

# Local developmental agency from without

László Bruszt  
*European University Institute*  
laszlo.bruszt@eui.eu

Balázs Vedres  
*Central European University*  
vedresb@ceu.hu

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Decades of increase in external aid programs sparked a wide range of criticisms pointing to misaligned interests, lack of accountability, and the reproduction of developmental traps. The success of development from without is more likely if it generates domestic developmental agency. In this article, we contribute by conceptualizing and measuring dimensions of developmental agency. Our research analyzes the strategic case of European Union regional development programs in Eastern Europe, where this external organization spent nearly a decade on establishing local developmental agency. We collected survey data of 1200 local organizations from two regions in each of Czech Republic, Hungary and Poland. We examine the post-accession position of organizations that participated in pre-accession assistance programs. We test a hypothesis of marginalization in the framework of recentralized developmental governance, and we examine links between patterns of pre-accession involvement and post-accession developmental agency. We identify factors that might make external developmental programs more likely to foster local developmental agency.

The last two decades witnessed a dramatic increase in the number of external developmental interventions and the amount of developmental aid (Easterly 2008). Parallel to this trend, criticism of external support programs is also growing: These interventions are often seen failing in decreasing the need for external help, leaving misaligned incentives and insufficient domestic capacities behind, contributing to the reproduction of developmental traps (Stiglitz 1999; Edwards and Hulme 1996; Moss, Pettersson, and van de Walle 2006).

At the same time, sociology of development turned increasingly towards the transnationalization of local institution building (Djelic and Quack 2003; Djelic and Sahlin-Andersson 2006; Evans 2000; Koslinski and Reis 2008; Orenstein and Schmitz 2006;). Recent research found that the developmental outcomes are a function of

patterns of transnational interactions (Bruszt and Holzacker 2009; Stark, Vedres, and Bruszt 2006).

A critical dimension of transnational interactions is multiplexity. A frequent problem of external aid organizations is that their channels of gathering information about the target field are limited. As a result of thin transnational ties, the monitoring and enforcement capacity of these organizations on their own is weak (Evans 2004; Tallberg 2002; Jacoby 2004, 2008). Another critical dimension is symmetry of transnational ties. Institutionalized relations of holding external organizations accountable by the local actors are rarely in place. External organizations often operate with missing or severely distorted channels of feedback (Easterly 2006).

The sociology of development also contains a long tradition of analyzing the nature of local developmental alliances. One strain of this literature focuses on the density of local ties (Putnam 1993), while a more recent line of work emphasizes the diversity of ties, and the importance of cross-sectoral alliances (Sabel 1993; Safford 2009). Development according to this literature is not a function of the density of ties, but a consequence of allying diverse metrics of success, and generating more encompassing political framings.

In this article we combine insights from the literature of external aid programs and the sociology of economic development. The success of an external intervention is more likely if it entails the nurturing of domestic developmental agency. This refers to the ability of local actors to politicize issues of local development, increase the accountability of national governments and external support agencies, and generate capacities for collective problem solving (Sabel 1996; Sabel and Zeitlin 2007; Stiglitz 1999; Brown, Khagram, Moore, and Frumkin 2001). While international developmental agencies have experienced already with diverse forms of domestic empowerment, theoretically oriented empirical research on these issues is sparse (Bebbington et al 2004; World Bank 2007; European Commission 2007; Bruszt and McDermott 2009; Easterly 2008). In this article, we contribute by conceptualizing developmental agency, and placing it in the empirical framework of external aid interventions: Can external aid interventions generate sustainable domestic developmental agency? Can these agents be durable, and what predicts their durability? What are the institutional frameworks that are required to sustain effective local developmental agency?

Our research analyzes a strategic case, where an external organization spent nearly a decade on diverse assistance programs to establish local developmental agency, and after this period left these local agents to their own devices. In particular, we analyze EU assistance programs in regional development in three Central European countries: the Czech Republic, Hungary and Poland. In global comparison, this was the largest and most comprehensive developmental support program since the fall of the Berlin Wall. Assistance before 2004 took the form of direct support from the EU to local civic, business, and municipal organizations. Support in this period included provision

of resources, training, and direct inclusion in the making and implementation of regional development programs. After 2004, as these countries became members of the EU, assistance programs were discontinued, national governments dominated local developmental programs. It was up to the local actors whether they chose to continue their engagement in this policy field. Our task in this article is to study the relationship between participation in EU financed pre-accession assistance programs and the evolution of post-accession developmental agency.

The introduction of territorial developmental institutions in the CEE countries constituted a *de novo* policy field. None of these countries had explicit regional developmental policies or institutions. There was limited pressure for territorial policies from below, as most regions lacked elected political representation. Sub-national state and non-state actors were weak and disorganized, without much capacity to politicize territorial problems of economic transformation. Central states in most of the CEE countries lacked resources and skills, and effective coordination among sectoral ministries to experiment with decentralized, integrated, and inclusive sub-national policy making (Bruszt 2008).

Pre-accession assistance programs targeted both increasing the capacities of local actors, and boosting the developmental capabilities of national governments. The EU has invested in local actors by providing resources, ties and training. The EU created programs that established state capabilities in making and monitoring diverse sectoral and territorial developmental programs. The distinctive feature of EU programs for reducing territorial disparities is that they institutionalize decentralized search for ways of departing from local developmental gridlocks. In this regime the key role for external actors is to set clearly defined benchmarks and procedural rules for local search and help to activate local public and private actors who can co-define what the developmental problems are, co-design programs to solve them and monitor their execution.

After accession the Commission discontinued direct support to local actors and gave the right to set rules for making and implementing regional development programs to national governments (Keating 2006). This meant that after 2004 local actors no longer had the direct support of the Commission. They had to act, politicize, organize and mobilize without much direct external encouragement in the new environment of attempts by national governments to re-centralize and nationalize developmental governance. This is to say that the immediate post-accession period provided an ideal setting to test the effects of pre-accession EU assistance on post-accession local developmental agency.

The dataset that we analyze comes from a survey of local organizations that we have conducted in 2007. The dataset includes 1200 local organizations: municipalities, firms, NGOs and universities, from three Central European new member countries: the Czech Republic, Hungary and Poland. In each of these countries we selected two

regions: one representing more developed regions, and one representing underdeveloped regions. The questionnaire covered all forms of possible participation in the pre-accession period, and data on key aspects of developmental activism after 2004.

In the following section we overview the debate on dilemmas of external involvement in domestic development, and we proceed by defining dimensions of local developmental agency. We then introduce the case of EU developmental programs, and describe our data collection procedures. We examine the post-accession position of the organizations that participated in various pre-accession assistance programs. We test the hypothesis about the marginalization of EU-endowed local organizations in the framework of recentralized developmental governance, and we examine the link between patterns of participation in pre-accession assistance and forms of post-accession developmental agency. In the final part of our analysis, we examine factors that made pre-accession programs more likely to fostering local developmental agency.

## **Development from without**

International developmental programs are often criticized for conserving, or even worsening the problems they aimed to solve. Efforts to impose change in domestic policies and institutions from without seem to inevitably run into roadblocks of information asymmetries, moral hazard, misplaced incentives, and hidden power structures.

Efforts of external mobilization and transfer of resources are criticized for high risks of moral hazard. Aid might function as a rent, neutralizing the incentives to build domestic institutions. It might distort accountability, discourage building capacities for endogenous problem-solving, and contribute in the end to sustained 'learned helplessness' (Moss et al 2006; Edwards and Hulme 1996).

External interventions are disparaged for being based on heroic assumptions about the capacities and incentives of external program 'principals'. The capacity of organizations that run external aid programs to gather information and generate coherent knowledge about the target is limited. Typically, there are only rudimentary ideas about which types of institutional reforms, or detailed adjustments are needed, why particular elements of a given program failed, and what course of adjustment should be followed. Moreover, channels of feedback are often non-existent, or severely distorted. Added to this, the mechanisms of holding external aid organizations accountable are also weak. As a result, such activist external interventions have the tendency to embrace 'utopian goals and all-encompassing roadmaps for getting there' (Easterly, 2008). External aid easily becomes cookie-cutter reform, running the risks of 'institutional monocropping' (Evans, 2004), with little regard for the wildly varying

developmental consequences the same institutions might have in diverse social and political contexts.

External interventions are also criticized for devoting too much attention to getting the incentives of domestic actors right, at the expense of disregarding their resources and capacities. Such a tunnel vision goes hand in hand with overestimating the effectiveness for external monitoring and sanctioning (Jacoby 2004, 2008; Bruszt and McDermott 2008). External organizations typically have a limited capacity to monitor whether domestic actors play by the rules. Finally, external actors might have limited resources and incentives to sustain the right mix of incentives that could allow for consolidating domestic institutional change. (Tallberg 2002; Sedelmeyer and Epstein 2008).

The common thread in all of these critical points is that the more developmental interventions remain 'external' the greater the chance that they yield no lasting beneficial results, or produce perverse effects. The need for external help can decrease only with the parallel emergence of domestic capacities of collective problem-solving (Easterly 2008; Evans 2004; Bebbington et al 2004). These domestic capacities are, on the one hand, the capacities of domestic states to create, administer, monitor, enforce and adjust public rules and policies that can further development. Domestic capacities are, on the other hand, the capacities of local actors to generate demands on power-holders, mobilize resources, and to form developmental alliances.

The second lesson to be learned is that the sustainability of externally imposed rules and policies is closely linked to the capacity of external actors to generate domestic alliances that support new institutions (Jacoby 2008). External developmental assistance also needs to promote the emergence of actors empowered to participate in monitoring, enforcing, and upgrading the new rules. If that participation extends to the framing of the developmental program itself, it increases the accountability of the external actor, and contributes to monitoring at the level of the whole program. (Easterly 2006; Tallberg 2002; Sedelmeier and Epstein 2008; Bruszt and McDermott 2008).

Finally, a third lesson is that interventions targeted only at state, or only at non-state actors might just reproduce the problems mentioned above.

Examples of targeting solely domestic states include the IMF and World Bank developmental programs throughout the 1970s and 1980's. Several of these programs have conspicuously failed (Stiglitz 1998; Evans 2004). These programs were restricted to strengthening the incentives and capacities of domestic states and excluded domestic non-state actors from monitoring and implementation. The fragility of externally induced change was in several cases linked closely to the weak capacity of external actors to sustain the incentives of domestic states and/or to monitor and sanction their behavior (Stallings 1990).

Other developmental programs tried to bypass domestic states and endow local non-state actors with resources and capabilities. Several of the 'social capital' programs of the World Bank could be mentioned here (Bebbington et al 2004; Woolcock 2001). Because there was no change in the incentives of domestic states to generate supporting institutions and policies, the results of these programs depended on sustained external support. Endowing diverse non-state actors with developmental capabilities was a necessary but not sufficient condition of generating endogenous developmental capacities. The work by Dani Rodrik (1999a, 1999b) provides powerful econometric evidence in support of the idea that economic growth in general, and the ability to manage shocks in particular, is the twin product of coherent public institutions and societies (Woolcock 2001).

### **Dimensions of local developmental agency**

Developmental agency entails the capacity of local actors to jointly define problems of development, generate programs that accommodate a diversity of local interests, and jointly mobilize resources for implementation. At the level of local actors this means a capability to organize cross-sectoral developmental projects, to mobilize resources outside the framework of the external support programs, and to politicize issues of local development. In sum, we identify three interrelated dimensions of local developmental agency: associating, mobilizing and politicizing.

*Associating* Our first dimension captures the intensity of cross sectoral (state, business, civic) developmental collaborations. We adopt an extended version of the neo-Tocquevilleian concept of social capital. Whereas neo-Tocquevilleians, like Putnam highlight the density of only civic connections as a source of making markets or regional democracies work, in our first dimension we highlight the importance of diversity. In their attempts to make states and markets more inclusive, local organizations often move beyond homogenous publics. They collaborate across fields to produce goods that can be recognized as such by actors from different fields. In the literature on developmental associations, these cross-sectoral alliances represent a form of institutional experimentation (Sabel 1993, 1994, 1996, Gerstenberg and Sabel, 2002; Brown et al. 2001; Bruszt and Stark 2003; Stark, Vedres and Bruszt 2006).

From a Durkheimian perspective, cross-sectoral association represents a mode of local organizing that can correct and/or complement the working of markets and states (Streeck and Schmitter, 1985). Whereas dense intra-sectoral ties might further the trust and cohesion needed for smooth collective action among actors with homogeneous interests, the organization of diverse local actors allows for mobilizing and combining resources and identifying new opportunities (Triglia, 2001; Vedres and Stark, 2010).

*Mobilizing* Our second dimension distinguishes local organizations that mobilize resources outside the framework of the EU programs from those that do not. The capacity to detect and mobilize resources is a basic condition for endogenous development. The importance of this capacity was first stressed by Albert Hirschman (1958), one of the founders of development economics. According to Hirschman, development depends not so much on the abundance of resources or on finding optimal combinations for given resources and factors of production as on calling forth and enlisting for development purposes resources and abilities that are hidden, scattered or badly utilized.

*Politicizing* Our third dimension records whether local actors shape the political agenda, or influence the rules of developmental policymaking. This has been perhaps the most contested dimension of domestic agency in the literature on the governance of external developmental interventions. From the perspective of the conditionality literature, politicizing issues of domestic development was an anathema. In this framework external developmental organizations were assumed to possess perfect knowledge to define and implement the 'right programs' in the 'best way'. This view has been strongly criticized based also on the analysis of the failures of such developmental interventions. According to this literature, institutional development is a function of the emergence of diverse local organizations with the capacity to increase the accountability of domestic states and external developmental organizations (Jacoby, 2008; Easterly, 2006; Stiglitz, 1999 Evans, 2004).

## **The case of EU regional developmental programs**

The case of the involvement of the EU in regional development programs in Central and Eastern Europe is a strategic case to understand the efficacy of local empowerment in external developmental programs. This is a case of a developmental program that was very much centered on empowering local actors. From 1996 to 2004 the EU introduced large scale pre-accession assistance programs targeted at the creation and upgrading of local developmental agents.

This is also a case where we can observe the endurance of this empowerment of local actors after the end of direct support programs. After 2004 regional developmental programs were re-centralized at the level of national states, without any formal obligations to involve local actors. If local actors wanted to participate in the making and implementation of regional programs, they had to rely on their own powers. They had to lobby at the level of national governments, at the level of EU. Local actors needed to invoke goals and principles approved in the negotiations between Brussels and national governments. To participate in implementation, they had to form local alliances, and mobilize resources.

The fostering of local developmental agency by the EU, a goal that originated at the time of the reform of the Structural Funds (SF) policies in 1988, was linked to several expectations. First, regional and local actors were seen by the Commission as crucial partners in producing more meaningful regional developmental plans than those drawn up by member state bureaucracies. This increased agency by local partners was expected to allow for the representation of a wider diversity of local interests and the accommodation of more diverse developmental goals (Keating 2008). Also, the reforms saw increased chances to the enforcement of the goals and principles of SF policies by involving diverse local actors in the monitoring as well. Third, by introducing the principle of “additionality”, the Commission wanted to increase the capacity of regional and local actors to identify and mobilize resources on their own, independently of the EU. Finally, the most important expectation was that the nurturing of cross-sectoral collaboration among municipalities, firms, NGOs and other local actors would contribute to the growth of endogenous developmental capacities, gradually decreasing the need for external and hierarchical interventions (Barca, 2009).

The introduction of territorial developmental institutions to Central and East European countries constituted a *de novo* policy field. None of these countries had explicit regional developmental policies or institutions. Meeting EU conditions necessitated the creation of new institutions. This meant, among others, the building of administrative state capacities at the national, regional and local levels to provide statistical information and developmental analysis. It also generated capacities to coordinate policy among relevant national and sub national agencies. Training programs for bureaucrats established skill sets to design, implement and monitor developmental programs. A diverse set of institutions were created to aid the generation of tens of thousands of projects that could meet the administrative criteria of the EU.

The EU provided templates and training to central governments, and established pre accession programs to empower diverse local non-state actors. The beneficiaries of pre-accession programs included associations of small municipalities, local self-governments, regional authorities, cross-border alliances of diverse sub-national units, and different types of NGOs ranging from environmental organizations to non-profits specialized in fighting social and economic exclusion. The scale of the EU support targeting NGO capacity building was rather modest (with an annual budget of 1-2 million Euros per country) in comparison with the resources provided to strengthening administrative capacities at central governments. Nonetheless, a variety of PHARE programs supported different forms of developmental collaboration between local state and non-state actors.

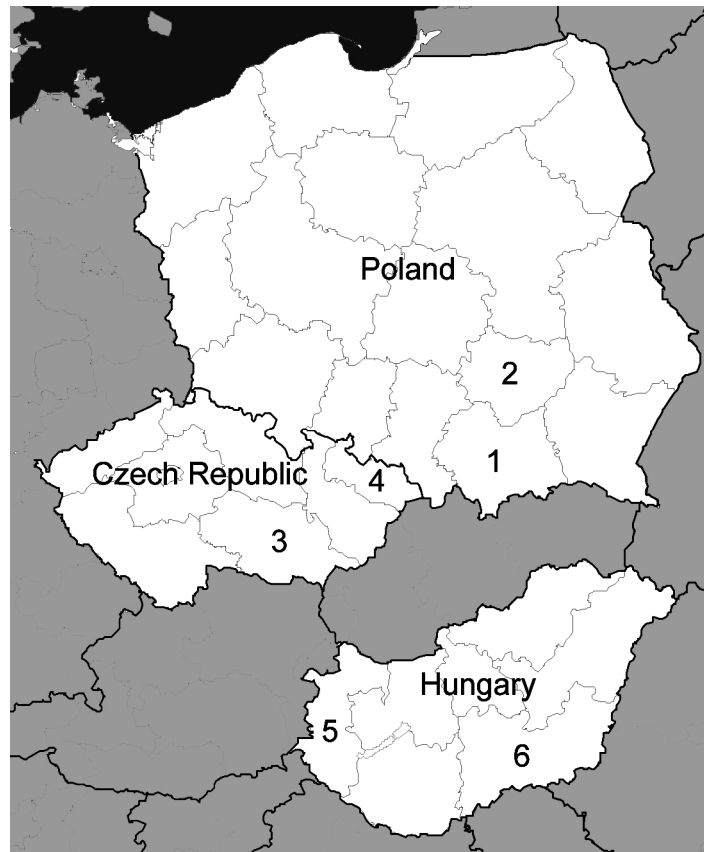
Pre-accession programs like "PHARE" and "Twinning" provided information and skills via training and exchange programs. Pre-accession programs also established the project as an important organizational device, and linked up participants with domestic and transnational project partners, intensifying intra-regional and cross-regional

networking. The EU also opened political opportunities for local actors to participate in the making and monitoring of developmental programs at local, sectoral, national, and EU levels. Experience via these political opportunities endowed local actors with skills in lobbying, political agenda setting, and coalition building. A consequence of this political activation was that several of these local agents opened representative offices in Brussels, and joined transnational interest organizations.

## **Data and methods**

As a first step, we selected three countries: Poland, Czech Republic, and Hungary. These represent the variation in new EU member states regarding territorial government structures and developmental policymaking. Poland was the first to devolve political and some fiscal powers to the regional level, in the second half of the nineties. This country had some experimentation with territorial developmental policymaking (Bruszt 2008). Czech Republic established political regions in the early two thousands, while it did not experiment with territorial developmental policymaking. Hungary had neither political regions, nor territorial policymaking.

As a second step, we select two regions in each country: one that was above and one that was below the average level of countrywide economic development. (Using indicators of gross domestic product, unemployment rate and rate of agriculture in GDP). To guarantee comparability across territorial units, we chose from among the so-called NUTS II regions, the official units of regional development programming within the EU. In Poland, these NUTS II regions correspond to the elected regions. In the Czech Republic, usually two elected regions make up one NUTS II region. In Hungary, there are no elected regional governments, so the NUTS II regions are 'statistical regions' each consisting of three counties. As indicated in figure 1, for the Czech Republic we have selected the Jihovychod and Moravskoslezsko regions. The two Hungarian statistical regions included are Nyugat Dunantul (Western Hungary) and Del Alföld (Southern Plain). Finally, in Poland we did the survey in the regions of Małopolskie and Świętokrzyskie.

**Figure 1.** Map of six regions included in the sample.

Legend:

1: Malopolskie\*; 2: Swietokrzyskie;  
 3: Jihovychod\* 4: Moravskoslezsko;  
 5: Nyugat-Dunantul\*; 6: Del-Alfold.

\*: more developed region.

We interviewed 400 organizations per country (200 in each of the six surveyed regions). We used two lists to select organizations. Seventy percent of the interviewees (N: 841) were randomly selected from the list of EU project winning organizations. To be able to compare EU projects with non-EU projects, the other thirty percent of the organizations were selected randomly from the available regional lists of firms, NGOs, municipalities and universities. Altogether 30 percent of the organizations interviewed were firms, 40 percent NGOs, 25 percent municipalities and 5 percent universities and research institutes.

## Measuring post-enlargement developmental agency

We operationalize developmental agency along three dimensions: organizing, mobilizing, and politicizing. We measure organizing by the presence of cross-sectoral projects. We consider a project to be cross-sectoral, if it includes partners from at least two of the following four domains: state (agencies, bodies, organizations, of the national, regional, and local government), civic (domestic or foreign NGOs), market (domestic or foreign businesses), and general public organizations (media agencies, churches, parties, unions). We consider only those projects that started after 2004, as our analysis of developmental agency is targeted to the post-accession period. If an organization had at least one cross-sectoral project, we record a “yes” in the organizing dimension; otherwise we record a “no”.

We record the resource-mobilizing by the capacity to generate project-based monetary or non-monetary resources. For monetary resources we record the presence of non-EU related money in any of the organization’s projects after 2004. For non-monetary resources we record the ability to secure at least three kinds of resources from project partners, of the following seven types: contacts to authorities, know-how, information, reputation, material goods or the use of tools or equipment, voluntary work, and contacts to business. If an organization secured non-EU money, or at least three non-monetary resources, we record a “yes” in the mobilization dimension; otherwise we record a “no”.

We measure the politicizing by using indicators of self-assessment of political efficacy: the perceived effects of political action in political agenda setting, and changing laws, regulations, rules, or policies. If an organization’s leader claims to see any impact (independent of frequency) in political agenda setting or rule changing, we record “yes” for political agency; otherwise we record “no”. Table 1 shows the frequencies of organizations by the three dimensions outlined above.

**Table 1.** Dimensions of post-enlargement developmental agency.

	Organizing	Mobilizing	Politicizing
Yes	28.2	52.3	40.6
No	71.8	47.7	59.4
Total	100.0	100.0	100.0

*Note:* cells contain percentages.

Out of these three dimensions, we then construct a composite index. Our final indicator of developmental agency uses these combinations, to record three categories: 1. No developmental agency, where organizations do none of the three, 2. partial developmental agency, with organizations active in one or two dimensions of the three,

and 3. full developmental agency, with organizations active along all three dimensions. Table 2 shows these combinations and the final index with three categories.

**Table 2.** The index of post-enlargement developmental agency.

Final index	Frequency	Combinations	Frequency
Full agency	13.1	Organizing, mobilizing, politicizing	13.1
Partial agency	56.1	Organizing, mobilizing	9.5
		Mobilizing, politicizing	12.3
		Organizing, politicizing	2.0
		Politicizing	13.2
		Organizing	2.6
		Mobilizing	16.5
None	30.7	None	30.7
<b>Total</b>	<b>100.0</b>		<b>100.0</b>

*Note:* cells contain percentages.

## Measuring pre-accession involvement

Organizations were involved in pre-accession programs in three ways: through projects financed by PHARE, ISPA, TACIS, or other programs, through partnering in projects without direct financial support, or through management training programs. Out of these forms of participation we created three categories: none, peripheral, and core involvement. Those organizations that joined pre-accession programs before 2002, received money within the frameworks of pre-accession projects, and also had leaders who participated in training programs are part of a core set of organizations. We classified as peripheral involvement those organizations that joined after 2002, and did not necessarily receive money, but did have at least one project, and one trained leader.

Table 3 presents the frequencies and descriptive statistics of these three categories. Core organizations had considerably more projects than peripheral ones – in accordance with the earlier start of their engagement. These core organizations also received more money – almost three times the amount compared to peripheral ones. The number of trained leaders and the number of pre-accession programs that the organization was involved in were about the same. Note that one fifth of the organizations in our sample had at least one project and one leader trained in pre-accession programs. This number indicates a considerable mobilization of local municipalities, civic organizations and firms in the pre-accession assistance programs.

**Table 3.** Pre-accession involvement.

Pre-accession involvement	Frequency (percent)	Projects (mean)	Money (median in Euros)	Trained leaders (mean)	Programs (mean)	Years (mean)	Start year (median)
None	78.9	.52	0	.39	.36	.30	2002
Peripheral	16.2	2.69	112505	2.37	1.87	2.16	2003
Core	4.9	4.10	320313	2.51	2.07	5.59	1999
Total	100.0	.89	0	.82	.69	.86	2003

### Pre-accession involvement and post-accession position

The transition from the pre-accession period to the post-accession scheme of regional and structural funds represents a natural experiment in the efficacy of generating local developmental agents. While in the pre-accession phase EU funds were distributed by agencies under more direct EU supervision, the post-accession phase saw a re-centralization to the level of national states. Post-accession funds became distributed by agencies of the national state, thus making any representation of EU agendas and operational goals very intermediate. The first question of our analysis is whether the actors participating in the pre-accession programs became marginalized in the post-accession developmental regime. To answer this question we assess the frequency of participation in developmental planning, winning EU-projects and the amount of EU funds that pre-accession-established organizations were able to generate.

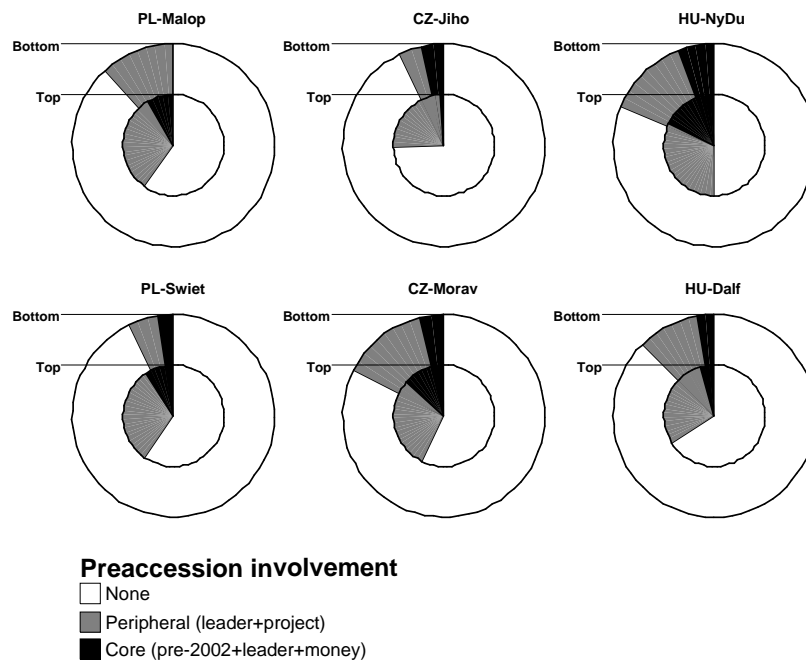
By the evidence presented in Table 4, we can reject the hypothesis that pre-accession organizations became marginalized in the post-accession phase. Pre-accession organizations are over-represented among those that participated in making national, regional and sectoral developmental plans. These organizations were also more likely to win EU projects after 2004, compared to the general population. Since organizations can win funding for multiple EU projects, we need to consider the number of projects as well. In this respect pre-accession organizations fared even better: while they represent a little above one fifth of all organizations, they won more than two fifths of all EU projects in our sample. Since there are major differences between small and large EU projects in terms of funding, we need to take into account the total budget that these projects involved. Along this dimension the advantage of pre-accession organizations is even more striking: while they represent a fifth of organizations, they won two thirds of all EU funds. Along all these dimensions we can also observe that core pre-accession organizations are more successful than peripheral ones. In sum: organizations that were involved in pre-accession programs were very successful in their post-accession involvement.

**Table 4.** Pre-accession involvement and post-accession position.

Pre-accession involvement	N (percent)	Participation in planning (percent)	With EU projects (percent)	Number of EU projects (percent)	EU funds won (percent)
None	78.9	13.6	74.3	54.5	36.0
Periphery	16.2	35.8	19.6	37.0	40.0
Core	4.9	38.1	6.1	8.4	23.9
Total	100.0	100.0	100.0	100.0	100.0
<i>Statistics</i>					
Chi-square		49.009**	34.655**		
F				15.575**	7.638**

\*:  $p < .10$ ; \*\*:  $p < .05$

Beyond analyzing the performance of pre-accession organizations in our total sample, we can also consider the six regions as six largely independent experiments. If pre-accession engagement enabled organizations to engage successfully in the post-accession programs, then we expect to see the same relationship in all of the six regions. Figure 2 presents pre-accession involvement by the bottom and top halves of EU funds (the smallest 50% of organizations in terms of EU funds won fall into the bottom half, while the 50% organizations with the largest EU funds are in the top half). We expect to see pre-accession organizations to be over-represented in the top half (larger 50%) of EU funds won.

**Figure 2.** Pre-accession involvement and post-accession EU funds by region.

*Note:* Outer piecharts refer to bottom half of organizations (smallest EU fund size), inner piecharts refer to the top half of organizations (largest EU fund size).

This figure shows that in all but one region, pre-accession organizations fared better than those not involved in pre-accession programs. The only partial exception is Jihovychod (Czech Republic), where fewer core pre-accession organizations are among those with larger funds. Even in this region, however, the total of both periphery and core pre-accession organizations are overrepresented in the larger projects. The crosstabs that the chart in Figure 1 is based on show that the statistical relationship between pre-accession involvement and post-accession funding size (based on a Chi-square statistic) is significant in all of the regions at the  $p=.05$  level.

### **Pre-accession involvement and developmental agency**

In the previous section we found evidence for the relationship between pre-accession involvement and post-accession planning participation and grant winning capacity. However, this finding in itself is not sufficient evidence for the developmental impact of pre-accession programs. Involvement in pre-accession programs might enable organizations to learn the practice of grant writing, without being agents of change (Sarah Henderson's work on Russian NGOs and Western assistance shows exactly this

pattern. See Henderson, 2002). In this section we test whether those organizations involved in pre-accession programs are also more active in developmental terms.

Table 5 shows levels of pre-accession involvement by categories of developmental agency. The statistical association is highly significant (Chi square = 68.6,  $p = .000$ ). The table shows that pre-accession categories are represented in the partial developmental agency category in equal proportions. But those organizations that were not involved in pre-accession programs are over-represented in the 'no developmental agency' category, and under-represented in the full agency category. Core pre-accession organizations are significantly overrepresented in the category of full agency. We find one third of them in that category, while only about one-tenth of them are in the category where we cannot find any of the elements of developmental agency.

This statistical relationship holds for all the regions separately, except for Świętokrzyskie in Poland. Considering six regions as six repeated experiments for the relationship between pre-accession involvement and developmental agency, we see that five of the six regions confirm this relationship.

**Table 5.** Pre-accession involvement and developmental agency.

Pre-accession involvement		Developmental agency			
		None	Partial	Full agency	Total
None	Count	324	528	92	944
	Row %	34.3	55.9	9.7	100.0
	Column %	88.0	78.6	58.6	78.9
	Adj. Res.	5.2	-.3	-6.7	
Peripheral	Count	38	111	45	194
	Row %	19.6	57.2	23.2	100.0
	Column %	10.3	16.5	28.7	16.2
	Adj. Res.	-3.7	.3	4.5	
Core	Count	6	33	20	59
	Row %	10.2	55.9	33.9	100.0
	Column %	1.6	4.9	12.7	4.9
	Adj. Res.	-3.5	.0	4.8	
Total	Count	368	672	157	1197
	Row %	30.7	56.1	13.1	100.0
	Column %	100.0	100.0	100.0	100.0

## **Predicting developmental agency**

Developmental agency is related with pre-accession involvement, but to ascertain whether this association is a sign of a causal relationship rather than a result of correlations with third variables, we constructed a multivariate model. We use developmental agency as a dependent variable. This variable is measured on the ordinal scale, so we use an ordinal logit model.

Developmental agency can be explained by several other factors than participation in pre-accession programs. From a neo-Weberian perspective developmental agency might be a result of a partnership with agencies of the developmental state. Through developmental associations with such agencies, organizations can become activated. State agencies can initiate and empower local developmental associations and can participate in monitoring and setting measures of success. To measure state involvement, we include a variable that records whether agencies of the national state appear as long-term partner in the ongoing activities.

From a neo-Tocquevillian perspective a similar activation can be achieved though ongoing collaboration with domestic NGOs. Such partnerships represent peer pressure to take on developmental goals. Civic organizations can also serve as bridges across organizational fields, fostering the formation of developmental alliances. To measure domestic NGO partnership, we include a variable that records the presence of domestic NGOs as long-term partner in the ongoing activities. A similar peer-pressure can result from taking intrasectoral actors into account when making decisions, and we include a variable to record that. The presence of volunteers in the life of an organization also makes it more likely that there is a bottom-up push towards developmental agency. Volunteers can present demands to stand up for the development of the region in exchange for their time and effort. We include the variable of the log number of volunteers in 2006. Similar to volunteers, taking stakeholders (members, volunteers, staff, clients) into account should have a positive impact on developmental agency. We include a variable that records the frequency of taking stakeholders into account.

From a constructivist international relations perspective developmental agency can be a result of diffusion, learning from transnational civic actors. Having a foreign NGO as a partner in ongoing activities of an organization might increase the propensity to embrace developmental goals. We include a variable that records the presence of a foreign NGO among the long-term partners of the organization.

An alternative hypothesis is that the relationship between pre-accession involvement and developmental agency is only due to compositional effects. Various types of organizations (for example foundations as opposed to firms) are more likely to be active and also more likely to be involved in pre-accession programs. Also, various regions might feature more developmentally active organizations and also more pre-

accession involvement. To control for composition, we include variables for organization type: firm, association, foundation, education, and local government. This last category is our reference category. We also include binary indicators for all regions, with the Czech region of Jihovychod being the reference category.

Human capital endowments of organizations might matter from the perspective of developmental activism. Leaders with higher education make it more likely that the organization becomes active in development. We include variables that represent the highest education of the four most important leaders: PhD, Ma, BA, and secondary degree. BA degree is the reference category.

Larger organizations are more likely to afford developmental agency. We include the log number of staff in 2004 and the log budget in 2004. The reason for 2004 is that it precedes the post-accession period.

As a control variable we include an indicator for the EU winning subsample. As sampling was stratified, we need to control for the strata of the sample. Table 6 shows the coefficients of our ordinal logit model.

**Table 6.** Ordinal regression prediction of developmental agency.

	B	Exp(B)	P-value
Threshold: Partial dev. agency	-.169		.670
Threshold: Full dev. agency	3.321**		.000
Pre-accession peripheral	.395**	1.480	.023
Pre-accession core	.774**	2.170	.007
Total staff in 2004 (log)	-.132	.880	.141
Total budget in 2004 (log)	.049*	1.050	.103
Leaders' education: PhD	.355*	1.430	.078
Leaders' education: MA	-.015	.990	.929
Leaders' education: Secondary	-.393	.680	.235
Project winners' subsample	.923**	2.520	.000
NGO partner	.338**	1.400	.019
Take into account intrasectoral	.139**	1.150	.022
Number of volunteers (log)	.017	1.020	.899
Take into account stakeholders	.087	1.090	.205
State partner	.608**	1.840	.000
Foreign NGO partner	.471**	1.600	.024
Firm	-2.006**	.140	.000
Association	-.394*	.670	.084
Foundation	-.525**	.590	.027
Education	-.528**	.590	.052
PL-Malop.	-.679**	.510	.002
PL-Swien.	-.962**	.380	.000
CZ-Morav.	.170	1.190	.426
HU-NyugatD.	.315	1.370	.159
HU-DelAlf.	-.031	.970	.890
<i>N</i>	1197		
<i>-2 LL</i>	2275.839		
<i>Pseudo R-square</i>	.328		
<i>Chi-square</i>	390.775**		

\*: p&lt;.10; \*\*:p&lt;.05

Pre-accession involvement is significantly related to developmental agency, even after keeping all other variables on organizational categories, regions, ties, and resources constant. While neo-Weberian, neo-Tocquevillian, and constructivist IR approaches are salient, EU empowerment plays an independent role in explaining patterns of local developmental agency. Peripheral involvement in pre-accession programs makes it one and a half times more likely that an organization achieves a higher level of developmental agency (either partial agency as opposed to none, or full agency as opposed to partial). Core involvement in pre-accession programs doubles the odds of higher developmental agency.

Organizational types and regions are significantly related to developmental agency – all organizational categories have lower odds of developmental agency compared to local governments. The two Polish regions feature organizations that are less likely to be active.

Organizations with state partners are more likely to be active, which indicates that a connection with the developmental state goes together with a higher level of developmental agency – as opposed to de-activation, political inertness, and organizational dependency.

Connections with domestic NGOs and intrasectoral organizations underscore the importance of a peer network. A denser domestic organizational network is more likely to breed developmental agency. This is interesting in the light of how we defined developmental agency: intrasectoral embedding is associated with cross sectoral organizing.

While top-down and peer pressures seems to be associated with higher developmental agency, we don't find similar evidence for bottom-up pressures. A higher number of volunteers and taking stakeholders into account more often is not related with higher levels of developmental agency.

We do find that external ties – partnerships with foreign NGOs – make it more likely that an organization reaches higher levels of developmental activation. This underscores the importance of transnational demonstration effects: these ties might serve the effective transmission of developmental agency.

The level of education for the leaders of the organization is associated with developmental agency, but only at the PhD level. We also find that larger organizations – both in terms of staff and budget – are more likely to reach higher agency levels.

## **Conditions of external empowerment**

Not all organizations that participated in pre-accession programs later became active in developmental terms. What predicts which pre-accession organizations become activated in developmental terms? What are the factors that render external empowerment programs successful? Answering these questions has important practical implications for policy, as it might help in understanding the circumstances and criteria that can make external developmental programs more effective.

A resource dependency approach would predict the preeminent role of existing organizational resource endowments. Accordingly, we expect that organizations with larger budgets, larger staff, and a higher level of education will have higher propensity

to be active. According to this expectation external developmental programs can only increase existing disparities in resources. Developmental agency might depend on sustained incentives: continued possibilities to win resources. If that is the case, we expect that organizations that win EU grants after 2004 will more likely be active.

The depth of engagement might be key for the success of external assistance programs. Organizations exposed longer to empowerment programs, with more resources won, and with more leaders exposed will more likely be active.

One can expect, in a neo-Tocquevillian vein, higher chances of success for external empowerment with organizations that have denser domestic networks. Thus we expect organizations with higher number of NGO partners, volunteers, more intense intrasectoral accountability, and more accountability to stakeholders to be more active. We also expect, from a neo-Weberian perspective, that ties to the state will be a predictor of the success of developmental activation. Similarly, along a diffusionist argument, we expect that ties to foreign NGOs increase chances of activation.

Table 7 presents the ordinal logit model. We found that the resource endowment of an organization – both in human capital and money – is not an important predictor for the effectiveness of a transnational empowerment program. However, the continuation of material incentives (in the form of post-accession EU projects won) plays an important role. Our results indicate that the depth of engagement is not indifferent for the success of developmental empowerment. Organizations that were exposed longer to pre-accession programs are more active. However, the amount of money won, and the number of leaders exposed are not important. This indicates that “hit-and-run” developmental programs with short engagement are not likely to increase developmental agency.

Among the factors of domestic embedding only intrasectoral accountability seems to matter. This indicates that horizontal monitoring is the particularly salient aspect of domestic ties to ensure activation. Having a state agency among stable partners doubles, having a foreign NGO as a partner increases nearly three times the odds of higher developmental agency among organizations that participated in pre-accession programs.

Firms were considerably less likely to become active compared with all other organization types. A firm has only one third of a chance to become activated by pre-accession assistance compared to local governments. Among the regions, only Swietokrzyskie is disadvantaged, with much lower odds of developmental agency.

**Table 7.** Ordinal regression prediction of developmental agency within the pre-accession subsample.

	B	Exp(B)	P-value
Threshold: Partial dev. agency	-243.387**		.040
Threshold: Full dev. agency	-239.763**		.043
Total staff in 2004 (log)	-.035	.966	.868
Total budget in 2004 (log)	.003	1.003	.967
Leaders' education: PhD	.628	1.874	.210
Leaders' education: MA	.340	1.405	.466
Leaders' education: Secondary	.343	1.409	.733
Project winners' subsample	1.217**	3.377	.001
Start year of preacc. engagement	-.122**	.885	.039
Preacc. budget (log)	.084	1.088	.278
Preacc. leaders	.106	1.112	.439
NGO partner	.475	1.608	.149
Number of volunteers (log)	-.169	.845	.564
Take into account intrasectoral	.352**	1.422	.019
Take into account stakeholders	-.020	.981	.909
State partner	.766**	2.151	.015
Foreign NGO partner	1.038**	2.824	.011
Firm	-1.115**	.328	.013
Association	-.049	.952	.924
Foundation	-.725	.484	.179
Education	-.321	.725	.554
PL-Malop.	-.472	.624	.414
PL-Swien.	-1.690**	.185	.003
CZ-Morav.	.225	1.252	.673
HU-NyugatD.	.882	2.416	.125
HU-DelAlf.	.480	1.616	.438
<i>N</i>	251		
<i>-2 LL</i>	490.643		
<i>Pseudo R-square</i>	.399		
<i>Chi-square</i>	105.388**		

\*: p&lt;.10; \*\*:p&lt;.05

## Conclusions

In this article we analyzed the relationship between participation in EU financed pre-accession assistance programs and the evolution of post-accession developmental agency. We found that deeper and more lasting exposure to EU assistance goes hand in hand with stronger post-accession developmental agency. We identified several other mechanisms of fostering local developmental agency as well: Ties to the national government, collaboration with transnational NGOs, or embeddedness in domestic accountability relations have their independent explanatory power. Finally, endowments with organizational resources and human capital were not predictors of developmental agency.

Our findings are in contrast with approaches that stress the rigidity of preexistent endowments, such as levels of social or human capital, or sectoral and institutional preconditions. Our results suggest that external empowerment of local developmental agents can produce results in a wide variety of social and institutional settings - across three countries and six different regions. (Trigilia 2001; Magnatti et al 2005).

Our results challenge pessimistic predictions about EU interventions. These predictions were about the maintenance or intensification of 'low equilibrium traps': mutually reinforcing weaknesses of states and non state actors in new member countries (Borzel 2009; Borzel and Buzogany 2009; Sissenich 2007; Goetz 2008). In contrast, our research lends support to perspectives of democratic destabilization, represented by the works of Sabel and Zeitlin (2007): Local actors and actor coalitions empowered by the EU can alter the status quo from within, using political opportunities in a new transnational arena.

The EU never had much latitude to directly define and impose domestic rules of governing regional policy making and implementation. The Commission had limited resources and capacities to monitor and enforce the rules and principles of SF policies in forty new regions of ten new member states. Complex accountability relations within the EU did not allow the Commission to allege perfect knowledge and/or not to care about adverse effects of its policies and institutions. The Commission was exposed to strong pressures to defend the viability and the effectiveness of the social and economic cohesion programs. It was also coming under growing scrutiny to better control spending EU taxpayer money (Barca, 2009). It thus had strong incentives to build capabilities to better learn the limitations of its own interventions and get allies in enforcing, monitoring and perfecting its own rules.

Building capacities of domestic state and non-state actors was combined with their involvement in monitoring. This combination of local capacity building and transnational multi-level monitoring allowed shaping institutional change without direct imposition. In this regime of governing local development, the key role for the EU is to set clearly defined benchmarks and rules for developmental policymaking that then can be utilized

by local actors. Local actors can choose to live with this potential for political entrepreneurship, and exploit this transnational opportunity structure to pressure national governments.

A general lesson for external developmental programs is that local empowerment alone, or conditionality alone, does not work. A combination of these two mechanisms into a structure of transnational governance attains institutional change by creating actors and mechanisms that can extend the accountability of domestic governments upwards, downwards, and sideways. In this frame external conditionality sets broadly defined goals and principles that local agents can fill with their activism – in conflict or in collaboration with national governments.

The length of engagement is crucial in this mode of governing development. Instead of attempting sweeping change with short and intense engagement along a known recipe, this mode of developmental governance entails a process of sustained learning. Learning is not only top-down from the external organization towards local actors, but also bottom-up, by collecting lessons of local experimentation. While length of engagement is crucial, gradualism is also a limitation for transnational developmental governance.

Beyond establishing transnational ties of learning, ties of alliance and accountability are also established. Local actors can mobilize the external organization to pressure national governments. Local actors are placed in a transnational arena, where they can build transnational alliances to further change in the rules or principles in development governance.

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