MICRO-DEVELOPMENT INITIATIVES AND THE POTENTIAL ROLE FOR HIGHER EDUCATION INSTITUTIONS

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Introduction
Since the 1990s, international economic development policy has increasingly been rebalanced towards transnational corporate and macro-economic actions with priorities being based largely on gross domestic product (GDP) growth patterns and structural adjustment programmes. The emphasis has been placed on commercial growth without adequate attention being given to the potential of the sociological side of development. The link between the empowerment of local communities and economic regeneration is often lost in neo-functionalist mechanisms for integrating peripheral economies within the global market system. Indeed, various aspects of the global development system have brought development policy and aid support in general into question with exogenous factors impacting heavily on the development of poor countries (Glennie, 2008; Moyo, 2010; Karlan and Appel, 2011).

From the perception of the recipients of these policies, functional interpretations and activities need to do much more to encompass society in general and, as Amartya Sen contended in Development as Freedom, to facilitate a process of emancipation. For many it needs to be as straightforward as constructing policies that will contribute to poverty alleviation. Abhijit Banerjee and Ester Duflo, the authors of Poor Economics, presented the problem succinctly: ‘if we could give up the lofty goals and empty promises and focus all our energies on the concrete steps we are able to take here and now to improve the lives of the poor worldwide, we would bring some real comfort to the lives of millions’ (Banerjee and Duflo, 2012: 13).

Ultimately any pro-poor definition of development is about empowering people to gain control over their own destinies, while enabling them to shape their own cultural, social and economic environments. From this perspective, development – a process of economic adaptation – should be primarily life enhancing as well as being structurally supportive and sustainable.
A corollary of this principle is that the voices influencing policy design should come from those most affected by it. Taking a broad survey of policy and practice, this article will look at alternative economic models of poverty alleviation, focusing on community sourced initiatives. It will also highlight the potential role of community-linked institutions, such as universities, in providing a hub for micro-economic development in marginalised and peripheral areas.

**Redefining the Micro**

Activities that promote empowerment in local economies can have a significant impact on the life chances of individuals and families in highly vulnerable regions. Increasing evidence from across the developing world would suggest that the nurturing of micro-initiatives in particular can stimulate growth patterns that assist self-reliance and community development for the most vulnerable (Madeley, 2000: 73-90; Collier, 2007: 79-96; Armendáriz and Morduch, 2012: 57-85). The potential for individuals and communities to control economic activity at a localised point can invariably only come about at a micro-level, giving social enterprise a peculiar place in the roll out of economic agency. In effect micro-development – locally supported economic activity within a partnership framework – remains one of the few proven mechanisms bringing tangible economic benefits to the most marginal of communities.

Conversely, macro-development by and large facilitates state and corporate actors in the development process. Indeed, the inability of many regions to escape spatial poverty cycles would suggest that the main beneficiaries of many structural adjustment initiatives are not the target communities, but the actual purveyors of investment. That is, large scale aid and development operations often miss the most vulnerable in a race to support the governmental and corporate elements in an economy, seeking short term political objectives, without recognition of the importance of community development in enhancing the potential of those working in locally managed (often informal) economies. It is arguably in this environment where micro-development initiatives can have a direct and immediate impact. Yuijiro Hayami and Yoshihisa Godo, in *Development Economics*, put it another way:
“Hierarchical organizations, including not only firms but also government agencies and non-governmental organizations, are likely to fall into functional disorder with a high incidence of moral hazards, unless the community mechanism of cooperation is incorporated in some form or another” (Hayami and Godo, 2005: 316).

These ‘community mechanisms’ are one answer to the inequities that often arise from the macro-development process and include, for example, cooperative forms such as social economy initiatives, educational institutions and church networks already positioned to take local interests forward. The hub for growth already exists, but needs the catalysts of smarter investment and deeper disbursement.

The principle of subsidiarity has been the mainstay of European development since the inception of the European Community, locating policy and decision making as close as possible to the people who are being affected by those decisions. Applying this simple principle in its broadest sense to global development practice would bring the responsibility and agency for economic regeneration to those sections of the community who are most affected, positively or adversely, by investment. It suggests that if external investment is to sufficiently influence change and growth, then those subjected to the intervention should have a leadership role in its design and management. This could mean a targeted series of initiatives that would progressively and sensitively encourage the community sector’s economic strategies.

Governments often step in to organise at a micro-level when the community actors are in all likelihood in a better position to locate contextually appropriate opportunities. As experience has shown in industries such as the copper mines of Zambia or the cotton fields of India, where unregulated corporate interests are involved it is often to the detriment of the most susceptible to economic adjustment. Entrusting development to local agency with reference to community development arguably brings forward a different dynamic in terms of actual impact and the democratic decentralisation of investment. Jain, Krishnamurty and Tripathi noted this very succinctly in Grass Without Roots: ‘the basic reason for the failure of rural development and
poverty alleviation programmes is the exclusion of the people from participation in the development process.’ (1985: 15).

Article 5 of the Treaty on European Union presents what is considered a prerequisite for policy design for most developed countries and certainly for all of the former colonial powers:

“Under the principle of subsidiarity... the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union [macro] level”.

In other words, actions should be consensual and start with the beneficiaries before working upwards towards intra-state and transnational actors. Giving the local voice primacy is accepted here as the most effective means of developing peripheral economies.

This type of inclusivity anticipates what Denis O’Hearn labelled the ‘sociological’ approach to economic development, where a socially focused partnership works to integrate external and indigenous elements to benefit the recipient communities. For O’Hearn, the potential of community development has been historically frustrated by ideologically driven structural strategies that have prioritised donors at the expense of target communities. In particular he remained resolutely critical of orthodox, market-fixated methods of investment, viewing them as having longitudinal detrimental effects on the most impoverished communities:

“In countries where aggressive free-trade policies were imposed, the result was often a diminution in the well-being of large segments of the population, who lost even the most meagre safety nets in housing or health policies, while paying greater proportions of their incomes for basic necessities such as water and energy” (2009: 101).

The geography of development and the extent of divergence between regions provide ample evidence to verify O’Hearn’s claims. In practice an economic development model that may work in the suburbs of Oxford or
Chicago, cannot possibly be equally applicable as development architecture for the townships of South Africa, Kibera compound, the slums of Kolkata, or the Gaza Strip. One Western designed free-trade model cannot fit all contexts, where geo-economic factors differ absolutely. The contextual compliances in a myriad of development scenarios plainly do not exist for that peculiarly Western ideological prescription more recently described as neoliberal.

**Component Aspects**

From the evidence, micro-development would appear to provide a mechanism that can tailor investment and partnership in an empowering, regionally based and socially sensitive manner (ILO, 2012a). With ideological baggage stripped from the process and the exigencies of subsidiarity applied in an inclusive sense, there emerges the possibility of accountable development strategies. Pioneered by the International Labour Organisation (ILO) as an extension of successful micro-credit projects, micro-development strategies aim to contribute to the generation of pro-poor economic growth and quality employment through integrated programmes for the development of micro and small (often NGO-led) enterprises that focus on social as well as business development. Projects are mostly partnership based and are often transnational, institution to institution, or NGO to NGO. Included in this development methodology are initiatives aimed at the reduction in poverty and unemployment which also directly contribute to economic sustainability.

Given that in most developing regions micro and small enterprises (MSEs) account for most economic activity, their role in regeneration needs to be acknowledged and supported within the indigenous context. In recent years the ILO has highlighted this sector for investment and demonstrated an understanding of the spatial complexities of community development for those wanting to participate in business in a developing region. However, while acknowledging their importance to societies prone to poverty cycles, MSEs face what the ILO terms ‘significant structural, fiscal and non-fiscal issues and challenges’. These challenges include restricted access to credit, transport constraints; a technological deficit with importing competitors; limited market access; restrictions on management, enterprise and book-keeping training; a lack of statutory transparency when it comes to quality assurance and legal restrictions; a need for networking opportunities; and limited opportunities for
outsourcing. In micro-development these obstacles can be seen to be the anticipated challenges for the foreseeable future (ILO, 2012a, and 2012b).

Micro-development initiatives are common enough, but analysis and evaluation are badly needed to enhance evidence of the potential of this model. Initiatives vary in scope from country to country, but have generic objectives that can best be viewed as organic economic development partnerships. Some MSEs offer their own definitions of what they believe micro-development has to offer. The NGO Micro-development Partners defines it as:

“Building partnerships with those in the developing communities so that the real needs of the local people can be discerned, and so that they participate in determining their development priorities; in our own community in order to foster increased understanding of our mutual development needs in both developed and developing countries; amongst global organisations involved in development initiatives” (MP, 2013).

With a more specific social enterprise remit, the Nepalese United Nations supported micro-development agency Medep states that its objective is:

“to help low-income families become entrepreneurs, promote the development of their enterprises, and then create a strong partnership between consumers of micro-enterprise products and services and local service delivery institutions. This is expected to boost micro-entrepreneurs to create a new and dynamic business sector... The development aim of the programme is to contribute to the government’s efforts to reduce poverty in the country. Its goals are two fold: one to reduce poverty among low-income families in rural areas, and the other is to ensure the institutional development and capacity building of local service delivery organisations to work as catalysts in the development of rural micro-enterprise sectors” (Medep, 2010: 4-7; Medep, 2013).

In India the government enacted the Micro, Small and Medium Enterprises Development (MSMED) Act (2006) which encompasses activities across the
enterprise spectrum, including social economy initiatives. The Act – although limited to manufacturing and services with restricted incomes – has generated recognition of the scope of community economic activity. Four key facets emerge from the various interpretations of micro-development. The first is mutuality, partnership which could be local or global; the second is the need for capacity building for initiatives and productivity; third, not to exclude any sectors of the community from participating, inclusion; and finally, there is the urgency of putting in place effective strategies for poverty alleviation.

Collectively these actions represent a base line for micro-development in its most integrated sense. Rasigan Maharajh, Alioune Sall and Geci Karuri-Sebina from Tshwane University, Pretoria and the African Futures Institute, put it bluntly:

“it is critical to ensure that development paths are inclusive, both for efficiency as well as humanitarian and security reasons. Systems of innovation have to be relevant and accessible to the broad base of the population, not only by addressing issues of basic need (health, energy, food, water), but also in appealing to the globalised aspirations of youth and communities” (2012: 155).

The social obligations of micro-development introduce a clause into economic development that can help to address localised welfare provision deficits.

**Precedents to Date**

The most familiar examples of micro-development across the developing world have been the micro-credit movement, gender based investment initiatives, cooperatives, educational and training partnerships, the agricultural pooling of resources, small business start-ups and a variety of IT projects. Collectively these represent the weight of micro-development enterprises. The potential is evident in each of these manifestations as well as others not mentioned and are recognisable as micro-development. Conversely, state and international investment in these sectors has been largely disparate, sporadic, uncoordinated, and the lack of it has been a further obstacle to sustainable growth.
Central to the management of micro-development initiatives has been the understanding that the people involved and their trust underwrite effectiveness and productivity. The process is derived from business theory that is prominent in many social democratic economic models: that the quality of the working environment and an adequate standard of living for employees are implicit to productivity and growth. As is expected in the majority of more economically developed countries (MEDCs), safe working environments and workers’ positive experiences can enhance productivity in whatever sector involved. Motivation, morale, collaboration, a work-life balance, rights and strategic influence - all of which are considered good practice in the workplace in developed countries - are implicit to any productive working environment. What is expected by populations in MEDCs should be a realistic aspiration for workers in least developed countries (LDCs) also, and should be invested in accordingly.

Micro-development initiatives offer a unique opportunity with regard to company operations in that with small, indigenous bases, the involvement of the staff in the creation of conducive working environments is easier to achieve than top-down corporate structuring imposed from foreign headquarters. At its core it means investment in the staff (Thirlwall, 2011: 236-237). The ILO suggests a three-pronged approach to creating a conducive enterprise environment in developing regions, based on: first, awareness raising, collecting and disseminating best practice, knowledge of case studies and demonstration workplaces. Second, an implementation system that would substantiate gains and provide a platform for technical advancement. This aspect is intended to work toward the clustering of enterprises for strategic development. Finally, research, analysis and networking; generating good practice to build on improved working conditions while consolidating productivity (ILO, 2012c).

**Spatial Inequalities**
One aspect of economic development that has come sharply into focus since the onset of the current global depression has been the differentiation of opportunities between communities and regions - the spatial gap that accentuates global inequalities. The stress that has been placed on indigenous and community based economies has to an extent isolated many in informal sectors, those on the periphery of more manageable, or taxable, transactions.
Literally millions of people reside in this economic space outside the formal economy. They are consequently not encountered by formal structures due to the nature of their activities and the limited revenue involved. Acknowledging local economic development (LED) micro-development initiatives as integral to the regeneration of an economic base and nurturing this third sector as a means of stimulating economic activity contributes to the growth cycle.

One key reason for acting through this non-governmental, non-corporate, third level is that it can utilise local resources and knowledge to encourage employment creating activities. It can become a catalyst for organic business and a framework for market enhancement that is appropriate to the context. Ultimately, such strategies are about building local capacity for sustainable economic development. In this, it should necessarily incorporate planning and targeted investment, which is something that external agents could assist with, be it through university links, NGO partnerships or a community-to-community (MEDCs-LDCs) transfer of skills.

In recent years the ILO, along with other funders, have taken positive actions to support local projects through orchestrating policy adaptation for planning and maximising the potential of any investment. This has helped to bring various stakeholders together to work out appropriate relevant schemes for business incubation via MSEs. It has also meant that a conversation on micro-initiatives has been taking place at a local level. Working ‘from below’, a more consensual approach to strategic investment and subsidiarity can occur. Furthermore, scrutiny of local enterprise, coupled with experience of good practice, can provide a catalyst for strategising within the local environment. This involves searching out economic activity and labour options to assist with capacity building, including training and skills enhancement for those willing to advance down this route. The demand and supply of goods and services could also be consolidated within different contexts. As the ILO notes, support for this should include: ‘The strengthening of an enabling environment for micro, small and medium enterprises at the local level...formalization among entrepreneurs, entrepreneurship training and leadership, value chain upgrading, business development services and access to finance’ (ILO, 2012a). Beyond this initial integration into the formal economy there needs to be the adaptation of social security provision for those involved and risk assessment to ensure that
the individuals and families who have come forward to participate in micro-schemes are not adversely affected by their enterprise.

**Micro-Credit Movement**

The most prominent of the micro-initiatives has been the micro-credit movement which has helped in certain contexts to give families and communities sustainable economic activity. There are estimated to be over 3,000 micro-finance institutions globally attracting in the region of 100 million people in some of the poorest communities on earth. Where successful they are noted for the trustworthiness of the transfer of funds and the developmental influence on family networks and women in particular. Using the example of the Grameen (‘village’) Bank in Bangladesh, A.P. Thirwall in *Economics of Development* comments:

“All credit transactions are discussed openly, so there is complete transparency concerning what is going on. There can be no ‘cover-ups’ and no corruption. The record of repayment to the Grameen Bank is close to 98 per cent of loans; far better than the record of repayment to the commercial banking system where bad debts are rife” (2011: 403).

In 2003 this micro-lender alone had over three million members and across Bangladesh there were over ten million members of micro-credit organisations who would not be considered wealthy enough – those the international financial system labels ‘the unbankable’ – to join normal banking services. With outreach to the poor being an implicit principle of the micro-credit movement, the potential to give marginalised communities a lifeline is very evident. The introduction of micro-credit in many cases gives the poor access to finance with the objective of investing to participate in the local economy in a manageable way. Backed up with technical support on small business activity it provides collateral and employment in sectors of the community that have historically been excluded from commercial activity. It has been particularly beneficial to women and women’s groups in communities where small business start-ups and cooperatives can be a means of escaping poverty and food insecurity.
While there have been more recent adaptations to try and integrate the initiatives into the activities of the global banking system, those remaining loyal to the integrity of the pro-poor micro-credit model maintain a positive intervention in poverty alleviation. A current expansion of the model is the broader and more formal micro-finance, as De Aghion and Morduch explain in *The Economics of Microfinance*:

“Microfinance presents itself as the latest solution to the age-old challenge of finding a way to combine the banks’ resources with the local informational and cost advantages of neighbours and moneylenders. Like traditional banks, microfinance institutions can bring in resources from outside the community. Microfinance is not the first attempt to do this, but it is by far the most successful” (2005: 8).

A further precedent comes from Latin America. In a report for Women in Development Europe (WIDE), Patricia Muñoz Cabrera documented evidence on the role women are playing in constructing alternatives to the neoliberal economic model at the macro and micro levels, including attempts to create a women’s social economy network as a means for micro-development. The concentration on women’s organisations is important in this process because of the organic potential of family and community ties in regeneration, with women empowered. Drawing on the work of WIDE in this regard Cabrera’s conclusion is telling: ‘although alternatives to hegemonic models take a long time before yielding concrete results at the macro level, the thinking and acting to transform unequal patterns of production and consumption has already begun’ (Cabrera, 2012: 84; www.wide-network.org). That is, there is a basis in most communities already for intuitive economic activity.

**Is there a role for Higher Education?**

Sub-Saharan Africa has one of the most challenging economic environments in the world. With the legacy of colonialism, lack of investment, a need for infrastructural and public sector enhancement, export obstacles and recurrent financial instability, the struggle to encourage economic development across the region has been ongoing and difficult. Nevertheless, economic activity continues across the continent at an informal, social and micro level on a daily
basis and for many countries it sustains the livelihoods of millions (Moss, 2007: 235-238). The fragile nature of African local economies is systemic and could benefit substantially from, as previously suggested, investment in the guise of technical support, capacity building and community level coordination.

Investment can come in a number of ways, not least by utilising the expertise of the formal education sectors and their resources. The training and resources that local institutions can bring to the immediate environment can have an integrating impact with growth potential. Thirwall lists the main ways in which educational institutions can improve economic performance in developing contexts:

“Education improves the quality of labour, and also the quality of physical capital [assets] through the application of knowledge. Education has spillover effects (externalities) on other sections of society which offset diminishing returns to physical capital. Education is one of the most important inputs into R&D [research and development] and for attracting FDI [foreign direct investment]” (Thirwall, 2011: 237).

Educational institutions are usually at the centre of every community, with universities offering additional weight to this by having departments which often specialise in regional and economic development in some guise or another. As far back as the 1980s, there was evidence to show that investment in education with a connection to the development process has disproportionately positive outcomes in comparison with other types of strategic economic investment. Matched with increasing evidence of the organic impact of micro-development initiatives, this combination provides exciting and innovative possibilities.

Furthermore, the achievements of the Millennium Development Goals (MDGs), limited as they are, can be readily enhanced in regions such as sub-Saharan Africa by capacity building and linkage through the higher education sector, their international partners and social enterprise actors. Even a cursory look at the MDGs within this context shows the impact that MSEs can have in local environments on poverty alleviation, education provision, gender equality, healthcare, the environment, and local and global partnership – actions
encompassing all of the MDGs. Building micro-development into the outworkings of the MDGs and enhancing the operations of micro-development initiatives to include the MDGs may also go some way to addressing key concerns from Africa regarding the reasons for limited success to date in implementing the goals (Moss, 2007: 135-6). Further to this, evidence of a disconnection between the MDGs’ strategy and tickle-down investment corroborate the argument that macro-systems alone have not worked in the poorest contexts, nor arguably can they work. The problem is summarised forcefully by Development Studies lecturer at the University of Zambia, Chrispin Matenga:

“MDGs can indeed be achieved, but not through the current approach that does not address the inequalities that exist within and between nations of the world. The neoliberal macroeconomic framework in which the MDGs are embedded is essentially a market doctrine in which profit is the overriding objective. These weaker developing countries that cannot compete in the global village can only benefit through minimalist social welfare programmes packaged in the form of MDGs number one to seven. This cannot spur economic growth in the developing world and reduce poverty in the mass of its people” (2011: 79).

The Association of African Universities (AAU) and the New Partnership for Africa’s Development (NEPAD) have also recognised the importance of constructing linkages around micro-development and community development, having backed and invested in provision across the sub-continent. This has even gone as far as foundational and innovation investment, training and educational infrastructure support, and building schools with the speculation that these actions will create a dynamic for economic activity from educational institutions outwards into local communities (Lundsgaarde, 2012: 155-58). Coupled with the possibility of inter-university actions, the exchange of knowledge, technical expertise and additional resources, this can provide added impetus for economic stimuli. Furthermore, with academic involvement there is a commitment level that often does not come with macro-economic actors, transnational corporations (TNCs) and intergovernmental departments. The activation of university departments to assist or participate in micro-development
initiatives and social economy projects can create what the Association of Commonwealth Universities (ACU) calls ‘a force multiplier’, meaning that they ‘allow individual institutions to combine their particular strengths into a cohesive and more complete developmental strategy’ (2011: 1).

Universities will often employ development practitioners in the field or from areas in need of a range of investment tools. Every major urban area and many rural areas will have a university or outreach facility. The triangulation of human resources and assets across institutional, community and NGOs actors remains arguably one of the most under-tapped development catalysts in vulnerable regions in sub-Saharan Africa. Both North-South and South-South partnerships at this level can affect capacity building within local economies that macro-economic drivers cannot achieve naturally. It also has the potential of bringing to the economy good practice in management and governance that often elude state agencies. The Africa Unit of the ACU listed the benefits of this consolidation of interests to include: shared ownership, trust and transparency, and mutual understanding and sustainability – all principles that are pertinent to the effective functioning of micro-development initiatives (Africa Unit, 2010).

The beneficiaries of such partnerships include, principally, the recipient communities and social economy, the academics and students at the universities involved, and the business environment in general. Students from participating universities gain access to materials, specialists, ongoing support around employability and entrepreneurship within the context of the local economy. The impact of this can be local and national, with students having the opportunity to use their newly acquired skills upon graduation. This type of initiative assists local community and business leaders to engage with the key themes of social and economic development. They can access local, national and indeed international specialists in a range of competencies and can avail of university resources in order to enhance micro-development practices. University faculty members are impacted upon by the availability of resources and a forum for the development of skills in learning and teaching around the fields of micro-economics, development theory and practice, business law, employability and entrepreneurialism. Together, the agencies involved in these types of micro-development initiatives can assist in the building of optimal
framework conditions for accelerated development (McCann and Matenga, 2011: 6-8; Luudsgaarde, 2012: 159). To put it another way, universities have the potential to offer a lifeline to local community development strategies.

**Conclusion**

Micro-development in its various guises provides an alternative to formal governmental systems for development. Local level economic activity is diverse and ubiquitous to geographic contexts requiring more innovative mechanisms to enhance the developmental potential. Those involved in small and localised business initiatives have a tendency to operate outside the formal economy and subsequently need smarter, more flexible means of support. This can be bespoke or sectoral, targeted at individual small enterprise initiatives or cooperatives (for example women’s groups or NGO-based social economy projects), but essentially risk factors need to be highlighted and risk minimised to ensure that social security is not compromised by enterprise activity. Further to this, with micro-economic initiatives, welfare must be seen to be implicit to the architecture of the model of economic development and by definition they should work to alleviate poverty.

Universities have a potential in micro-development support because of their proximity to communities that are attracted to this model of development and because of the resources, human and actual, that can be tapped into to stimulate local economic activity. They can be a hub for micro-economic activity and provide barriers to the often exploitative mechanisms of macro-economic development. Overall, evidence is growing of the possibilities of this ‘bottom-up’ approach to development. A range of micro-development initiatives exist, but more investment is needed and more research required into the scope and depth of influence these initiatives can have on actual poverty alleviation vis-à-vis the rebalancing of developing economies.

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