Caucasus Research Resource Centers

An Assessment of Social Capital in Georgia

2011

This Assessment of Social Capital in Georgia is a briefing paper about the Social Capital (SC) situation in Georgia.[1] It is a complement to the Final Report, based on findings from the research that CRRC conducted on Social Capital in Georgia between November and December 2010. A summary of the research can be found in the Hands-On Guide, and a review of scholarly literature that sets out the main standards of the current Social Capital debate is presented in Social Capital: A Literature Review.

The Assessment is divided into two sections: the first provides a background on Social Capital based upon a review of existing research, and the second part highlights four specific challenges that must be addressed in order to mobilize Social Capital in Georgia today.

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[1] The assessment was originally prepared as a briefing paper for a conference initiated by USAID and organized by World Learning, held on December 14, 2010. It has then been updated with feedback and recommendations from the conference.

Introduction

At face value, to choose to become a Western-oriented market democracy is to choose a system of competition – competition between political parties, a marketplace in which supply needs to compete for demand, free media that compete in order to attract and hold attention, and even cultural and educational spheres that offer extensive choice.

Less visible is the fact that deeply ingrained in these Western models is the idea of collaboration across society. It is now increasingly accepted that Western societies thrive most where individuals collaborate best, and the positive impact of such collaboration across society has been linked to economic prosperity, a more sophisticated democracy, better education, safer neighborhoods, and even health and happiness. In technical terms, this propensity to collaborate for mutual benefit is referred to as *social capital* – people working together to achieve common aims.

So how does Georgia fare, according to this measure of collaboration? The answer is nuanced: Georgia exhibits strong in-group social networks in which people show extensive solidarity, but, to the extent that they collaborate beyond their in-groups, Georgians rarely formalize and institutionalize their collaboration. This has significant costs for society, the economy and individuals themselves. At the same time, there are clear signs that some groups are beginning to collaborate effectively; these groups, and those who wish to emulate them, need to address four key challenges in order to thrive. This report will explain the background to these four challenges, and highlight how people address them.

Social Capital – A Definition

According to the World Bank,

> "Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together."[2]

Although definitions vary, the most basic premise of social capital is about getting good things done with other people. Definitions thus revolve around the core idea that the more social capital a society has, the easier it is to collaborate with relative strangers for the general good.

The concept covers a broad area: collaborating neighbors keep their houses and yards in good repair; parents who take a joint interest in their children's education help improve local schools; farmers increase productivity and have more bargaining power in co-operatives; professionals can improve their practice by forming regulatory associations that set standards. These are some examples of the many forms that collaboration involving social capital can take.

More specifically, these widely-accepted definitions share three key themes: first, social capital builds upon the norms, habits and trust which establish a network of meaningful relationships across a society, and which also facilitate the establishment of new meaningful relationships. Second, the desirable kind of social capital generalizes these

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[2] World Bank, 1999.

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relationships, making them accessible beyond closed family and clan networks. This is referred to as *bridging* social capital that connects groups, as opposed to the *bonding* social capital that may characterize a tightly-knit mountain clan. Third, a critical manifestation of bridging social capital is the functioning of collaborative associations, since some form of institutionalization is needed for the attainment of more sophisticated goals, as resources need to be collected and retained in order to be able to achieve long-term programs rather than just a short-term resolution of a specific problem.

If capital refers to the mechanism of accumulating successes for future consumption, there remain four differences between physical and social capital, as Elinor Ostrom points out:
1. Social capital typically increases as it becomes used;
2. Social capital can only be measured indirectly;
3. It cannot be generated through external investment; and
4. Governmental institutions, both at the national and local level, have a strong impact upon the development of social capital.[3]

These characteristics are important to the understanding of the concept, and also highlight the fact that there is no single compelling measure of the level of social capital. Rather, there are various measures, and one of those is the extent to which citizens associate.

The concept of social capital is thus closely linked with the idea of civil society. Although it is sometimes used interchangeably, *civil society* is a narrower term – one appropriately defined as "the realm of organizations, groups, and associations that are formally established, legally-protected, autonomously run, and voluntarily joined by ordinary citizens."[4] Such organizations, groups, and associations do rely on social capital to function, but social capital can also manifest itself in the political and economic realm, where people can collaborate for mutual benefit. In concrete terms, a farmer's co-operative would, by most standards, not be part of civil society, since it is oriented towards pursuing economic gain, but the formation of such an association draws on social capital and reinforces it. Similarly, a functioning resident's association is an illustration of social capital which does not have to be considered part of civil society.

There are two additional important differences between civil society and social capital: first, civil society is a term associated with political science, sociology and the study of political transition. Economists and some development experts tend to be more interested in, and comfortable with, the notion of social capital. Its ascendance in economics was highlighted in 2009 with the award of the Nobel Prize to Elinor Ostrom, who has studied how local norms and institutions can overcome collective action problems. Secondly, as some critics have pointed out, social capital can have a darker side, in the sense that extremist organizations or criminal networks mobilize successfully by drawing on social capital. Civil society, by contrast, only includes "groups or organizations that accept the legitimacy of other groups, in a mutually-recognized public realm."[5]

In spite of these differences, notions of civil society and social capital are seen to be mutually reinforcing. Without extensive collaboration across society, including in the economic realm, civil society will remain tenuous. Conversely, the organizations, groups

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[3] Ostrom, 2000, p. 179. A full literature review is available separately.
[4] Howard, 2003, p. 34.
[5] Howard, 2003, p. 40.

and associations of civil society contribute to the development of social capital across society by providing role models and an opportunity to develop habits of co-operation. It is important to note that neither notion needs to rely on an idealized image of a society blessed with thoroughly harmonious and happy relations: internal and external relations of social capital and civil society can be contentious, but they are nevertheless held together by collaborating in maintaining and reinforcing the rules of competition in the pursuit of a larger goal.

Social Capital in Georgia

What is the condition of social capital in Georgia today? As noted above, the picture is mixed: Georgia exhibits high degrees of bonding social capital, of trust and of collaboration within tightly-knit groups. Georgians are generous in their solidarity between each other, and most Georgians have given and received help from family, friends or neighbors, often putting the needs of others before their own. The country's famed hospitality highlights another aspect of being open and welcoming to strangers: the data shows that Georgians have positive attitudes to other nationalities, maintaining favorable views towards Russians, Abkhaz and Ossetians – even directly after the August 2008 conflict. When required, groups can form – among neighbors or farmers, for example – to fix a particularly pressing problem.

Next to this, however, Georgia still has low levels of bridging social capital – particularly of the type that facilitates more systematic co-operation between relative strangers. Most clearly, Georgia has low levels of membership in formalized associations. According to data from the World Value Surveys, Georgia ranks extremely low in comparison to a broad peer group of transforming countries. Less than five percent of the population engages in associations or other formalized civic activity and there are few membership-based associations in the country so far.

This is more than just a cosmetic problem arising from a comparison of a country emerging from a troubled transition with a supposedly ideal society. The absence of more formalized collaboration has extensive consequences across a range of sectors. The difficulty of establishing functioning associations is seen as one of the main reasons behind low and falling agricultural productivity. As the President of the American Chamber of Commerce and the Head of the Delegation of the European Commission recently noted in high profile statements, more than 50% of the Georgian workforce is in agriculture, yet this sector contributes only around ten percent to the country's GDP.[6] Both argued that farmers with small landholdings need to co-operate more in order to increase their productivity. While there have been attempts to facilitate such collaboration by various international donors, successes have mostly been modest, and some programs have given up on attempts to get farmers to collaborate. In other cases, the difficulties of establishing water users' associations have dissuaded donors from investing into the much-needed rehabilitation of the irrigation system. According to conservative estimates, less than 50% of Georgia's arable land is being farmed.

The list extends further. Although the initial idea held out much promise, the attempt to get parents involved in school governance through boards of trustees (thus ensuring that education would be responsive at a local level by engaging those with the most obvious

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[6] Lee, Eklund, October 2010.

stake in its quality) has mostly been described as a disappointment. Few such boards are described as vibrant and engaged, their functioning is seen as a formal approval process, and one specialist estimated that half of them do not convene at all.

The most visually striking manifestation of the lack of collaboration in Georgia is in housing. Many travelers remark how Tbilisi's neatly-appointed apartments contrast sharply with the dark, often semi-derelict communal areas found beyond their steel doors and the crumbling concrete of the building's foundations. This is not just a matter of poverty, since the same buildings may have stately SUVs parked in their courtyard. While residents may collaborate to fix vexing problems, they often fail to address substantive structural issues in the very buildings they share, to the detriment of all.

There are, in other words, few areas of economic, political and social life that are not affected by low levels of formalized collaboration.

While the low level of bridging social capital deprives the citizens of Georgia of significant economic, cultural and social benefits, it also poses a significant challenge to democratic development – for governments, even when entirely self-interested, can enjoy a symbiotic relationship with the vibrant civil society and thriving economic spheres that extensive collaboration makes possible. Professional associations, for example, can absorb extensive regulatory responsibilities, as they do in many Western countries, leaving decision-making and its contentions with groups that are knowledgeable and affected. More broadly, organized groups can become a transmission mechanism for communicating citizens' concerns, and can thus enable the government to be more responsive. In these ways, government can devolve some of its own problems to others for them to solve.

The low level of bridging social capital also creates a problem for donors and their programs. As Ostrom has noted, social capital cannot be generated by direct external investment. At the same time, and for various reasons, many development interventions either require or even intend a significant degree of collaboration. The resolution of some problems – such as the improvement of educational programs – requires extensive input and peer reviews. In other cases, gains in productivity call for systemic collaboration in sharing investment and maintenance costs. In all of these cases, what may look like obvious programmatic designs may falter, since collaboration is harder to achieve and even harder to maintain than originally anticipated. Development professionals repeatedly described in interviews how the results of certain programs had been disappointing because people had failed to engage and collaborate.

The low levels of bridging social capital are thus an issue that needs to be thoroughly understood and factored into any planning.

Causes of the Gap in Bridging Social Capital

The root causes of the low levels of bridging social capital are relatively well established in the research literature. Marc Howard, who published a seminal study comparing countries in transition across Eastern Europe, argues that three factors account for the low level of civic engagement: 1) a legacy of mistrust of the public sphere and of participation in it deriving from the socialist experience and its conscription of individuals into involuntary membership (from the Young Pioneers and professional

unions through to the Communist Party itself); 2) a persistence of personal friendship networks (i.e. family and close friends) whereby people do not join public organizations to make friends or expand their social circle, and which also soak up most of the solidarity individuals can offer; and 3) the pervasive disillusionment that followed the initial euphoria surrounding the fall of communism.[7] Howard asserts that these three factors constrained civil society and, therefore, bridging social capital.

Many authors agree with Howard's assessment that the experience of communism or socialism (depending on the language used by the scholar) inhibited the growth of social capital in the post-communist world because it destroyed interpersonal and external trust.[8] Jowitt, for example, argues that state socialism created distrust and cynicism among the populations of the Soviet Union and its satellite states.[9] Following the dissolution of the Soviet Union, people who had been forced into associations were therefore no longer eager to voluntarily engage in civic networks and spontaneous forms of interaction between citizens. This led to a 'Leninist culture' characterized by a strict separation between the public and private spheres, low levels of trust, and a suspicion of politics that is pervasive throughout the region. Nichols takes this argument one step further by explaining post-communist countries' halted process of democratization with the idea that state socialism destroyed bridging social capital.[10] Thus, post-communist societies had to begin transition without any stock in social capital. Similarly, Hasanov conducted focus groups and a survey in Baku and in the Khachmaz and Masalli districts of Azerbaijan and demonstrated that public mistrust is widespread across the country due to the previous experience of a 'totalitarian' regime and a socialist way of life.[11]

While there is widespread agreement that such historical experience accounts for the absence of bridging social capital, relevant arguments have various levels of historical reach. It is worth briefly highlighting three of those views, in order to show the breadth of available historical explanations.

An illustration of how far back historical causation can go is the work of the legal historian Harold Berman.[12] He suggests that Western Europe developed extensive notions of citizenship because the Gregorian reform of 1075 – with its separation of faith and power and introduction of canonical law – allowed the constitution of social relationships in legal terms, thus facilitating the formation of associations in ways that had previously not been possible (and unknown in antiquity). In turn, these associations became vehicles for a multitude of free cities long before the rise of formal democracies. One architectural manifestation of such collaborative associations are cathedrals, which were built by citizens (members of self-constituted cities) rather than rulers. In this version, social capital has deep historical roots that reach back far beyond the Enlightenment.

Looking more specifically at Georgia, another argument highlights the fact that Georgian society only had limited opportunities to develop bridging social capital. Having been under foreign domination for centuries, the quasi-colonial late 19th-century Georgia had

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[7] Howard, 2002.
[8] The list of authors is in the full literature review.
[9] Jowitt, 1992.
[10] Nichols, 1996.
[11] Hasanov, 2007.
[12] Berman, 1983.

a vibrant elite, as Oliver Reisner has detailed in his account of the first Georgian National Movement.[13] This movement, headed by Ilia Chavchavadze, was dedicated to spreading literacy and Georgian literature. The late 19th century also saw the development of a sophisticated Social Democratic party. Yet these were elite movements with limited reach across society, and their legacy was entirely uprooted by the Soviet takeover, the subsequent emigration of elite leaders and the brutal purges of Stalin and Beria. There were thus few role models, making the transition in Georgia harder than it would be for Central European countries, which could draw on pre-socialist traditions of civic associations, spent less time under socialist rule, and which were mostly spared Stalinist terror.

Georgi Derluguian, another perceptive observer who has tracked the Soviet history of the North Caucasus and in it the anti-systemic position of Caucasian traders in Soviet markets, has pointed out that, in the post-socialist context, all large programs of mobilization have finally been discredited: these include socialism itself, the attempt to improve socialism in the post-Stalin era which energized parts of a generation, the pursuit of national independence, and the neoliberal notion of markets.[14] In this context, any rhetoric has become exhausted. It is therefore not just the hangover of socialism but also the perceived failure of any collective program that has led to the existing sense of resignation.

Beyond this sample of historical views, there are a range of additional factors, all operating with various degrees of salience in different fields. As Elinor Ostrom and other institutional economists in the school of Friedrich Hayek, Douglass North and James Buchanan have highlighted, governance and the legal environment play a tremendous role in facilitating or undermining collaboration. This continues to be seen as a major factor in Georgia today, to the extent that some legislation is a downright deterrent to co-operation.

Legislative obstacles are among the first reasons mentioned to explain why farmers have no incentives to form co-operatives. It would, *a priori*, seem attractive for farmers to sell their products through agricultural co-operatives so as to interact more effectively with bulk buyers, decrease their transaction costs and increase their own bargaining power. However, doing so would heavily penalize these farmers through double taxation: the co-operative would first be taxed as a business, and its proceeds or dividends would then be taxed as income for the farmer. Even if there were substantial productivity and bargaining gains to be made by co-operating, the current legal environment – which would also require co-operatives to employ their own accountant – is an effective deterrent. Right now, many farmers act rationally by not joining a functioning co-operative.

In addition to such obstacles, there is a more direct concern that the state is tempted to use associations for its own purposes. This idea, which was mentioned in some interviews, holds that the government tries to co-opt associations – especially if these turn into independent voices that challenge the government. Yet even if the intention is not manipulative, observers suggested that "as soon as there is government intervention, the bottom-up approach collapses". In this view, it takes time for the state to find the right distance. As one head of an INGO noted, the "key challenge is for the government to play a strong role in the development of civic associations without wanting to control

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[13] Reisner, 2005.
[14] Derluguian, 2005, 279.

them."

Four Challenges for Social Entrepreneurs

The empirical section of this report focuses on four concrete challenges faced when trying to mobilize social capital in Georgia today. These challenges are reflected in the established literature in the field – both as a general problem for collaborative action and as a specific problem in the Georgian post-socialist transition. To add a practical edge, the report consciously chose the perspective of individuals trying to overcome these four key obstacles in order to organize their fellow citizens.

The first problem concerns people in general. Feelings of apathy and disbelief towards collaborative action significantly impact the development of bridging social capital. If people do not care about or do not believe in the potential benefits that collaborative action could bring, this makes it much more difficult for potential social entrepreneurs to successfully mobilise social capital and achieve change. This risks creating a vicious circle, wherein people's apathy prevents them from joining associations which, in turn, underperform due to lack of interest. The perceived lack of success on the part of associations feeds back into people's belief that there is no point in joining them.

The second challenge concerns the leaders themselves and how they are perceived. Social entrepreneurs encounter active, personal distrust towards them and their actions. If potential association members think that the organization's leader is essentially 'in it' for personal gain, they are much less likely to join. Suspicion of ulterior motives also means that associations can be viewed in a negative light even when they achieve concrete successes. The veil of doubt and uncertainty cast over leaders and associations might also inhibit potential social entrepreneurs from starting their own associations.

The third challenge is that of setting up institutions with rules that can be maintained and enforced. Given that levels of social participation are low and that little is known about the work of collaborative associations, the problem of free riding presents a major challenge to the development of bridging social capital. Because there are few established 'rules of the game', many are unconcerned about enjoying the benefits of other peoples' hard work. This is discouraging both for social entrepreneurs and for potential association members, who risk feeling cheated and underappreciated and who could contribute to a sense of failure about the work of collaborative organizations.

The fourth and last obstacle is the generally challenging socioeconomic environment in which collaborative action must take place. Even when people display latent, almost incipient bridging social capital, the reluctance to institutionalize can prevent nascent organizations from ever getting off the ground. As well as potentially endangering important 'bonding' relationships, a reluctance to pay fees deters potential members. The fear of being seen to fail in an organization also puts off potential social entrepreneurs. Moreover, the shock of transition and subsequent social churning have not led to the subgroup formation that would probably encourage institutionalization.

In examining ways in which to address these challenges, this report will focus primarily on the perspective of social entrepreneurs, i.e. the people who actually bring others together to collaborate successfully in the pursuit of collective benefit. The term 'social entrepreneur' best fits the idea of mobilizing social capital, although other suitable terms to describe such individuals include 'association leaders', 'community activists' or

'community organizers. Each of these terms carries its own connotations and, as one of the newer terms in the field, social entrepreneurship is also suitably different from terms that may have a socialist ring to them.

This report chose to adopt the perspective of the challenges which social entrepreneurs need to overcome for several reasons. First, because everything comes together around leaders or small groups of leaders: without such social entrepreneurs, people cannot be mobilized and mobilization cannot be institutionalized. Social entrepreneurs run up directly against the legacy of socialism, cultural misconceptions and the hardships of the current socioeconomic environment. In other words, the story of social capital today can best be told from the unified perspective of those who are trying to generate it.

Secondly, such a perspective focuses on the 'bright spots' i.e. on how people are already making a difference, and on learning from them so as to transfer their experience to other sectors. Conversely, to focus on the various factors which inhibit social capital might erroneously suggest that Georgia's historical development is determined and thus not amenable to change.

Thirdly, by focusing on how social entrepreneurs overcome specific challenges, the report addresses an important gap. This perspective has not been covered extensively (and especially not in the context of Georgia), whereas the situation of social capital in transition countries has been established. Georgian non-conformist individualism, an idiosyncrasy often cited in discussions, only adds small tweaks to the picture.

Yet collaborative organizations do not necessarily need charismatic leaders in order to succeed. Excessively charismatic leadership can be problematic, both for social and economic entrepreneurs. Mobilizing one's fellow citizens requires tact and diplomacy, as well as charm and determination. Moreover, the idea of charismatic leadership may falsely suggest that it is about single-handed action. It is of course possible that groups of like-minded individuals unite on a largely egalitarian footing; however, when these small groups seek to expand and involve others, they are likely to face similar challenges of social entrepreneurship.

Popular Apathy and Disbelief

Challenges:
One of the biggest factors inhibiting the full utilization and further expansion of social capital in Georgia is the feeling of apathy and disbelief that social entrepreneurs encounter. The institutionalization of collaborative action – i.e. the building of the 'thin' social links so crucial to personal success and societal development – is frustrated at every turn by collective *ennui*, by a feeling of "what's the point, nothing's going to make a difference anyway".[15]

A prime example of these feelings of apathy and disbelief is highlighted by attitudes towards residents' associations, which exist for every apartment building or communal courtyard in Tbilisi, and of which each and every apartment owner automatically becomes a member. In a focus group conducted with members of such associations, CRRC found that even when a residents' association had delivered significant benefits to members (such as fixing the roof or repairing the drains), the latter remained sceptical

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[15] Putnam, 2000.

and dismissive of the association's work. One woman, who claimed to have been the 'initiator' of a successful project to repave her communal yard, said that "basically, I am not interested in the functions [of the residents' association]. I am not involved." In spite of the fact that the association had delivered a tangible success on her own initiation, the woman remained completely indifferent to the workings of the group.

A number of social entrepreneurs interviewed by CRRC faced the same problem of convincing a skeptical and apathetic public that collaborative participation was in their interests. Convincing people of the potential gains of collaboration is one of the most significant obstacles to be overcome. "I force people to talk about their problems, I beg to help them," reported the head of a recently-founded agricultural organization.

Even when people are persuaded to join organizations, their engagement is often fragmentary. A key member of the Georgian Media Club, a successful and high profile pressure group that works to improve media freedom, complained that unless there were examples of clear results being achieved by the group, members would give up, convinced that their contribution was not achieving anything. "People want to see results in two or three days," agreed the president of an organization representing the wine trade.

The findings from the qualitative research are borne out by the data. According to data from the 2007 Caucasus Barometer, a full 15% of Georgians are so fatalistic that they do not think they are in control of their lives at all. (When asked the same question, only three percent of Americans fall into that category.)

Causes:
As already highlighted, there are numerous explanations for the pervasive apathy and disbelief found in many post-communist countries and for the ways in which these, in turn, restrict the growth of social capital. Disillusionment towards the realities of the new system and the experience of periods of upheaval and stagnation go some way to explaining why so many people in Georgia are reluctant to co-operate in associations.[16] Focus group respondents and interviewees appeared to agree with these findings. According to one inactive member of a residents' association, people do not become involved because they "don't believe that action will be taken, that demands will be fulfilled."

The long shadow of communism also has a stifling effect on the development of bridging social capital necessary for the formation and success of collaborative organizations. Georgians are still recovering from a time when "initiative was prohibited", says the country director of a major development INGO. Furthermore, disillusionment with post-Soviet realities appears to be as big a hindrance to the development of social capital as the communist period itself, bearing out Howard's analysis. As the leader of one residents' association put it, the problem comes down to the fact that "nothing was happening in the past, so people think that nothing can happen now."

This highlights one of the major causes behind the persistent negativity which surrounds the work of associations: the lack of information about cases of success or other potential benefits that membership in organizations can bring. Many members of

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[16] Howard, 2002.

residents' associations were unaware that they were even members, and hence felt completely remote from any successful project the associations were able to implement. In the words of the leader of an association dedicated to advancing the interests and protecting the rights of shepherds, "we wanted to increase the number of members of the organization, but you cannot make somebody a member until you demonstrate that you are useful to him."

Meeting the Challenge:
Some of the social entrepreneurs interviewed by CRRC believed that a generational shift would be necessary to overcome the lingering skepticism in what was described by one association leader as a country "where the glass is always half empty."

However, the experience of successful organizations points to a number of strategies that might be used to increase civic engagement. Crucial to the success of collaborative organizations is the existence of a set of clear and achievable goals or the provision of specific benefits to the organizations' members. The head of an organization representing tour operators said that "the most important thing is that the members benefit from their activity."

Among the already successful collaborative organizations in Georgia are business lobbying groups as well as some that resemble professional unions. Both types of organization use the same strategies to attract and engage members. One of the ways of doing this is to try to directly reflect the interests of members, especially regarding potential economic benefits. Trade bodies such as the Association of Banks of Georgia and the Georgian Federation of Professional Accountants and Auditors (GFPAA) have successfully lobbied government to change legislation on behalf of their respective sectors. The GFPAA also provides more intangible benefits. Its strict selection criteria (members are required to pass exams) means that members are in very high demand professionally, and that Georgians working in this sphere actively seek membership.

The English Teachers' Association of Georgia is another professional body that offers networking, certification and career advancement, and which has no problem in overcoming the apathy and disbelief of prospective members. Instead of grappling with apathy, ETAG's main problem is advertising itself to English teachers who have yet to hear of its services and who are, according to the organization's president, 'delighted' to hear that such an organization exists. Other professions and trades could follow the example of organizations such as these, which provide both lobbying services and prestige to members – something that can only help them in their working lives.

The Professional Syndicate of Education, a trade union-type organization, has successfully combated deep skepticism within the teaching profession about the efficacy of collective organizations. The organization's leader says that offering legal advice, training and certification (and even discounts at holiday resorts, made possible through collective bargaining) helped to persuade teachers to leave their ineffectual, Soviet-era organization and join the syndicate.

Other organizations, such as charities and special interest groups, tackle the challenge differently. These organizations exist not to provide tangible, material benefits to members, but to advance causes that members believe to be important. In cases such as these, achieving a set of goals in the organization's specialty or niche appears to overcome problems related to apathy and disbelief. Members of an organization devoted

to providing free photography classes to young people said that being able to organize an exhibition in the grounds of Sameba Cathedral that featured the work of their students helped to dispel doubts about the efficacy of the organization, while the head of a club for wine connoisseurs says that organizing an annual festival has helped cement long-term commitment from his members.

For all types of organization, though, being able to demonstrate and publicize success seems to be crucial. Many organizations have called for the media to cover their work more extensively. Even small, poorly-funded organizations such as the Foundation for the Revival of Villages have been able to combat apathy with good publicity. Following the distribution of a photocopied sheet detailing the success of a small-scale silk production initiative, the number of households involved in the project leapt from twenty-four to over one hundred.

Giving people first-hand experience is another way in which the public can be energized and apathy overcome. The head of the Education Leaders' League created a project called "Let's Manage the School Together" which saw parents take a hand in running their children's schools for two days at a time. After seeing the education process close up, parents took much more active parts in the life of the school, and the project has been repeated around the country.

Organizations such as school boards or resident's associations, which have up until now found it harder to overcome public disillusionment and indifference, could use these methods to increase their profile and attract new members. Similarly, the head of an INGO suggested that 20 functioning farmers' co-operatives would probably be enough of a successful demonstration to have a huge impact throughout Georgia. Publicizing goals and possible successes, as well as clearly describing the potential benefits of association membership, would go a long way towards dispelling thoughts such as "no matter what I do, it won't make a difference."

Active Distrust towards Leaders
Challenges:
The issue of trust is closely bound with notions of social capital. Scholars such as Fukuyama have directly equated the two concepts, while others see trust as arising directly from social capital.[17] With the two so closely linked, it is evident that overcoming active distrust in a society is necessary to engage other citizens. When people believe that social entrepreneurs and association leaders are fundamentally "in it for themselves", there is little incentive for them to join any organization.

In Georgia, active distrust pervades society. The 2008 World Values Survey found that 82 percent of Georgians felt that "you can't be too careful" when dealing with other people – only 18 percent felt that most people could be trusted, well towards the lower end of the international trust scale. In countries like Switzerland, 54 percent felt that most people could be trusted; in Norway and Sweden this figure rose to over 65 percent. In focus groups and interviews conducted by CRRC, the issue of active distrust was cited as one of the biggest obstacles to people taking part in collaborative associations.

Distrust – and even hostility – frequently arose because of the conflation of voluntary

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[17] Fukuyama, 1995, 1996, 1999.

and government-run organizations. This is perhaps partly due to the widespread suspicion of politics in general that has been documented in many post-socialist countries.[18] This is most visible in terms of residents' associations, trade unions and agricultural organizations. Members of residents' associations – each and every owner of an apartment in a building or around a communal courtyard – were deeply distrustful of the leaders of the associations because of perceived links with the government. As one leader commented, "because the residents' associations were set up by the government, some people assume that the government profits from them."

Even when leaders were potentially able to provide major benefits to members – by rehabilitating communal infrastructure, for example – there were suspicions of ulterior motives. The leader of a voluntary organization explained it thus: "they changed the pipes, but everybody knew that the pipes didn't need changing… the leader fussed around, but everyone knew what the fuss was about. He had his own interests" — to ingratiate himself with the local government by being seen to 'do' something. Similar opinions were voiced during a focus group with inactive members of residents' associations, who felt that "things only get done when there's an election", suggesting that repair work was being used as a bribe to persuade people to vote for the ruling party. The perceived link between elections and repairs prompted one respondent to wish that "there were elections every year, even twice a year; that would be fantastic."

Ironically, though, some passive members of residents' associations welcomed the perceived link between association leaders and the government: "yes, the leader is [a supporter of the] ruling party, but he knows people, he gets things done," said one participant. In this particular instance, the link to the ruling party, which can lead to the leader being distrusted, builds trust in the leader because he is seen as being able to achieve things. Whatever work he does, however, is seen not as a common good but as a way for the leader to curry favor.

Causes:
Georgia is what Fukuyama would characterize as a 'low trust society' in which social capital is invested in close-knit families and friendship groups, but where people still have difficulties coming together in larger associations and corporations. Indeed, this would appear to be partially supported by data from the World Values Survey, which suggests that although Georgians do not trust other people in general, they are hugely trusting of their local community. Twenty-seven percent of Georgians trust their neighborhood completely, while a further 65 percent trusts it a little; a mere one percent of Georgians have no trust in their local community.

One of the oft-cited causes for Georgia's (and other post-socialist countries') low horizon of trust is the communist legacy. Transitioning from a country in which the state directly controlled all associations and organizations towards a Western model where a public sphere of civil society mediates between the state and the private sphere is not easy. In Georgia's case, the virtual absence of institutionalized associations of any kind – be they state-run or autonomous – following the collapse of communism makes it harder still. Even the leader of a successful voluntary association distrusts the reasons for which the state lets them exist at all: "the state wants us to form associations because then foreigners will think that there is more democracy in the country."

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[18] Jowitt, 1992.

This Soviet hangover is shown by the experience of associations working in the agricultural sphere. Even when membership in such groups can offer clear benefits to small farmers – such as membership of an organization devoted to the development of greenhouse agriculture – these groups are distrusted because small farmers "think of an association as a state organization."

In small communities this problem is compounded by suspicion: as the head of an organization that successfully lobbies for the interests of shepherds commented, "if even one public official appears at an association meeting you are associated with the government in the mind of the small farmer. He thinks you are a defender of the government's interests and not of his."

An absence of trust in trade union-like organizations is also evident – the result of their being associated with their communist forebears. The Professional Teachers' Syndicate, which has attracted a large membership base and has delivered numerous benefits to its members, was initially eyed with suspicion because of the activities of its rival organization which sprang from the Soviet-era teachers' union.

However, the persistence of active distrust towards voluntary organizations in Georgia is due to more than the Soviet legacy alone. The head of one development INGO told CRRC that international donors themselves sometimes play a part in undermining trust in associations – especially with regard to agriculture. "It takes a long time to build up trust with people in villages, there are many organizations coming, promising to fix a lot of things. But then they don't, and they leave. Because the donor cycle is one to three years, it's hard to build up trust." Another INGO representative spoke of occasions when international organizations would come into a community and directly undermine the work of the local organizations that had managed to get off the ground. While the local organization was preparing to repair a communal asset, an international organization would come in and do it, thus depriving the local organization of a demonstrable success and inadvertently robbing it of morale and direction.

Meeting the Challenge:
Organizations that successfully overcome active distrust do so in a number of ways. For associations like business groups, the problem is less acute: "a professional union with a specific niche," says the head of a banking lobby, "will have no problems."

However, when there is entrenched suspicion, or where, as in the case of residents' associations, the organization was set up as part of a government project, different strategies are needed. For both leaders and members of residents' associations, the most effective tool to combat distrust is delivery. Successfully organizing and implementing projects and demonstrating hard work is crucial to building trust. Unsurprisingly, association members tend to trust community-spirited leaders more. One member said that seeing her leader engage in charitable activities – helping poor neighbors, for example – "convinced" her that "he is a good person".

Leaders can also tackle the distrust issue head on. The head of a residents' association sometimes has to gather money from residents in order to pay for repairs – an operation fraught with distrust and hostility. One leader related how he had specifically chosen the least trusting neighbor in the association to act as 'treasurer' and collect the money from the other neighbors. Another leader rotated the responsibility for collecting money throughout the association.

Absolute openness and transparency in all financial matters is held up as key to developing trust by a wide variety of organizations. The leaders of residents' associations recommended accounting for every coin spent as a way of proving credibility. The head of the teaching trade union that faced distrust because of its Soviet-era competitor overcame this lack of trust by showing potential members how the union was using donor money to advance teachers' interests and how their membership fees would be spent.

Successful organizations also described how sheer determination and enthusiasm helped to overcome distrust. The head of an association dedicated to providing free photography lessons described how, during his first class, the six people who attended were acutely distrustful. When they saw that the association did indeed provide classes for free, however, they went out and spread the word. Fifty people attended the subsequent lesson. Similarly, a member of an organization dedicated to helping people in severe social conditions related how she became an active member after she herself received help from the organization, an act that proved to her what the association was capable of.

Personal contacts are also very significant. Several organizations spoke of the necessity for potential members to be persuaded, personally, to join the organization. The head of the above-mentioned teachers' union stressed the fact that signaling and demonstrating personal commitment was crucial to the success of his organization: "it's very important for new members to hear about the organization directly from its head."

The fact that Georgians place large amounts of trust in their neighborhood, while indicative of a low horizon of trust in society, also shows that there is fertile ground for local, grassroots organizations to emerge. This could be of significant importance, especially in rural communities where building sustainable organizations has proved extremely difficult. However, when it comes to building trust, it is necessary to take the long view. In the words of a former country director of an INGO, this needs "consistency over time; it is necessary to talk to the same people over a period of five years."

Free Riding and Basic Rules

Challenges:

When individuals can benefit from the results of collective work without contributing themselves this acts upon others as a disincentive for collaborative action. The more widespread 'free riding' becomes, the more difficult it is to convince others of the benefits of group membership and the more unlikely it becomes that sanctions will be applied to those who seek to get something for nothing.

In terms of free riding, Georgia is in an interesting position. Surveys consistently point to the Georgians' strong sense of fair play as well as their admirable community spirit. According to the World Values Survey, 96 percent of Georgians say that it is never justifiable to evade paying fares on a public bus – free riding, literally – the highest rate of any country in our comparison group. Georgians are similarly opposed to tax evasion and bribe taking, with 96 and 99 percent respectively saying that these actions are never justifiable. However, in spite of the fact that Georgians seem to condemn people seeking to get something for nothing from the taxman or the buses, CRRC's research suggests

that the same feelings do not apply when it comes to voluntary organizations.

While active members of residents' associations in Tbilisi worked hard on project proposals to be sent to city hall, raised funds and oversaw works, passive members of the associations – the overwhelming majority – felt entirely at ease letting others do the work for them and enjoying the benefits later. As one passive member remarked, "the roof has been repaired. The yard was paved and I have not been to see anybody. I don't need to, you see?" "Everything is being done," said another. "Why should I get involved?"

Other types of free riding exist within organizations themselves. Members and potential members see joining an association as a way to access the resources and work of the group. INGO representatives reported how, in one agricultural association, this led to the group breaking down: two factions developed, and each was convinced that the other was enjoying a free ride. Since nobody wanted to do anything that could be exploited by the other faction, nobody contributed any more work to the association, and it ceased to function.

Social entrepreneurs working in agriculture reported a similar attitude among some members and potential members. The head of a successful organization devoted to the re-establishment and popularization of the Georgian tea production industry related how he often encountered an attitude of "what is good for me? … When a person becomes a member of an association he thinks the association is a milk cow." Another organization leader agreed, describing how a young man had approached him and had offered to become a regional leader of the organization – but only if he was given a car.

Causes:
Georgians' aversion to bribery, tax and fare evasion may seem at odds with their apparent lack of concern at free riding when it comes to voluntary organizations. However, given the fact that many people are deeply suspicious of associations *per se*, as discussed in previous sections, it is perhaps not surprising that no particular shame is felt about exploiting them. Additionally, CRRC research has also revealed a low level of public awareness regarding the structure and work of collaborative organizations. Even organizations that offer tangible membership benefits have to 'sell' themselves to potential members, so ingrained is the ignorance of and suspicion towards such organizations.

However, representatives of many organizations pointed to something innate in the current mentality regarding the propensity for free riding. "Georgians don't want to pay for anything," said the head of a Georgian medical association. This is perhaps less of an innate issue of 'mentality' than it may at first appear: in Soviet times, the upkeep and repair of communal facilities, for example, was the responsibility of state-run housing associations. Inactive members of the new, democratically run residents' associations often perceived them as a continuation of this system: "all I need is a place to go and complain," said one association member.

The idea of 'negative' or 'anti-modern' social capital may also be at work here – a further variation on the theme.[19] The communist system led to a strict separation of the public and private spheres of life, with the public sphere often subsumed by the state. In these circumstances, goods and services that were produced by households had to be isolated

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[19] Rose, 1999; Paldam and Svendsen, 2002.

from the state and distributed through informal networks, termed 'anti modern' social capital. It may be that there is a continuing sense that goods and services not produced in such networks are considered 'free', meaning that people feel unashamed about exploiting them. 'Negative' social capital refers to the illegal social networks that arose from necessary survival strategies during and after the Soviet period. The commonplace free riding encountered in Georgia may be a vestige of this system.

Meeting the Challenge:
Overcoming the lack of knowledge about the work of collaborative organizations is crucial to countering the free riding problem. A focus group participant who has never been involved in residents' associations told CRRC that "if I had more information on my opportunities, my rights, I would probably participate." "People should know what they can do, and what they cannot do, whom you can ask," said another. These statements broadly reflect the practical suggestions made by authors such as Elinor Ostrom, who have highlighted how specific institutional arrangements can favor the development of collaborative practices.

Other types of organizations, and particularly those that represent specific business interests or professions, complained about extensive free riding, but many have found ways to combat it. The Georgian Regional Media Association, which provides its members with numerous benefits including office space in Tbilisi, was required to make membership requirements much stricter, and went from forty-two members in 2005 to twenty-four members today. This weeded out members whom the leadership believed to be contributing nothing to the organization. Shrinking the organization can actually be a good move towards its consolidation: the Association of Georgian Tour Operators, which among other things aims to improve professional standards in the sector, also closely vets members – even going so far as viewing potential new members' printed materials and publications.

The Georgian Professional Federation of Accountants and Auditors is an example of an organization that, through combating free riding, has virtually turned itself into an elite club of the profession. It distinguishes between associate members and full members. Anybody with a degree in economics or an interest in the subject can become an associate member. Full membership is reserved for those who have worked in the field for three years and who have passed stringent exams (the organization's head says that his own son failed the test three times). Thanks to this system, full members are considered to be the best accountants and auditors in Georgia, and are thus insulated from others benefiting from the hard work they do lobbying on behalf of the profession. Other professional bodies could adapt this experience to their own spheres of activity as a way of combating free riding. Setting up accreditation or 'water mark' schemes might be a way for such professional bodies to conserve the benefits of communal action within the group.

Ultimately, though, the best way to combat 'something for nothing' attitudes will be by introducing more people to the work of collaborative associations. Many organizations said that it would be helpful if the media carried more stories about such organizations, so as to introduce their work to a broader public. Furthermore, in spite of pervasive free riding, many association members remained enthused about their work, and were confident that attitudes towards becoming involved were changing. "At this stage, we are learning how to work in groups, and later we will go on to higher levels, for others. So this goes on like a chain reaction," said a member of a school's board of trustees.

The Socio-economic Environment: A Reluctance to Institutionalize

Challenges:

Key to the development of social capital is the ability and willingness of people to come together in more or less institutionalized structures to pursue common aims. In Georgia, however, there appears to be a strong reluctance for groups of people to formalize their relationships in this way. Indeed, in terms of civil participation, Georgia is routinely at the bottom of global rankings. According to the 2007 Caucasus Barometer survey, just 0.7 percent of the population attended meetings of any sort of club or association in the previous six months. In Azerbaijan, meanwhile, 1.7 percent attended such meetings, while in Armenia the number was 2.4 percent. The World Values Survey also found that only tiny numbers of Georgians are involved in sporting, cultural, political or other institutions.

Instead of the sort of social linkages associated with collaborative associations, Georgians prioritize close networks of family and friends.[20] Ninety-two percent of Georgians fully trust their family, and Georgians report having the highest numbers of close friends of all the countries of the South Caucasus (in addition, 81 percent of Georgians claim that they see these close friends once a week or more). While having close friends and trusting your family is obviously a good thing, it is possible to see how, in the context of the social maelstrom unleashed by the fall of communism and the ensuing years of instability, these bonding networks have been prioritized at the expense of bridging social capital. Tight connections seem critical to achieving professional aims, too. According to a 2009 survey carried out by CRRC, forty-seven percent of Georgians say that connections are the most important thing for getting a job. Given the above data, those connections will almost certainly be with close friends and family. This contrasts with the 22 percent who see education as the main factor in getting a job, and the ten percent who say that professional abilities are the most important factor.

Georgia's sometimes traumatic transition from communism presents other challenges to the growth of social capital. Although this may not always be visible in Tbilisi, large parts of the population continue to suffer from significant hardship. Forty-two percent of employed Georgians claim to only make enough money for food, but not enough for clothes; eighteen percent of employed Georgians do not even have enough money for food, according to a 2009 CRRC survey. Thirty-nine percent of non-employed Georgians, meanwhile, say that they do not have enough money for food. This finding was corroborated by a survey conducted in 2008 in which more than a third of respondents said that they had had to borrow money to buy food during the previous year.

CRRC's research suggests that many view such hardship as well as endemic unemployment and underemployment as significant barriers to people joining organizations – an experience familiar to many Western societies, whereby the unemployed have the time but lack the inclination to join associations. "Everybody is hopeless because they don't work," remarked an inactive member of a residents' association – a view shared by many focus group participants and interviewees.

A representative from the Association of Broadcasters also saw a link between

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[20] Howard, 2002.

employment and engagement with collaborative associations, remarking that "the more people find employment, the more they will become engaged in additional activities."

Causes:
Much has been written concerning the detrimental effect that a society's experience of communism has on social capital. Empirically, this finding has especially been borne out in Germany, where differences in social capital between eastern and western Germany continue to persist after reunification, and this in spite of relative economic and legal stability.[21] In Georgia, the experience of communism similarly contributes to the ongoing reluctance to institutionalize into associations. Under the Soviet regime, people were automatically enrolled into state-controlled unions, youth groups and so on. As Jowitt noted, people who have been forced into associations under communism might be expected to be less keen to voluntarily engage in civic networks.[22]

Specifically with regard to the agricultural sphere, there are structural reasons why small farmers are reluctant to collaborate effectively. In what the director of a development INGO referred to as the 'kolkhoz hangover', agricultural land is divided into small, non-contiguous plots. This was the result of patchy privatization schemes run by the government, and has led to a situation where there is "no incentive whatsoever to co-operate." Because land plots are small and disconnected, and can often only be reached via narrow paths running along or through other people's land, the plots have little or no commercial value, meaning that no land market has developed. Moreover, as mentioned above, there are still other disincentives to agricultural co-operation, with larger farming operations being subject to taxation (something not faced by most small farmers) and co-operatives experiencing double taxation.

Economic hardship was posited by many respondents as a reason why most people were unwilling to join associations. If people were unable to pay membership fees or otherwise contribute financially, they would shy away from such organizations. One woman said that she "will become involved [in the work of her resident's association] later", when her financial situation will have improved. However, research suggests that even organizations directed at the better-off members of Georgian society face the same problems collecting dues. Associations which represent the interests of qualified and employed professionals – such as wine makers, freight forwarders, professional evaluators and others – have all faced difficulties convincing members to pay fees. This may suggest that 'poverty as an excuse' for not participating has been internalized even by those in relatively good economic circumstances.

Another issue is human resources. The head of a development INGO points out that, following the collapse of communism, many experienced leaders and managers found the transition more straightforward – moving into private business, for example. This has meant that they are simply not available to form the nucleus of new civil society organizations, thus slowing down the growth of social capital.

There are also risk factors connected with becoming involved in the work of associations. Several focus group participants said that a fear of failure was a major factor preventing people from joining associations. According to the leader of one residents' association, "people will say that you should never have started something" if you end up

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[21] Howard, 50.
[22] Jowitt, 1992.

being unable to deliver what you have promised (or what they thought you had promised). Another leader agreed, adding that people who fail in this regard "will be cursed." Aside from a general fear of putting one's head above the parapet, it may be that people fear jeopardizing their highly-valued relationships with members of their close network by involving themselves in associations with relative strangers.

The shock of transition brought about by its collapse and subsequent instability has also led to a certain homogenizing of society, which inhibits the growth of specific institutions designed to act in the interests of one or another particular group. Following the fall of the Soviet Union, society as a whole was exposed to the withdrawal of the state from many areas of life, the almost overnight disappearance of life savings and a breakdown in law and order. This has delayed the stratification of social sub-groups that would feel drawn to each other as a matter of shared interest.

At a local level, however, the churning has often thrown together highly heterogeneous groups. One apartment owner explained that, in the absence of property tax, the same building may house the newly affluent right next to the recently destitute. His neighbor, living on a pension and on the remittances her successful daughter sent her from Moscow, expected him to pay for all the public upkeep of the house, which he resented. Most Western research suggests that people of similar socioeconomic backgrounds are more likely to co-operate. In Georgia's transition, with further churning following the Rose Revolution, it may take time for society to develop more settled sub-groups.

Similarly, as the head of an INGO suggested, 'agricultural Darwinism' – whereby people who aren't committed to farming sell their land – may contribute to the consolidation of farms, which would presumably accelerate the incentives for collaboration.

Meeting the Challenge:
Although Georgia still has remarkably low rates of civil participation at present, there are a number of reasons to suggest that this is by no means a 'natural' state of affairs determined by some aspect of 'national character' or historical inevitability. For example, a very high number of Georgians agree with the statement "I am an autonomous individual" (92 percent, according to the World Values Survey), yet, at the same time, Georgians also demonstrate some of the greatest levels of community spirit – 96 percent see themselves as part of a neighborhood. Although these concepts are far from mutually exclusive, the fact that Georgian society simultaneously sees itself as both highly individualistic and community-based suggests that local, grassroots organizations could actually have a chance of achieving success. After all, as Tocqueville noted, American associationalism is also compatible with a strong sense of individuality.

A number of successful organizations have managed to overcome the 'fee hurdle' in a similar way: by using start-up money provided by donor organizations to prove their efficacy to potential members and thus to attract fee-payers. The Professional Teachers' Syndicate, for example, was able to prove to potential members that membership fees would not be wasted when it attracted grants and spent the money publishing discounted teaching materials which it then made available to its members. The start-up money was one of the main factors that allowed the Syndicate to attract members away from a competing yet ineffectual Soviet-era institution. The director of the Georgian Wine Association, a trade body, agreed, saying that it was essential for such organizations to be funded for at least two years before they could rely on membership fees.

Another strategy employed by organizations was a two-tier membership structure, with only full members paying fees. In this way, potential fee payers were introduced to the workings of the organization, and could see the potential benefits first-hand.

There are also areas in which government intervention could facilitate the growth of institutionalized organizations. Reorganizing the tax structure to encourage the establishment of agricultural co-operatives would be a clear way of incentivizing collaboration in that sphere. In terms of school boards of trustees, the head of an international education management project said that whilst the state needed to give central support to the boards, it also had to sincerely believe that decentralization would work and "decouple school principals from political management" – a sentiment echoed by the head of the School Principals' Association.

Another significant way whereby government could potentially contribute to the growth of social capital is through 'outsourcing' or devolving responsibility to successful organizations. The Georgian Ministry of Education already outsources teacher training to a number of organizations (including the English Teachers' Association of Georgia and the Professional Teachers' Syndicate) who said that the practice "enables organizations to develop and become stronger economically".

Overcoming the perceived social risks of joining an association may prove to be one of the more difficult challenges to overcome. However, focus groups showed that there is an appetite for co-operation and a clear sense of public ownership and responsibility. A number of inactive members of residents' associations appeared ready to become involved, at least informally; "if they ask for help, I am ready," said one. Another inactive member, who had never involved herself in her residents' association's work, described her delight at how her neighborhood could all pitch in together. "When our yard was being paved, every single boy was downstairs helping the workers. When it got dark, they all switched the lights of their cars on to help the workers see; it was such fun."

Conclusion

In conclusion, Georgian society remains characterized by an abundance of deep social links, bonding capital, which provides members of close-knit networks with a means to reciprocally help each other – whether through financial aid, goods and services, or helping to find job opportunities or career advancement. As shown in this report, this is largely a understandable response to the difficulties Georgia has faced in its post-communist transition, its long experience of colonialism and then socialism, and its relative distance from countries that exhibit high levels of the sort of bridging social capital which enables collaborative action.

Although these are formidable challenges, the research suggests that a number of collaborative entities are beginning to mobilize the thin links of societal trust that allow successful associations to develop and thrive.

Many of the challenges faced by social entrepreneurs can be, and are being, overcome. As was reiterated in focus groups and interviews, the spread of information on the work of collaborative associations is essential to building trust and dispelling apathy in the population. As such associations mature, they will be able to communicate with the public more effectively. Economic deprivation, as well as ongoing feelings of dislocation

that have led to people retreating into bonding networks, is another factor inhibiting the growth of collaborative associations. However, as Georgia develops economically and as its society stabilizes this will become less of a hindrance.

Successful social entrepreneurs in fields as diverse as wine tasting, banking and promoting Georgian tea have used multiple strategies that can be employed by others seeking to convert some of Georgia's private, bonding capital into a form that can benefit themselves and society.

Research Approach

The research team reviewed the existing literature on Georgia, the Caucasus and other transition contexts in detail – including studies by the World Bank, USAID and other donor agencies. In addition to reviewing these findings in great detail, it also conducted its own original research in November 2010, with more than 40 face-to-face interviews, about 20 phone interviews, six focus groups, several internal review workshops, and extensive data analysis across five major data sets (CRRC's annual Caucasus Barometer, data CRRC collected for the National Democratic Institute, the international World Values Survey in the 2005-2008 wave, EBRD's 2007 Life in Transition Survey covering most transition countries, and the 2009 European Values Survey). In designing this research, CRRC drew on the guidance of Marc Howard, who has written one of the major studies in the field, *The Weakness of Civil Society in Post-Communist Europe,* and of a range of other experts.

The research project was tasked with examining six different sectors (agricultural associations, residents' associations, parent-teacher associations, partnerships among local communities, regional media and local governments, stakeholders sharing the management of natural resources, various health-related societies and support groups). The research could not identify stakeholders sharing the management of natural resources, but otherwise found various groups in each sector.

The challenges identified across those sectors were broadly similar, but with the challenges in each sector varying as widely as the sectors did between themselves: residents' associations, for example, often face widely different starting conditions in terms of the building they deal with, its problems, the number of inhabitants and the resources at their disposal to solve problems. Given this variation within each sector, it is beyond the scope of this report to exhaustively represent the situation of social capital sector in each field. With four main challenges across six heterogeneous sectors, this would have yielded an unwieldy and largely redundant matrix, since the breadth of material would have obscured the fact that there are four key themes that keep recurring across all the sectors that the research project examined.

Given the fact that researchers had about five weeks in which to conduct the practical part of the research, the assessment was inevitably selective. The research focused on understanding why collaboration struggles, and how exactly it succeeds. There is scope for in-depth studies within different sectors, but this is only likely to be valuable if it is directly tied to programming.

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An extensive list of materials is in the literature review that informed this research project, and is available separately.