

SOCCS AND THE CITY: HOW SOCIAL CAPITAL CREDITS CAN HELP BUILD RESILIENT COMMUNITIES

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KUMASI, Ghana—Agnes Nti, a 49-year-old divorced mother of five and the sole breadwinner for her family, had been selling condiments at the Bantama Market in Kumasi, Ghana’s second largest city, for about a decade. But no matter how hard she worked, she was never able to grow her business. Nti had borrowed from two microfinance companies, which provided loans at 43 percent interest rates, wiping out any profits. In the past, Nti said, groups “were not concerned about our health or business development—all that mattered to them was how to make money from us.”

But with the help of something called Social Capital Credits, or SoCCs, Nti was able to secure a 12 percent interest loan and a more flexible payment plan. With the extra profit, she was able to add another table of goods to her stall, significantly increasing her income. Nti calls this table her “good luck table,” because the process through which she received the loan ended up benefitting her almost as much as the extra revenue.

The SoCCs project was founded on the idea that the seemingly intractable problem of poverty will not be solved by government action or philanthropic largesse alone. It will require grass-roots empowerment and a redefinition of wealth that takes into account the power of community. SoCCs are designed to encourage individual activities that create social benefit and help communities tap into and build their social capital. The concept is simple: By performing specific socially beneficial activities, people earn credits that can be redeemed for goods or services.

In the case of Nti, she earned over 250 SoCCs, which made her eligible for the loan, in large part by getting business mentorship and going to see the doctor. At one of these checkups, she learned she has hypertension, for which she now receives regular treatment. “This initiative is a godsend,” Nti said, “because I received free health screening and tips on how to safeguard my health in addition to business training sessions that helped me understand how to better manage my business and make more profit. The best of all is this collateral free loan I could get based upon the SoCCs I earned.”

At Bantama Market, each woman in the program can redeem SoCCs for rewards that include school supplies, access to low-interest loans, skills classes, and career counseling. At the end of 2015, a year and a half into

the project, 138 women were enrolled in the SoCCs program, and nearly 200 collateral-free loans had been made to 121 women, disbursing 229,394 Ghanaian cedi, or approximately \$60,000. Of the 106 women whose businesses experienced increased profits, 90 of them (or 85 percent) watched their profits grow by over 50 percent.

Thanks to Nti’s positive experience and her success with the SoCCs pilot program, many more women were encouraged to come in for regular health checkups. Nti is now the leader of the Nyame Bekyere group, one of the 29 SoCCs women’s groups in the Bantama Market. These are self-help groups where members support each other and share their challenges. In addition to health-care support and child-care services that members provide each other, they also run the savings and loan programs themselves.

THE THEORY

This pilot program is different from directly providing checkups or microloans, because in order to earn credits, residents need to perform a set of specific tasks, not unlike working for pay. Participants, however, have direct say in what they accomplish and which services they spend their credits on. By the very nature of SoCCs design, it ensures that several socially beneficial activities are realized, providing a multiplier effect for each philanthropic or development dollar spent.

Current economic systems do not value non-financial capital. As a result, cash-constrained communities are deemed poor. Yet many of these communities abound with entrepreneurship, ingenuity, and social capital, which, owing to lack of recognition, are not valued.

Development efforts by international organizations, foundations, and governments fail to fully capitalize on such resources. They seldom

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tap into the potential of community networks to provide motivation, trust, support, and a sense of ownership—things that are essential to making development initiatives sustainable long after a donor agency has left. If these strengths continue to be unrecognized by outside groups, there is a danger they will fray the social fabric and undermine community support systems.

The unraveling of social networks alienates and atomizes community members. For example, in India, the Slum Redevelopment Authority Housing runs a government program to relocate “slum” dwellers to drab multistory buildings. While the government accomplishes its goal of providing titles to residents, erstwhile neighbors lose many of their daily face-to-face interactions. Over time, this causes loss of trust and the breakdown of relationships that sustain a community.

To avoid this, we need to recognize non-financial resources and reexamine our definition of wealth. After that, processes can be put in place to allow for alternative types of value to be exchanged for services that benefit the individual and society. A community currency is one such program. According to Jérôme Blanc, an economist at Laboratoire d'Économie de la Firme et des Institutions in Lyon, France, community currencies aim to protect and strengthen a community. And four researchers in a 2013 paper concluded, “Community currencies enhance an individual sustainable quality of life.”

This is where SoCCs come in. They are designed to leverage philanthropic and government efforts by multiplying the impact of every dollar spent. In Bori Sinh, in India's Maharashtra state, residents help build check dams, which are used to enable the community to grow an additional crop a year. They earn SoCCs in return for the labor, which they can then redeem for a low-interest loan, and which serves as the initial capital that allows them to access a government subsidy for purchasing a

dairy cow, increasing their incomes by 40 to 60 percent. As in this example, the SoCCs system incentivizes behavior and creates a chain reaction of positive changes—with one cash infusion for low-interest loans, Bori Sinh residents learn to build check dams, conserve water, access capital, own an income-generating asset, and increase their personal wealth.

SoCCs combine the best practices of carbon credits and M-Pesa, a telephone banking system in Kenya and other developing countries. Just as carbon credits create a value for emissions, allowing for an exchange of credits and creating an incentive for reducing emissions, SoCCs

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provide a system by which social capital is valued and exchanged for goods or services, while incentivizing positive social behavior. In the way that M-Pesa brings advantages of the banking system to the unbanked, SoCCs provide exchange systems for non-cash transactions so cash-poor communities and individuals may access goods and services they require. SoCCs schemes are being developed and implemented at pilot sites across the world—in the U.S., India, Kenya, Ghana, and Costa Rica, in partnership with nonprofits with roots in the community.

THE PRACTICE

To earn SoCCs, people perform activities on the SoCCs “earning menu,” which they can exchange for goods or services from the “redeeming menu.” Examples of activities that community members have determined are worthy of

credits include getting children vaccinated, planting trees, paving streets, sending children (especially girls) to high school, managing waste, and providing child and senior care. The rewards for completing such actions include school fees, health care, skill-training classes, home repairs, and telephone talk time.

After the local partner and project are identified, Asia Initiatives—the nonprofit where I volunteer—helps with the setup and implementation of SoCCs by working with the community to create the earning and redeeming menus. We realize that a SoCCs project will only be meaningful if it addresses the needs of the community. Long conversations and follow-up meetings with residents are key to getting the menus right and creating enthusiasm and a sense of ownership among SoCCs members. We call this communication process a SoCCratic dialogue, and it forms the foundation of every project. Next, we create a SoCCs implementation team to help set up the operation, and finally, we establish a monitoring system.

In Kenya, Asia Initiatives is partnering with WomenStrong International, an international donor organization dedicated to empowering girls and women, and Alice Visionary Foundation Project, a Kenya-based nonprofit, to pilot a SoCCs project in Manyatta informal settlement in Kisumu, Kenya's third largest city.

In May 2015, 20 individuals, mostly women, were selected from an already existing savings and loan group that had been active for two years. Following lengthy and passionate discussions, the group developed their SoCCs earning menu. The group prioritized six activities requiring attention in their neighborhood—with waste management placing first on the list. Under guidance from Asia Initiatives, WomenStrong, and Alice Visionary Foundation Project, group members then developed the SoCCs redeeming menu, which included clean cook stoves, delivery kits for midwives, apprenticeships, soccer equipment, urban agriculture

materials, telephone talk time, school fees, and health insurance.

In the Gesoko unit within the Manyatta settlement, garbage was everywhere: heaped next to homes, piled in food processing and vending areas, and blocking drainage ditches. The trash had obstructed wastewater from flowing out, and the proximity of fetid pools to people's homes compounded the health hazards. Until the SoCCs program, this bleak situation had remained unchanged for nearly 20 years.

The program was rolled out in June 2015, and the change in the community was striking. To earn SoCCs, members now collect and sort garbage from homes twice a week at designated times. The garbage is then weighed and recorded in the collector's individual logbooks, and a digital photograph of the collector and the weighing scale with the exact weight showing is included as proof. The logbooks also show the time, date, weight of garbage, credit earned, and signatures from the collector and SoCCs manager. This process of checks and balances assures integrity of the process and the SoCCs system.

Members earn individual credits (i-SoCCs) for collecting and sorting the garbage, and groups obtain community credits (CommSoCCs) for getting together at an agreed time and picking up garbage at a pre-identified site. No SoCCs are earned for metals and plastics since members receive income by selling these to a scrap dealer. Members pay a trash collector to pick up the non-recyclable garbage.

As a result of the successful SoCCs intervention, the skeptical owner of the site in the Gesoko unit and the local government relented. The property owner had permitted that garbage dump for years, and was initially reluctant to allow his land to be converted into a community garden. But upon witnessing the successful SoCCs project, not only did he change his mind, he offered up another piece of his land to become a garbage collection and

sorting center. The local government, too, while initially incredulous about the ability of the women to succeed, was impressed with the pilot program. A representative from the County and City Department of Environment said that the SoCCs program had given them “a wonderful idea on how to engage citizens.”

Members in Manyatta have been redeeming the credits mainly for school fees, health insurance for their families, solar lamps so that their children can study at night, umbrellas for use in the market stalls to provide shade for their wares (fruit, vegetables, meat, etc.), and energy-saving stoves. CommSoCCs have been redeemed for chairs, which the members rent out for functions, thereby generating income for the group. The program is dramatically changing the face

of Gesoko for the better. Beldina Opiyo-Omolo from the Alice Visionary Foundation Project said that this is the “first time I have seen a system that can work with the community.”

With creative incentives, bespoke methodologies, and strong local and international funding partners, SoCCs pilots across the world have demonstrated that they can empower communities. The SoCCs system incentivizes socially beneficial behavior, creating healthier, safer, cleaner, and sustainable communities. Opiyo-Omolo noted after a recent SoCCs event in Gesoko that the community was “raving” about the program: “Some said previously they had looked down on the women as they were collecting garbage and cleaning, and now they all want to be part of SoCCs.” ●