

Residential care as an integral part of community development

Residential care has critical limitations regarding a holistic approach to community development. Social integration into a rural community and economic activities of residential care institutions can have ambiguous

impacts on families living in these communities. A residential care institution that facilitates families' access to valuable assets could be a way of sustainable community development.

As Christian NGOs, churches, and mission organisations our common approach to the fate of orphaned and abandoned children has often been residential care. Our understanding has however been growing that this approach has distinct social and economic constraints. Undesirable dependencies on international donations and limited outreach possibilities to communities are posing the question how we can go beyond mere residential care.

An orphanage in a rural community

In a rural community in the eastern lowlands of Bolivia there is an orphanage with an affiliated dairy farm for income earning purposes. Established at the end of the 1990s by the help of a Northern Christian NGO the orphanage is today substantially co-financed by a large evangelical church from the department's capital of Santa Cruz.

Connections and inter-linkages between the orphanage and the families of the local community are manifold: Social interactions occur within different institutions like for example in the local school or in churches and some of the local people work as employees in the residential care institution. Economic interactions occur in real monetary transactions but also in competition for resources a fact that might not be revealed in real transactions.

Diverse social interfaces

Social integration of the orphanage in the community is however significantly lower in all considered dimensions if compared to local groups. The difference is largest for participation in decision-making processes. Also people's contributions to local groups are much higher than to the orphanage.

Even though the orphanage does not have particular objectives towards the community

the perceived benefits of the local families are considerable (though still lower than for local groups). The orphanage has become a potential risk coping strategy whereby families expect the orphanage to take care of children in an emergency. This "perverse incentive" undermines the families own risk management strategies, offers relatively easy solutions and has created unrealistic expectations among families. The possibility to strengthen the families own risk management strategies is missed out.

There is also a general perception among the families in the community that the orphanage brings economic benefits to the community. This is why I will now give special consideration to the economic system of the community and the orphanage.

For this purpose a computable model has been developed whereby different hypothetical situations can be simulated and impacts on the orphanage and the community can be estimated.

Ambiguous economic impacts

In a situation where the orphanage stops all its activities the average income of the local population decreases by 4%. There is of course wide variation among different families.

If a family does not have a family member that works in the orphanage there are hardly any impacts. Yet other families that have someone working in the orphanage have to cope with a severe decrease in their family income of 16% which brings some of them in tense situations as they belong to the poorer people in the community anyway. The reduction in income is however less than what they earn in the orphanage revealing that they can partly compensate with seasonal employment and increased farm income.

Also the aggregate decline in family income at the community level is less than the amount of money that directly flows into the community from the orphanage through wages. This shows that there are spill-over and multiplier effects of the orphanage: one Dollar spent in wages generates about US\$1.7 in aggregate family income in the community as a whole. This mechanism works through increased investment activities and triggered-down employment effects.

Competition for scarce land

Land distribution in the community is rather unequal—a situation commonly known in Latin America. It is therefore worthwhile to consider a situation where constraints in access to land are lifted. Families of the rural community then start to rent-in land and expand on their agricultural income earning activities. Social fragmentation can explain why the land market is not well functioning in the rural community. To overcome this restriction it was assumed that transfer payments to the dairy farm of the orphanage could be used in community development projects instead. Besides direct benefits to the families in the community this would increase the potential interface for social interaction between the orphanage and the local community and contribute to potential land-transactions.

A win-win situation?

Local families take the chance to participate in community development projects in those seasons of the year when their family labour is not utilised in other activities. They start to rent in land from the orphanage and are even able to pay competitive prices. It gives them the chance to raise their family incomes in average by 14% as they are quite efficient farmers given that they have access to land. Even families that have someone working in the dairy farm of the orphanage and have to cope with major losses in employment income

achieve an increase in their family incomes by 7% through increased farming.

Although the dairy farm of the orphanage stops its farming activities in this situation, income increases by 8% as renting-out land to local families is more profitable than to continue farming. Management time in the dairy farm is dedicated to the community development projects in this situation.

Lessons learnt: A broader approach

A residential care institution that operates within a rural community particularly benefits families that have someone employed in the institution. For these families it is a substantial contribution to their family income. Additionally spill-over and multiplier effects that go beyond the immediate impact of wages benefit the community as a whole.

Yet most families do not directly benefit from orphanage activities and the activities even undermine their own risk management strategies by creating "perverse incentives". Also competition for scarce land resources creates trade-offs between the residential care institution and the objective of community development.

Looking at different possible situations it might be a more advantageous strategy for the orphanage to engage in community development projects instead of dairy farming. Facilitating families' access to assets disposable to the residential care institution can increase family's income and increase their resilience to risks.

By going beyond the activities of solely taking care of the immediate beneficiaries of residential care institutions a community-focused approach increases the number of beneficiaries, makes a contribution to community development and generates some funds for the residential care institution.

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