementarity in case of similar ends but dissimilar means, and co-optation in case of dissimilar ends but similar means. In such a range of plausible scenarios, Evans (1996b: 1119) argued that synergy is “most easily fostered in societies characterised by egalitarian social structures and robust, coherent state bureaucracies.”

Although a range of relationships exists among the three sectors depending on the context, these relationships are not static—they are dynamic and evolve over time. In his comparison of government-nonprofit relations in four countries (the United States, the United Kingdom, Israel, and Japan), Young (2000: 168) argued that “the emphasis on supplementary, complementary, and adversarial relationships has changed over time within all four countries.” Synergy could arguably be said to increase as more collaboration exists among sectors and as the political economic environment exhibits more tolerance for institutional pluralism. Some authors argue that the seeds for synergy could be sown even in unfriendly circumstances by creating sustainable long-term relationships. In his comparative study of four NGOs in Asia, Edwards, for example, claimed the following:

When the right organizational characteristics and a supportive relationship with donors come together, NGOs have more chance of improving the context in which they work... Over time, the process becomes self-reinforcing—NGO success breeds confidence, and confidence makes more room for effective civic action. The lesson to be learned—even in more difficult contexts—is that NGO networking, constructive engagement with different levels of the state, and building demand among poor people for improvements in services and governance, can improve the legal and regulatory framework, and change donor practice, in ways which are crucial for sustainable development on the ground. (Edwards, 1999: 372)

The Role of Institutional Structure in Building Synergy

I propose that the core element in mediating the relationship among sectors is the institutional structure, which is a key factor in building synergy. Institutions refer to the matrix of rules (formal and informal) that forms the framework of constraints and of opportunities. The matrix provides a behavioral guide to individuals and organizations through rules that “refer to which actions are required, prohibited, or permitted” (Ostrom, 1986: 5). Although formal institutions (laws, policies) are designed and enforced by the state, informal institutions (cultural norms, conventions) evolve over time in the course of social interactions; informal institutions are less defined but more persistent than formal institutions. Together, they reduce uncertainty by providing a structure for daily life. They provide stability to relationships among organizations. The evolution of organizations is intricately linked with the institutional framework. As North (1990: 5) argued, “Both what organizations come into existence and how they evolve are fundamentally influenced by the institutional framework. In turn they influence how the institutional framework evolves.”

Institutional structure refers to the manifest arrangement of relationships among the three sectors fostered by the institutions. It mediates functional and power relationships among organizations. The structure could be formal or informal. A formal structure is based on legally binding relationships (for example, contractual relationships), while the informal structure is based on customary relationships (for example, reciprocity, trust, promise). Furthermore, the institutional structure could be intrasectoral (that is, *endogenous*—within each sector) or intersectoral (that is, *exogenous*—spanning the three sectors). Intrasectoral structure in the public sector may range from hierarchical authority to more decentralized decisionmaking at local levels; in the private sector, the structure could range from a corporation to an informal market; in the voluntary sector, the structure could be anything from a loosely knit organization to well-established networks. The intersectoral structures are more complex, ranging from monitoring to partnering among the three sectors. The intersectoral and intrasectoral structures, however, are not entirely independent of each other.

Institutional structures offer opportunities for building synergistic relationships among the sectors. Cooperation in formal structures is based on legal enforcement and in informal structures is based on social capital. Intersectoral structures span the three sectors for productive relationships, and intrasectoral structures build productive relationships among organizations within the sector. Taken together, institutional structures (intersectoral and intrasectoral) aid in mutually reinforcing the productive capacities of the three sectors. Appropriately designed institutional structures could preserve the voluntary sector's strengths and mitigate its weaknesses in the process of promoting productive intersectoral relationships. Thus, reforming the institutional structure is a key aspect of building the synergy.

Although characteristics of institutions and institutional structure are politically and historically contextual, the state, by virtue of its authority, has an important role in designing and enforcing institutions and institutional structures. Hence, the state could play a key role in catalyzing synergistic relationships. Also, the process of collaboration among public, private, and voluntary sectors to identify institutional constraints and define opportunities can, by itself, produce synergy and strengthen intersectoral relationships. Catalyzing key features of the institutional structure that promotes synergy could enable the voluntary sector. As Evans (1996a: 1036) argued, “the imaginative application of ‘soft technologies’ of institution building and organizational change can produce synergistic relations even under unlikely circumstances.” In his analysis of local organizations and institutions (LOIs), Nugent similarly observed the following:

...there is evidence that the existence of the state and the rules it establishes and enforces can strengthen and increase the efficiency of LOIs and that, at least in coalitions with other urban based groups, LOIs can give rise to collective action increasing the power of the state. Similar statements could be made about the relationship between markets and LOIs. (Nugent, 1993: 629)

Case Illustrations of How Synergy Is Achieved

The following three cases illustrate how institutional structures could help build synergy. These cases were selected from across different political and economic contexts. They are the Community Organizations Development Institute in Thailand, the Society for Service to Voluntary Agencies in

India, and Community Development Corporations in the United States. The cases show that the manifest forms of the institutional structures could vary among countries yet be supportive of the voluntary sector. Although none of these cases provides an ideal model, they all offer useful lessons for fostering institutional structures that enable the voluntary sector.

Community Organizations Development Institute, Thailand

The Community Organizations Development Institute (CODI) in Thailand is a state-initiated, intersectoral institutional structure established to promote the voluntary sector. The state government established the Urban Community Development Office (UCDO) in 1992 with a grant of 1250 million baht through the National Housing Authority. The UCDO's main purpose was to manage the disbursement of the Urban Community Development Fund to community organizations. The UCDO promoted community savings and loan groups and provided subsidized loans to community organizations for new housing and income generation. The community organizations lent the money to their members. After the 1997 Asian financial crisis badly hit Thailand's economy, the UCDO was reorganized. In 2000, the UCDO merged with the Rural Development Fund to become CODI. CODI facilitates community organizations in both rural and urban areas of Thailand.

Although the UCDO was initially set up under the National Housing Authority, it (and, subsequently, CODI) has been governed by an independent board. The board comprises government and community representatives: four representatives from government organizations (the Bank of Thailand, the Finance Ministry, the National Housing Authority, and the National Economic and Social Development Board), four elected community leaders, and three professionals from NGOs and the private sector. The governor of the National Housing Authority chairs the board, and the CODI managing director is secretary to the board (Boonyabancha, 2004).

The UCDO and later CODI have helped establish a range of community networks—national, regional, intracity, zonal, and districtwide—focusing on similar development issues and common interests. More than 100 such community networks have been established (Boonyabancha, 2004). These networks include the following:

- Bangkok Co-operative Housing Network—a network of 17 groups with more than 14,000 households, established in 1994.
- Buri Ram Community Network—a network of 11 groups with more than 1,000 households, established in 1999 in the poor city of Buri Ram.
- Bangkok Taxi Co-operative Network—a network of 214 taxi drivers that enables members to buy taxis rather than rent them from agents.
- Khon Kaen Community Network—a network of 21 groups with more than 1,200 households, mostly living in squatter settlements in the city of Khon Kaen.
- Chiang Mai Network—a network of 26 groups and more than 3,000 households, established to undertake environmental and housing activities.

In 2000, CODI spread its activities into 53 of Thailand's 75 provinces. It helped establish 950 community savings groups. Since 2003, CODI has undertaken the Baan Mankong program, which

upgrades slums through infrastructure subsidies and housing loans given directly to poor communities. The program is managed by community-based networks (Boonyabancha, 2005).

Society for Service to Voluntary Agencies, India

The Society for Service to Voluntary Agencies (SOSVA) in India illustrates the intrasectoral institutional structure, which emerged within the voluntary sector. SOSVA is not directly linked with housing per se; however, many NGOs in Mumbai working with slum and pavement dwellers have benefited from SOSVA (Desai, 1999). SOSVA is a broad umbrella organization for supporting NGOs and other voluntary agencies. It emerged in 1984 as a result of informal social capital among medical professionals working on community health in rural Maharashtra. It received initial financial assistance from the U.S. Agency for International Development and the Indian government to support its activities. SOSVA's aim is to assist voluntary agencies by filling gaps in information, resources, and skills. Its four goals include (1) promoting new and existing voluntary agencies, (2) improving and expanding those agencies' activities, (3) establishing interlocking support-service institutions, and (4) advocating for a promotional policy framework for the sector. SOSVA's activities have since expanded to other states, including Haryana, Karnataka, New Delhi, and Punjab (SOSVA, 2008).

In 1991, SOSVA initiated intermediary programs to help NGOs promote their projects and obtain financing and to provide the NGOs with technical, managerial, and procedural assistance. It established a separate project promotion and training program under the SOSVA Training and Promotion Institute in 2001. Another affiliated unit, the Centre for Voluntary Action, provides training to NGO personnel. The training programs cover a range of NGO management issues, including fundraising, project proposal writing, accounting, budgetary control, taxation and charity commission matters, public relations, and managing information systems. The central government also built on the SOSVA model to provide similar services in other areas. Such organizations, referred to as "mother" NGOs, have the maturity and experience to guide fledgling NGOs. Similar agencies have emerged to assist NGOs' operations in major urban areas, such as Mumbai, particularly in providing welfare services to the poor in urban slums (Desai, 2003).

Community Development Corporations, United States

The case of Community Development Corporations (CDCs) in the United States illustrates an integration of intersectoral and intrasectoral institutional structures that harness the synergy among the public, private, and voluntary sectors. In broad terms, CDCs are nonprofits governed by a community-based board; they serve low-income communities by sponsoring economic, social, or physical development projects. CDCs are well institutionalized in the American housing system and have become significant players in nonprofit housing. They have grown phenomenally since their inception. In 2005, there were nearly 4,600 CDCs, which had produced more than 1.2 million housing units (National Congress for Community Economic Development, 2005).

Gittell and Wilder (1999) argued that four factors are key to the success of CDCs: mission, organizational competency, political capital, and funding. The institutional structure supporting CDCs on these fronts is very advanced, with a range of national- and local-level support structures. Stoutland (1999: 205) contended that "three types of external resources—financial, technical, and

political—have been crucial in what the organizations are able to do.” On the political front, CDCs are supported by umbrella organizations such as the National Neighborhood Coalition, the Low-Income Housing Coalition, and the National Association of Neighborhoods, which lobby on behalf of CDCs (Rohe, 1998). These lobbying activities have been partly responsible for federal housing and tax-credit programs. Financially, CDCs are financed through various federal government housing programs. CDCs have benefited from the Community Reinvestment Act, a law designed to encourage banks to invest in the local communities in which they operate. Intermediary nationwide organizations such as the Local Initiatives Support Corporation (LISC) and Enterprise Foundation also channel funding from other foundations. Rohe highlighted the importance of intermediaries as follows:

...the advantage of relying on intermediaries is that they are in a better position to assess both overall strength of individual CDCs and the feasibility of specific projects. They can also combine funding with technical assistance, which is likely to lead to more successful initiatives. (Rohe, 1998: 194)

LISC and Enterprise, through their network of field offices in nearly 60 U.S. cities, have aggressively promoted CDCs through direct investment in the organizations’ projects (Walker, 2002). Their share of financial support for CDCs rose from 27 percent 1994 to 44 percent in 2005 (National Congress for Community Economic Development, 2005). At the local level, support also comes from local government, other community nonprofits, community foundations, and major institutions such as universities, hospitals, and corporations. Regional- and state-level networks provide capacity building support to local CDCs.

Significant Features of Institutional Structures for Enabling the Voluntary Sector

Although the forms of institutional structures differ in the three countries, they offer useful lessons for designing appropriate institutional structures to enable the voluntary sector. The institutional structures should preserve the strengths while minimizing the intrinsic weaknesses of the voluntary sector. Two aspects of the institutional structure gain importance in this context. First, institutions should allow for voluntarism—the core feature of the voluntary sector. Autonomy provides space for such voluntarism and allows voluntary sector organizations to emerge. In this, the institutional structures should facilitate accountability mechanisms while maintaining the voluntary sector’s flexibility. Second, the institutional structures should support the voluntary sector in financial, administrative, legal, and technical issues. The manifest forms of these institutional structures could vary among countries depending on local political and historical context.

Institutional Structures for Voluntarism and Autonomy

Since voluntarism is the core feature of the voluntary sector, it needs to be encouraged to enhance the sector’s activities. Promoting voluntarism is a subtle process, however. The state has a particularly delicate role to play in encouraging voluntarism, because regulatory controls could limit voluntary activities. Furthermore, autonomy is required to maintain voluntarism, else the

voluntary sector is susceptible to political co-optation. In such a scenario, the state's regulatory role should be redefined to provide the required political space for voluntarism to emerge. Excessive state regulations could stifle the activities of the voluntary sector. In this, voluntary sector organizations themselves have a significant role in the advocacy of regulations that preserve their autonomy (Bratton, 1989; Clarke, 1998). In Thailand, despite periods of suppressive regulations after World War II, voluntary organizations have actively advocated for their causes and have become more vibrant over the years (Pongsapich, 1997). NGOs advocating for secure land tenure in slums have particularly become strident. India is a stable democracy that gained its independence from the British in 1947. Voluntary sector organizations have diversified and grown since then. Many of these voluntary organizations in major cities (for example, in Mumbai, Kolkata, New Delhi, and Chennai) have ardently championed the causes of slumdweller's housing rights and access to services, often at odds with the local government officials (Desai, 1999; Sen, 1998, 1999). The United States has had a long history of independent community organizations and nonprofits.

Institutional structures should encourage productive voluntary activities, rather than discourage them. Cumbersome procedures stifle the formation and functioning of formal voluntary sector organizations; informal organizations emerge in such contexts. In this respect, CODI and SOSVA provide logistic support to the voluntary sector to overcome procedural problems. Vakil (1996) and Ganapati (2001) argued that cumbersome registration procedures could reduce the activities of voluntary sector organizations such as CBOs and housing cooperatives. Clear definitions of the forms of association and streamlined procedures (regarding documentation, fewer steps for clearances from public authorities, and bureaucratic cooperation) would enable voluntary sector development.

Voluntarism in voluntary sector organizations acts at two levels, both of which build social capital. The first level is the internal organizational level, in which collective voluntary services benefit the group as a whole. At this level, self-help and community participation activities are internal to the group, so that social capital is limited within the group (for example, in cooperatives and CBOs). The second level is the broader community level, in which external voluntary services provided by voluntary sector organizations leverage additional resources for the group. At this level, social capital is weakly distributed beyond the group (for example, in NGOs). At the first level, voluntary sector organizations face free-riding problems, which is inherent to the provision of collective goods. In such cases, intrasectoral institutional structures to overcome free riding are developed within the group (for example, through peer monitoring and internal sanctions). At the second level, voluntary sector organizations face "multiple accountability" issues. Mediating accountability across sectors and within the voluntary sector requires both intersectoral and intrasectoral institutional structures. At the intersectoral level, imposing the same standards of accountability on the voluntary sector as on other sectors undermines its voluntarism, flexibility, and autonomy and results in bureaucratic structures (Edwards and Hulme, 1996). At the intrasectoral level, voluntary sector accountability requires a delicate balancing between upward financial accountability toward donors and downward political accountability to beneficiaries. Often, voluntary sector organizations attempt to preserve the balance by diversifying their resource base (Froelich, 1999), but such strategies depend on the country context. Although CDCs in the United States can adopt such a strategy, in Thailand, community networks that are dependent on CODI's funding have few alternative sources.

Evolving a sustained synergy among the three sectors requires institutional structures of accountability that enhance partnerships. Partnerships begin with existing stock of social capital and enhance it through further participation and mutual learning. They are based on both formal (that is, relationships based on formal reporting procedures) and informal (that is, relationships based on trust, promise, reciprocity, and reputation) accountability mechanisms. Edwards and Hulme (1996: 969) argued that “a partnership approach which emphasizes participation, learning, reciprocity, and transparency may permit the problems that accompany organizational growth and donor funding to be managed: GRO/ NGO performance, legitimacy and accountability need not be eroded.” Emphasis on partnerships does not imply that such relationships are without conflicts. Indeed, partnerships entail both conflict and cooperation, but the emphasis is on forums of mutual participation and learning to encourage accountability.

Institutional structures to foster partnerships and enhance voluntary sector accountability differ among countries. Such structures could be catalyzed by the state or be established within the voluntary sector. The cases of Thailand, India, and the United States show how such structures emerge. In Thailand, CODI is a state-sponsored initiative but is managed by both the representatives of the government and the voluntary sector. This representation has ensured that the independence of the CODI board is maintained, which is crucial for the autonomy of the NGOs and community networks. CODI facilitated the formation of several community networks organized around similar interests and problems. Boonyabancha (2004: 39) argued that “community networking is a very powerful platform for larger-scale development—a platform that involves a synergy of learning, sharing of experiences, boosting of morale and mutual inspiration.” In India, SOSVA, an intrasectoral initiative within the voluntary sector, has facilitated several NGOs that extend the welfare arm of the state through the delivery of services to the urban slums. Organizations such as SOSVA and other powerful housing NGOs in Mumbai (including the Society for Promotion of Area Resources Centre, the National Slum Dwellers Federation, and Youth for Unity and Voluntary Action) have been crucial for the autonomy of NGOs. In her analysis of NGOs in Mumbai, Ramanath (2009) argued that, although NGOs may cooperate with the state government, they have been able to maintain their identity and have not been homogenized. In the United States, CDCs are autonomous organizations supported through both intersectoral and intrasectoral mechanisms and through intermediary and umbrella organizations.

Autonomy does not imply a loss of synergy. Rather, it implies a productive relationship based on sectoral strengths in which the institutional structure allows for autonomy while maintaining productive relationships. In this sense, the public, private, and voluntary sectors are delicately intertwined, with dense connections among bureaucrats, entrepreneurs, and voluntary activists. At the same time, all bring their relative strengths for mutual support. Evans (1995) portrayed the relationship as an embedded autonomy, which is an important trait for the institutional structure. Indeed, all three cases of CODI, SOSVA, and CDCs exhibit such embedded autonomy, albeit to different levels. In the context of Thailand, CODI is deeply embedded with the state but maintains its independence through representatives from the voluntary sector. In India, SOSVA officials are often professionals who have intimate links and deep knowledge of the government processes. Compared with Thailand and India, CDCs are much less embedded and far more autonomous in the United States.

Supportive Institutional Structures for Financial, Administrative, Legal, and Technical Issues

Supportive institutional structures regarding financial, administrative, legal, and technical issues help overcome some key weaknesses of the voluntary sector. Synergistic partnerships with public and private sectors are especially crucial to overcoming some of these voluntary failures. Financial support could aid voluntary sector organizations in overcoming philanthropic insufficiency and philanthropic particularism and in widening their scope of activities; administrative, legal, and technical assistance could aid the organizations in overcoming philanthropic amateurism. Brown and Kalegaonkar (2003: 231) argued that the institutional structures are required to serve critical support functions “such as strengthening individual and organizational capacities, mobilizing material resources, providing information and intellectual resources, building alliances for mutual support, and building bridges across sectoral differences.”

Supportive institutional structures for financial, administrative, legal, and technical issues could be both intersectoral and intrasectoral. Intersectoral structures for financing are more common and are usually based on mobilization of resources from various sources for supporting voluntary sector organizations. CODI in Thailand is an example of such intersectoral structure for mobilizing finance. In India, SOSVA acts as a nodal agency and a mother NGO for providing financial and technical support to NGOs in rural and urban areas. LISC and Enterprise are intermediary organizations within the voluntary sector that support the CDCs in the United States.

A tradeoff exists, however, between autonomy and finance when obtaining external assistance. Voluntary sector organizations need to be wary of overt dependence on other sectors, which could compromise their autonomy. First, philanthropic paternalism may become more acute if organizations are required to provide services emphasized by donors, rather than those required by local communities. Such dependence creates a constant tension between upward and downward accountability. Second, as Edwards and Hulme (1996: 969) argued, “closer links with donors (and the suspicion of foreign influence this creates in government) may result in a move away from self-regulation to regulation from above by the state.” They suggest that it may be better to channel funds through an independent public institution (that is, an intersectoral structure) or via local voluntary sector networks that ensure quality control through self-regulation and peer pressure (that is, intrasectoral structure within the voluntary sector).

Similar to partnerships that provide financial support to the voluntary sector, institutional structures for providing administrative, legal, and technical assistance could be both intersectoral and intrasectoral. This support is essential for encouraging new voluntary sector organizations and for helping to sustain nascent voluntary sector organizations. These organizations may lack capacity to organize efficiently and may not have the specialization required for dealing with housing issues (for example, regarding land development, regulatory constraints, and building bylaws). Intersectoral structures for assistance in these areas could be based on the public sector or the private sector.

The cases of Thailand, India, and the United States illustrate the support institutional structures could provide for administrative, legal, and technical assistance. Although CODI is explicitly oriented toward providing financial support for savings and loan groups and community networks,

it also helps build local capacity. If the CODI funds were to dry out, however, the long-term sustainability of the savings and loan groups and the community networks would be uncertain. In the Indian context, SOSVA provides similar support to voluntary sector organizations. In the United States, the intermediary organizations (for example, LISC and Enterprise) not only channel funding but also provide capacity-building programs to strengthen CDCs. In his review of CDCs in the United States, Walker (2002: 1) observed, “These bodies linked CDCs to money, expertise, and political power.”

Conclusion

In addressing Third World housing problems, the voluntary sector plays a crucial role in filling the gaps left by the public and private sectors. The voluntary sector is characterized by voluntarism and community involvement; it also faces voluntary failure and accountability issues. Enabling a concerted growth of the voluntary sector is desirable to extend the state’s welfare capacity and to build social capital. The state’s role in enabling the voluntary sector, however, is inherently paradoxical because it is difficult to mandate voluntarism. Enabling the voluntary sector requires building synergistic relationships among the three sectors. Institutions and institutional structures are key elements in building such synergy. The state can play a catalytic role in designing and enforcing such institutional structures.

In enabling the voluntary sector, institutional structures need to preserve the sector’s intrinsic strengths and mitigate its weaknesses while building productive relationships with public and private sectors. Two aspects of the institutional structures are significant in this respect. First, they should allow for maintaining the voluntarism and autonomy of the voluntary sector. The institutional structures provide a mechanism for ensuring the accountability of voluntary sector while maintaining its flexibility. Second, supportive institutional structures are required for the voluntary sector to overcome internal problems regarding financing, administration, legal affairs, and technical skills. These structures are required to sustain existing voluntary sector organizations and to promote new organizations.

The form of the institutional structures could differ among countries, depending on their political context. The cases of Thailand, India, and the United States illustrate the differences in institutional structure. In Thailand, the government sponsored the CODI, the board members of which are drawn not only from the government but also from the private and voluntary sectors. In India, the SOSVA emerged endogenously within the voluntary sector, based on the informal social capital among a few professionals in Mumbai. It has since grown and has been emulated as a “mother” NGO to support other voluntary sector organizations in India. In the United States, the CDCs have been supported through a range of national, state, and local organizations. Intermediary organizations within the voluntary sector, for example, have been crucial for providing financial and capacity-building support to the CDCs. In addition to these organizations, local governments also provide support for CDCs’ activities.

Acknowledgments

The author thanks the editors of *Cityscape* for their editorial assistance.

Author

Sukumar Ganapati is an assistant professor in the Public Administration Department at Florida International University.

References

- Baken, Robert-Jan, and Jan Van Der Linden. 1992. *Land Delivery for Low Income Groups in Third World Cities*. Aldershot, United Kingdom: Avebury.
- Boonyabancha, Somsook. 2005. "Baan Mankong: Going to Scale With 'Slum' and Squatter Upgrading in Thailand," *Environment and Urbanization* 17 (1): 21–46.
- Boonyabancha, Somsook. 2004. "A Decade of Change: From the Urban Community Development Office to the Community Organization Development Institute in Thailand." In *Empowering Squatter Citizen: Local Government, Civil Society and Urban Poverty Reduction*, edited by Diana Mitlin and David Satterthwaite. London: Earthscan: 25–53.
- Bratton, Michael. 1989. "The Politics of Government-NGO Relations in Africa," *World Development* 17 (4): 569–587.
- Brett, E.A. 1993. "Voluntary Agencies as Development Organizations: Theorizing the Problem of Efficiency and Accountability," *Development and Change* 24 (2): 269–303.
- Brown, L. David, and Archana Kalegaonkar. 2003. "Support Organizations and the Evolution of the NGO Sector," *Nonprofit and Voluntary Sector Quarterly* 31 (2): 231–258.
- Clarke, Gerard. 1998. "Non-Governmental Organizations (NGOs) and Politics in the Developing World," *Political Studies* 156: 36–52.
- Coleman, James. 1990. *The Foundations of Social Theory*. Cambridge, MA: Harvard University Press.
- Coston, Jennifer M. 1998. "A Model and Typology of Government-NGO Relationships," *Nonprofit and Voluntary Sector Quarterly* 27 (3): 358–382.
- Desai, Vandana. 2003. "Emerging Staffing Issues in Grassroots Urban NGOs: The Case of Mumbai," *Global Built Environment Review (GBER)* 3 (1): 26–36.
- Desai, Vandana. 1999. "Anatomy of the Bombay NGO Sector," *Environment and Urbanization* 11 (1): 247–265.
- Edwards, Michael. 1999. "NGO Performance—What Breeds Success? New Evidence From South Asia," *World Development* 27 (2): 361–374.

Edwards, Michael, and David Hulme. 1996. "Too Close for Comfort? The Impact of Official Aid on Nongovernmental Organizations," *World Development* 24 (6): 961–973.

———. 1995. "NGO Performance and Accountability: Introduction and Overview." In *Non-Governmental Organizations—Performance and Accountability: Beyond the Magic Bullet*, edited by Michael Edwards and David Hulme. London: Earthscan: 3–16.

Evans, Peter. 1996a. "Introduction: Development Strategies Across the Public-Private Divide," *World Development* 24 (6): 1033–1037.

———. 1996b. "Government Action, Social Capital and Development: Reviewing the Evidence on Synergy," *World Development* 24 (6): 1119–1132.

———. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University Press.

Froelich, Karen A. 1999. "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations," *Nonprofit and Voluntary Sector Quarterly* 28 (3): 246–268.

Fukuyama, Francis. 2001. "Social Capital, Civil Society, and Development," *Third World Quarterly* 22 (1): 7–20.

Ganapati, Sukumar. 2008a. "Critical Appraisal of Three Ideas for Community Development in the United States," *Journal of Planning Education and Research* 27 (4): 382–399.

———. 2008b. "A Century of Differential Evolution of Housing Cooperatives in Mumbai and Chennai," *Housing Studies* 23 (3): 403–422.

———. 2001. "Potential of Housing Cooperatives for Low Income Households: The Case of Mumbai, Chennai, and Delhi," *Habitat International* 25 (2): 147–174.

Gidron, Benjamin, Ralph M. Kramer, and Lester M. Salamon. 1992. "Government and the Third Sector in Comparative Perspective: Allies or Adversaries." In *Government and the Third Sector: Emerging Relationships in Welfare States*, edited by Benjamin Gidron, Ralph M. Kramer, and Lester M. Salamon. San Francisco: Jossey-Bass Publishers: 1–30.

Gittell, Ross, and Anna Vidal. 1998. *Community Organizing: Building Social Capital as a Development Strategy*. Thousand Oaks, CA: Sage Publications.

Gittell, Ross, and Margaret Wilder. 1999. "Community Development Corporations: Critical Factors That Influence Success," *Journal of Urban Affairs* 21 (3): 341–361.

Ho, P. 2007. "Embedded activism and political change in a semiauthoritarian context," *China Information*, 21 (2): 187–209.

Mitlin, Diana. 1997. "Building With Credit: Housing Finance for Low-Income Households," *Third World Planning Review* 19 (1): 21–50.

Morris, Susannah. 2000. "Defining the Nonprofit Sector: Some Lessons From History," *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 11 (1): 25–43.

Najam, Adil. 2000. "The Four C's of Third Sector-Government Relations: Cooperation, Confrontation, Complementarity, and Co-Optation," *Nonprofit Management and Leadership* 10 (4): 375–396.

National Congress for Community Economic Development (NCCED). 2005. *Reaching New Heights: Trends and Achievements of Community-Based Development Organizations*. Washington, DC: National Congress for Community Economic Development.

North, Douglass. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge, United Kingdom: Cambridge University Press.

Nugent, Jeffrey B. 1993. "Between State, Markets and Households: A Neoinstitutional Analysis of Local Organizations and Institutions," *World Development* 21 (4): 623–632.

Ostrom, Elinor. 1986. "An Agenda for the Study of Institutions," *Public Choice* 48: 3–25.

Pongsapich, Amara. 1997. "Thailand." In *Defining the Nonprofit Sector: A Cross-National Analysis*, edited by Lester Salamon and Helmut K. Anheier. Manchester, United Kingdom: Manchester University Press: 446–468.

Putnam, Robert D., and Lewis M. Feldstein. 2003. *Better Together: Restoring the American Community*. New York: Simon & Schuster.

Ramanath, Ramya. 2009. "Limits to Institutional Isomorphism: Examining Internal Processes in NGO–Government Interactions," *Nonprofit and Voluntary Sector Quarterly* 38 (1): 51–78.

Rodwin, Lloyd, and Bishwapriya Sanyal. 1987. "Shelter, Settlement, and Development: An Overview." In *Shelter, Settlement, and Development*, edited by Lloyd Rodwin. Boston: Allen and Unwin: 3–31.

Rohe, William. 1998. "Do Community Development Corporations Live Up to Their Billings? A Review and Critique of Research Findings." In *Shelter and Society: Theory, Research, and Policy for Nonprofit Housing*, edited by C. Theodore Koebel. Albany, NY: State University of New York Press: 177–200.

Rosenau, Pauline V. 1999. "The Strengths and Weaknesses of Public-Private Policy Partnerships," *American Behavioral Scientist* 43 (1): 10–34.

Salamon, Lester. 1987. "Partners in Public Service: The Scope and Theory of Government-Nonprofit Relations." In *The Nonprofit Sector*, edited by Walter Powell. New Haven, CT: Yale University Press: 99–117.

Salamon, Lester, and Helmut K. Anheier. 1997. *Defining the Nonprofit Sector*. Manchester: Manchester University Press.

Sanyal, Bishwapriya. 1998. "Beyond the Theory of Comparative Advantage: Political Imperatives of the Government-Nonprofit Relationship." In *Shelter and Society: Theory, Research, and Policy for Nonprofit Housing*, edited by C. Theodore Koebel. Albany, NY: State University of New York Press: 71–88.

- Sen, Siddharta. 1999. "Some Aspects of State-NGO Relationships in India in the Post-Independence Era," *Development and Change* 30 (2): 327–355.
- . 1998. "On the Origins and Reasons Behind Nonprofit Involvement and Non-Involvement in Low Income Housing in India," *Cities* 15 (4): 257–268.
- Stoutland, Sara E. 1999. "Community Development Corporations: Mission, Strategy, and Accomplishments." In *Urban Problems and Community Development*, edited by Ronald Ferguson and William Dickens. Washington, DC: Brookings Institution Press: 193–240.
- Turner, John F.C. 1976. *Housing by People: Towards Autonomy in Building Environments*. London: Marion Boyars.
- United Nations Centre for Human Settlements (UNCHS). 1996. *An Urbanizing World: Global Report on Human Settlements*. Oxford, United Kingdom: Oxford University Press.
- . 1992. *Public Private Partnerships in Enabling Shelter Strategies*. Nairobi, Kenya: United Nations Centre for Human Settlements (Habitat).
- United Nations Human Settlements Program (UN-HABITAT). 2005. *Enabling Shelter Strategies: Review of Experience From Two Decades of Implementation*. Nairobi, Kenya: United Nations Human Settlements Program (Habitat).
- Vakil, Anna C. 1997. "Confronting the Classification Problem: Toward a Taxonomy of NGOs," *World Development* 25 (12): 2057–2070.
- . 1996. "Understanding Housing CBOs: Comparative Case Studies From Zimbabwe," *Third World Planning Review* 18 (3): 325–348.
- Walker, Christopher. 2002. *Community Development Corporations and Their Changing Support Systems*. Washington, DC: The Urban Institute.
- Weisbrod, Burton. 1975. "Toward a Theory of the Voluntary Non-Profit Sector in a Three Sector Economy." In *Altruism, Morality, and Economic Theory*, edited by Edmund S. Phelps. New York: Russell Sage: 171–195.
- Whitehead, Christine. 1983. "The Rationale for Government Intervention." In *Urban Land Policy: Issues and Opportunities*, edited by Harold B. Dunkerley. New York: Oxford University Press: 108–131.
- World Bank. 1993. *Housing: Enabling Markets To Work*. Washington, DC: World Bank.
- Young, Dennis R. 2000. "Alternative Models of Government-Nonprofit Sector Relations: Theoretical and International Perspectives," *Nonprofit and Voluntary Sector Quarterly* 29 (1): 149–172.
