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PRIVATE VOLUNTARY ORGANIZATIONS AND INSTITUTIONAL DEVELOPMENT:

Lessons from International Voluntary Services, Inc. and The Institute for International Development, Inc.

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PREFACE

This report is the product of cooperation between a private consulting firm, Development Alternatives, Inc. (DAI), and a university, Cornell, each of which operated under different contracting mechanisms managed by different bureaus of the U.S. Agency for International Development. The report is also the product of cooperation with the two private voluntary organizations -- International Voluntary Services, Inc. (IVS) and The Institute for International Development, Inc. (IIDI) -- whose field activities served as the report's data base.

The study team consisted of four full-time staff members from DAI and two graduate students from Cornell University. This six-person team first spent one week in Washington preparing an analytic framework to be used in the field work. Two-person subteams then spent approximately three weeks in four countries testing the framework. The field work was followed by one week in Washington during which the field reports (appearing as Annexes A-D) were written and the analytic framework was critiqued and revised. The body of the paper, which constitutes an analysis of the team's collective findings, was then prepared by the team leader.

The entire report was circulated in draft to team members; AID officials; other DAI staff, Professor Norman Uphoff at Cornell, whose contract with AID's Bureau for Science and Technology had financed the participation of the two graduate students; and IVS and IIDI. This final report represents a revision of the draft based on written comments from those to whom the draft was circulated.

The body of the report was written by the study team leader, Craig Olson of DAI. The Bangladesh case studies were written by Kenneth Koehn of DAI and Ruth Ammerman-Yabe of Cornell, the Botswana case studies by Dr. Olson and Peter Doa of Cornell, the Ecuador case studies by David Gow and Donald Jackson of DAI, and the Costa Rica case study by Dr. Gow.

In addition to these principal team members, several other persons made important contributions to this study. Judith Gilmore of AID's Bureau for Food for Peace and Voluntary Assistance was the overall project manager and provided important written and oral guidance throughout the research and writing periods. Professor Uphoff provided extensive comments on the draft as well as written material that was incorporated into Chapter One; in addition, his writings on local institutional development formed the basis of much of the study's conceptual framework. George Honadle of DAI provided written comments on the draft and assisted in its revision. Other persons from whom

written comments on the draft were received included Tony Barclay, Russell Betts, and Jerry Van Sant of DAI; Nan Borton and James Cawley of IVS; Robert Hancock of IIDI; and Douglas Merrey of AID's Bureau for Science and Technology. Dr. Betts, Dr. Honadle, and Mr. Van Sant also participated in the workshops that preceded and followed the field trips.

The authors would like to express appreciation to all those people who contributed to this report as well as to the respondents among the people of Bangladesh, Botswana, Ecuador, and Costa Rica and the staff of IVS and IIDI in those countries and in the United States whose generous gifts of time and information made this report possible. The opinions expressed in the report, of course, are solely those of the authors.

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January 1985

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EXECUTIVE SUMMARY

The focus of this study is on the methods used by private voluntary organizations (PVOs) to increase the effectiveness of development organizations in developing countries. Commissioned by the U.S. Agency for International Development and carried out by a six-person team from Development Alternatives, Inc. (DAI) and Cornell University, the study has two purposes. The first is to develop and field test a set of indicators that PVOs and donor agencies can use to assess institutional effectiveness. The second is to assess the extent to which different types of assistance proffered by PVOs contribute to an increase in institutional effectiveness.

The study was carried out in several stages. The first stage was a one-week workshop in which team members met with representatives from AID and PVOs and with outside experts to prepare the study's analytic framework. In the second stage, three sub-teams of two persons each spent three weeks field testing the framework by assessing the institutional development activities of two PVOS in four countries. In the third stage, lasting one week, the full team re-assembled in Washington to prepare case studies of their field observations and to discuss the use of the analytic framework. In the fourth stage, the team leader prepared a comparative analysis of the use of the analytic framework and the findings of the sub-teams. The entire report was then submitted to AID and the cooperating PVOs for comment. This final report reflects the comments received on the draft.

THE PRIVATE VOLUNTARY ORGANIZATIONS AND THE CASE STUDIES

Two PVOs cooperated in this study: International Voluntary Services, Inc. (IVS) and The Institute for International Development, Inc. (IIDI).

International Voluntary Services, Inc.

IVS is a Washington-based non-profit organization that assigns skilled volunteers to development projects in developing countries. In its early years, IVS acted mainly as a placement agency, filling requests for volunteers received by government and non-governmental organizations overseas. The principal service of IVS is still the fielding of volunteers, but, in recent years, it has utilized field offices to identify and develop programs and projects. In compliance with a matching grant from AID, IVS has also begun to concentrate on institutional development as an explicit objective of its volunteers' work. To this end, it has developed a set of its own indicators of institutional development.

In 1984, IVS had 25 volunteers in nine countries. This study examined the work of nine volunteers in eight projects in three countries. The volunteers are employed by seven different institutions, but in several cases work more closely with secondary organizations rather than with the primary organizations to which they are formally assigned. The IVS case studies are as follows:

Country	Indigenous Institution	Volunteer	Project
Bangladesh	Friends in Village Development, Bangladesh (FIVDB)	Agronomist	Various agricultural activities
Botswana	Primary: Botswanacraft; Secondary: Etsha Resource Conservation Group	Handicrafts specialist	Village handicrafts production and Mokola palm farming
Botswana	Primary: Brigades Development Center (BRIDEC); Secondary: Kweneng Rural Development Center (KRDA)	Accountant	Training of brigade bookkeepers and accountants
Botswana	Primary: Rural Industries Innovation Center (RIIC); Secondary: Diphawana Cattlemen's Syndicate	Engineer	Development and testing of bio-gas digestors
Botswana	Pioneer Rural Industries Center (PRICE)	Business management specialist	Management of a sorghum mill and agricultural supplies store
Ecuador	COOPRINTEX, a knitwear production cooperative	Business management specialist	Assistance tothe cooperative in organization, management, and marketing

Ecuador	Primary: Oficina Provincial de Alfabetizacion de Chimborazo (OPACH); Secondary: Gatazo Hospital (an agricultural cooperative)	Economist	Overall assistance to Gatazo Hospital
Ecuador	Primary: Promocion Humana; Secondary: Two fledgling agricultural cooperative in Pindilig and Rivera	Two agronomists	Overall assistance to the Pindilig and Rivera cooperative

The Institute for International Development, Inc.

IIDI is a PVO based in Vienna, Virginia. Its principal objective is to increase employment and income among the poor in developing countries through the promotion of small businesses. Its methodology is to work through Christian church networks to create IIDI affiliates which, once established, make loans for the creation or expansion of small businesses. IIDI assists the affiliates financially by making available the money necessary for their establishment and by covering their operating expenses for three years. It also provides between $200,00 and $300,000 to its affiliates for the establishment of a revolving loan fund. At the end of three years, IIDI expects affiliates to be financially self-sufficient by covering their operating expenses from earnings on the revolving fund. IIDI also provides long- and short-term technical assistance to help affiliates with their organization and management.

The study team looked at only one IIDI affiliate, La Asociacion de Ayuda al Pequeno Trabajador y Empresario (ADAPTE), in Costa Rica. Created in 1982, ADAPTE had been receiving assistance from IIDI for two years at the time of the study team's visit.

THE ANALYTIC FRAMEWORK

The analytic framework posits a relationship between institutional effectiveness and two sets of explanatory factors: PVO strategy variables and environmental variables. Institutional effectiveness has two dimensions: institutional development, which includes such concepts as organizational stock, performance, outputs, linkages, and coalition building; and

development impact, which refers to the outcomes of institutional development and is measured in such terms as economic and social benefits and equity effects. The relationship between these variables is depicted in Figure ES-1.

Institutional Development Indicators

The team developed and field tested 35 indicators of institutional development. The indicators are divided into three categories: those dealing with organizational capacity building, those dealing with organizational linkages, and those overlapping the two categories. One indicator was added after the team returned from the field, two were deleted, and several were revised. The revised set contains 34 indicators.

Private Voluntary Organization Strategy Variables

The PVO strategy variables are divided into three groups: PVO objectives, type of indigenous organization assisted, and assistance approach. With respect to PVO objectives, this study is particularly concerned with the extent to which PVOs are explictly attempting to increase the effectiveness of indigenous development organizations.

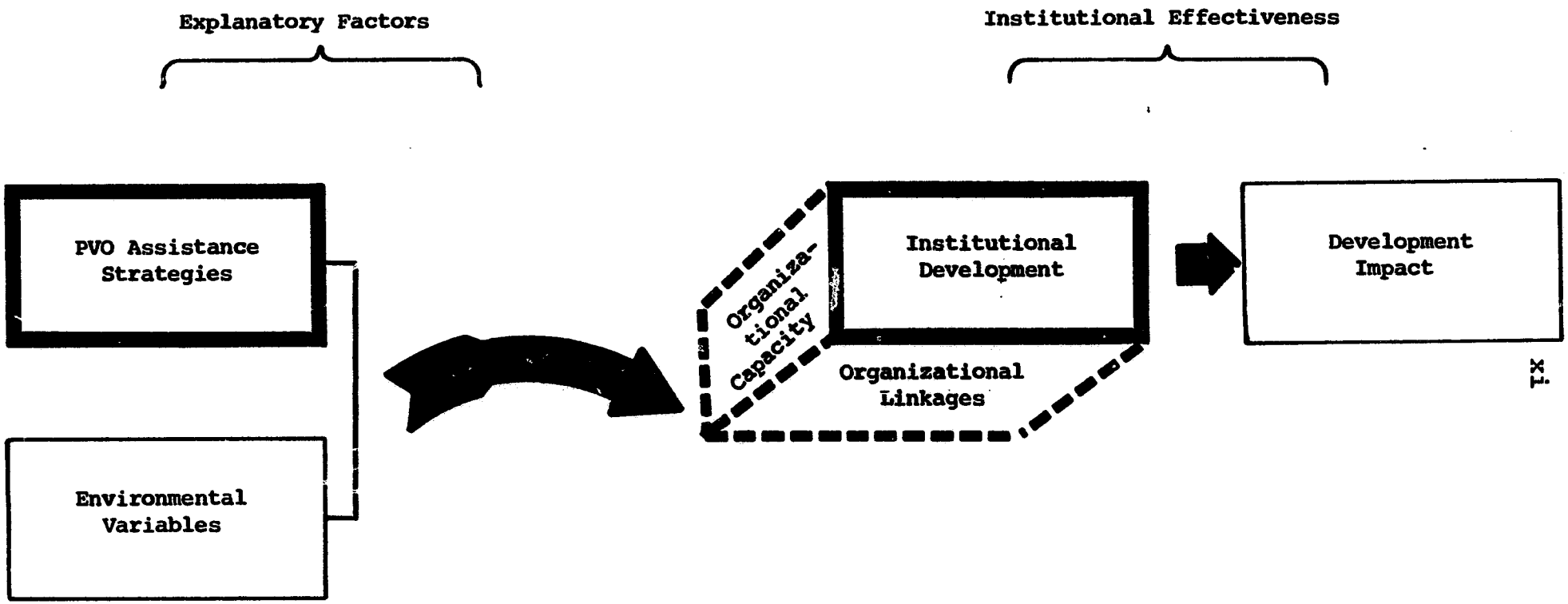
The type of organization assisted is defined first by the relationship between the PVO and the organization. The organization can be the explicit object of the PVO's assistance; it can be simply a convenient instrument through which the PVO channels assistance; or it can be a combination of the above. The indigenous organization itself is characterized by its purpose or function, its membership or clientele, its age or maturity, and its size or geographic reach.

With respect to size and geographic reach, indigenous organizations can operate at national (even international), intermediate, or local levels. This distinction is sociological as well as geographic. The sense of common identity and common interest that serves as the basis for the collective action of an organization tends to decrease sharply once the organization goes beyond the confines of a locality. This in turn affects the possibilities of local participation in organizational decision making and accountability.

An important distinction of the study is the difference between an intermediate organization and an organization functioning as an intermediary. The former refers simply to the level of the organization's operations: that is, some level between national and local (region, province, or district, for example.) The latter refers to an organization that assists or channels services to a local organization. Distinguished in this manner, not all intermediate organizations are intermediaries. Some PVOs work with intermediary organizations for the instrumental purpose of proffering assistance to local

FIGURE ES-1

EXPLANATORY FACTORS AND INSTITUTIONAL EFFECTIVENESS



organizations, but without any explicit intent to make the intermediary organization an object of institutional development assistance.

The notion of PVO assistance approach includes two elements: intervention strategy and technical assistance mode. Intervention strategy can be of three types: assistance, facilitation, or promotion. Assistance strategy involves responses to requests from existing organizations in which objectives are established and pursued largely from within the organization. Facilitation strategy involves an outside agency's catalyzing the creation or activation of a local organization and assisting with the establishment of objectives. In the promotion strategy, a local institution serves mainly as an instrument for the achievement of objectives that have been established by an outside agency.

Technical assistance mode deals with the relationship between the indigenous institution and the experts or specialists that the PVO may provide to work with that institution. Technical assistance is usually carried out in one of five modes: performer, in which the specialist is assigned mainly to deliver a product or service; substitute, in which an expert takes the place of a member of the indigenous institution's staff who is away for training; adviser/partner in which an expert seeks to transfer skills to the staff of an indigenous institution through on-the-job training; teacher, in which the the expert transfers skills through formal or non-formal training; or mobilizer (sometimes also called catalyst or guest), in which the specialist seeks to create an organization or change its objectives through such techniques as consciousness raising, organization, or coalition building.

Environmental Variables

Environmental variables in this study are defined simply as all factors other than PVO strategy variables that affect institutional development and institutional effectiveness. The list of environmental variables that the team could consider was left open ended. However, the following illustrative categories were suggested:

- Political-bureaucratic systems and norms;
- Socio-cultural sytems and norms;
- Resource endowments and constraints;
- Government policies; and
- History (mainly referring to the previous development experience of the indigenous organization or the beneficiary community).

APPLICABILTIY AND USEFULNESS OF THE INDICATORS

DAI-Cornell Institutional Development Indicators

The overall finding is that the institutional development indicators should prove useful in assessing the strengths and weaknesses of a wide range of indigenous organizations. The team found that most of the indicators were applicable and instructive regardless of the size, history, and type of the indigenous organization assessed. The use of the indicators in similar assessments in the future should, however, lead to further refinement and to validation of this finding.

In an attempt to compare institutional strengths and weaknesses, the nine indigenous organizations are ranked on a scale of 0-5 on each of the 34 indicators. The aggregate mean for all indicators and all organizations is close to the numerical average, 2.1, but the modal score is an above average 3. Six of the organizations had overall ratings above 2, whereas 3 had ratings below 2. In the latter category are the two inchoate organizations -- the Etsha Resource Conservation Group and Pindilig/Rivera -- and also KRDA, which suffers from severe financial and management difficulties.

It is recognized that this type of aggregate analysis does not take into consideration the relative importance of some of the indicators. If some indicators are more important than others in explaining the strengths or weaknesses of an organization, they should be weighted accordingly.

The number of cases is too small (and their selection was too non-random) to obtain reliable correlations between particular indicators and institutional effectiveness. However, the data indicate that future assessments should pay close attention to the possibility of a strong relationship between institutional effectiveness and two of the indicator sets: human resources/personnel incentives, and planning, monitoring and evaluation.

The IVS Indicators

IVS had applied its own indicators of institutional development in three of the eight projects observed by the study team, but had used the results of these applications in only one case -- that of COOPRINTEX. It is not possible, therefore, to make a judgment about the applicability of the IVS indicators based on actual use (although, in the case of COOPRINTEX, the indicators were used to help design a successful IVS intervention).

INSTITUTIONAL DEVELOPMENT OUTCOMES OF THE PVO STRATEGIES

With two exceptions, the IVS projects have had little or no impact on the effectiveness of the institutions to which volunteers are formally assigned. The IVS volunteers, however, had greater impact on the effectiveness of institutions other than those to which they are formally assigned. In contrast, the IIDI intervention with ADAPTE in Costa Rica has been the most important influence in ADAPTE's institutional development.

IVS Projects

There are several reasons for the lack of IVS impact on the effectiveness of the indigenous institutions to which its volunteers are assigned. First, most of the volunteers are engaged in project-oriented, rather than institutional development, assistance; for the most part, the volunteers' work is focused on the implementation of discrete projects carried out by the indigenous organizations rather than on increasing organizational capacity. Second, the technical assistance mode of the volunteers tends in some cases toward the performer, rather than the adviser model; the volunteers' work is aimed at delivering a service or product rather than at transferring to the indigenous institution the ability to deliver the service or product. Third, most of the organizations to which the volunteers are assigned are large, well established, and non-local; in this type of organization, the leverage of a PVO, even if its assistance is aimed squarely at institutional development, is likely to be overwhelmed by environmental factors.

Two of the eight volunteer projects -- COOPRINTEX and PRICE -- constitute the exceptions that tend to prove the above generalizations. Both COOPRINTEX and PRICE are small, local institutions, and in both cases the work of the IVS volunteer involves overall assistance in the development of the institutions' policies, objectives, and management. The work of the volunteer with COOPRINTEX has been quite successful. The work of the volunteer with PRICE has begun too recently to have shown any results, but its potential appears to be excellent.

An unexpected finding is that, in five IVS projects, the volunteers work closely with organizations other than those to which they are formally assigned. All of these organizations are small and local, and, in every case, the actual or potential impact of the volunteers on the effectiveness of these secondary organizations is greater than it is with their primary organizations. In only two, possibly three, of the five cases, is the relationship of the primary organization to the secondary organization that of an intermediary. This means that in only two cases, and partially in a third, do the volunteers have a mandate to work with the secondary institutions and to receive assistance from the primary organization for this work.

The generally weak influence of IVS volunteers on the effectiveness of their primary institutions means that the influence of environmental variables is overwhelming. One of the most important of these variables, in the judgment of the study team, is the salience of grassroots organizations and community development activities in the host country. In this regard, the strong tradition of community organization in Bangladesh and Ecuador makes the pursuit of an institutional development strategy by PVOs in those countries relatively easy. In contrast, the relatively weak associative tradition, the paucity of local organizations, and the dominance of government-sponsored organizations in Botswana make local institutional development a more difficult task in that country.

The IIDI Project

The success of IIDI in the development of ADAPTE is explained by several factors. First, IIDI's strategy is aimed squarely at institutional development; IIDI sets out deliberately to create affiliates according to a standard plan and assumes responsibility for financial and technical assistance to the affiliate over a period of three years. Second, the affiliates are weaned of IIDI assistance in the third year; the knowledge on the part of the affiliates' management that IIDI assistance will last only three years creates a powerful incentive to attain financial and technical self-sufficiency by the end of that time. Finally, the use of church networks by IIDI lends an important element of legitimacy to the establishment and initial operation of its affiliates; in introducing its ideas through Christian churches, IIDI and its affiliates benefit from the built-in trust that comes from shared religious values.

CONCLUSIONS, RECOMMENDATIONS, AND NEXT STEPS

The comparative advantage of PVOs that wish to pursue a strategy of institutional development is in assistance to small, grassroots organizations. However, PVOs may wish to channel their assistance through intermediary organizations that have a mandate to assist local organizations. Although the influence of the PVOs with an intermediary organization will not be as great as it will be with local organizations, it should be possible, if the intermediary organization supports it, for the PVO to help the intermediary increase its capacity for promoting local institutional development.

PVOs should resist the temptation to assign personnel to positions in which they are called on mainly to perform tasks rather than to teach or advise others on the performance of tasks. The performer model buys short-term accomplishements at the cost of leaving little behind in the way of long-term benefits.

The design of an effective institutional development intervention must be preceded by a diagnosis of the strengths and weaknesses of the institution that is to be the object of the assistance. The indicators of institutional development that have been developed and field tested in this study should prove to be useful tools in this regard. As a next step, they should be validated through a second field-testing exercise involving a larger number of PVOs. This exercise should be designed also to provide a more rigorous testing of the relationship between environmental variables and PVO strategy variables than was possible in this study.

CHAPTER ONE

INTRODUCTION

The focus of this study is on the methods used by private voluntary organizations (PVOs) to increase the effectiveness of development organizations in developing countries. The study has two purposes. The first is to develop and field test a set of indicators that PVOs and donor agencies can use to assess institutional effectiveness. The second is to assess the extent to which different types of assistance proffered by PVOs contribute to an increase in institutional effectiveness.

INSTITUTIONAL DEVELOPMENT AND ASSISTANCE FROM PRIVATE VOLUNTARY ORGANIZATIONS: A BRIEF CONCEPTUAL SURVEY

The idea for the study emerged from the confluence of two themes that have assumed an increasing importance in development literature and development practice. The first theme involves the role of local institutions in development. The second theme concerns the role of PVOs in building and increasing the capacity of local institutions.

For many years, the development community has recognized that effective institutions reaching down to the local level in developing countries are necessary to make effective use of transferred resources, implement development activities, and, most important, sustain these activities once external assistance is no longer available. For these reasons, donors have committed large amounts of resources to try to strengthen these institutions.[1] Over the past 20 years, a substantial literature has emerged on what has been called "institution building"; this literature has contributed to the current concern with institutional development.[2]

From this literature have emerged some concepts and concerns of importance for this study. One deals with the level at which institutional development is undertaken, whether national, intermediate, or local. The chances for self-sustaining development within a particular area are expected to increase to the extent that development activities are managed by institutions in which there is substantial participation by the population of that area. What qualifies as local may vary by area and institution, but the basic issue is whether people are able to participate directly in the affairs of that institution and have some control over it, so that they come to see it as essential to their own security, well-being, and advancement. These institutions will often be small in scale, simple in structure, and limited in purpose.

Another concern involves the distinction between organizations and institutions, which is made complicated by the fact that the two sets overlap -- some organizations are institutions and others are not, just as some institutions are organizations and others (such as language, money, or land tenure) are not. Although institutions that are not organizations may be important for development and for local capacity, donors and PVOs have the most interest in organizations that are regarded (or could come to be regarded) as institutions, because of the value of their peformance of certain functions in a given environment.[3]

Determining whether an organization has achieved institutional status and legitimacy is a matter of degree and quite subjective, according to the value judgments made by a variety of actors -- members, customers, clients, administrators, policy makers, and donors. This study gives some substance to the distinction between an organization and an institution by dividing the institutional development indicators, which constitute the heart of the study's analytic framework, into two sets: organizational capacity indicators, which are used to assess the organization's internal efficiency and effectiveness, and organi-

zational linkage indicators, which are used to assess the support and legitimacy the organization has acquired, or is acquiring, to sustain or institutionalize itself over time. However, no attempt is made to make a final determination about whether -- or the extent to which -- an organization being assisted by a PVO functions as an institution. The main concern is the extent to which the organization's performance of certain development tasks is effective and continuing, as this will contribute over time to a greater degree of institutionalization. Because no hard and fast determination of institutionalization could be made at this point, the subjects of this study are referred to interchangeably as organizations or as institutions.

The notion of institutional development is intertwined in the literature with other concepts that are sometimes used as synonyms for, but can also be used to help define, institutional development. These concepts include organizational capacity, administrative capacity, organizational performance, and development impact. The first two concepts generally refer to internal dimensions of an organization's capabilities; they include what George Honadle has termed "administrative stock" (the organization's financial, human, and physical resources), management structure, and some behavioral attributes affected by the organization's values and incentive systems.[4] The last two concepts refer to the results or outcomes of an organization's activities. They are included to emphasize that institutions are not ends in themselves, that internal efficiency, survival, and longevity are not, by themselves, adequate indicators of institutional development; ultimately, the development outcomes of the activities of an organization, that is, its impact on beneficiaries, must be included in the overall assessment.

A related perspective is that of inheritance.[5] From this viewpoint, the key to project success is not what was done by project staff, but whether post-project local initiatives were facilitated by the capacities that were built during the intervention period. This shifts attention away from production-

oriented technical assistance to capacity-building technical assistance, and implies that organizational capacity and progress toward institutionalization cannot be determined until after an intervention has ceased. From this perspective, institutional development may be seen as an insurance policy that improves the sustainability of other project investments.

From this notion of inheritance emerges the importance that the literature places on the mode of assistance that is most likely to promote sustainable institutional development. Donors and other development agencies generally provide three types of assistance to indigenous institutions: training, capital (financial) assistance, or technical assistance. But cross-cutting these generic types are a number of possible intervention strategies, as well as various modes of technical assistance.

Intervention strategies deal with such questions as whether to create new organizations or build on existing ones, whether to introduce new technologies or refine technologies already in use, and the balance between external (government or donor) influence and community participation.[6] Norman Uphoff has suggested three alternative strategies for pursuing local institutional development: assistance, facilitation and promotion. These three strategies differ according to the existing capabilities of the institution and the source of goal setting.[7]

Technical assistance mode deals with the purpose of technical assistance as well as the way in which it is provided. For the purposes of this study, the most important distinction with respect to technical assistance mode is between that which aims at providing a service or product directly and that which aims at developing the capacity of an institution to produce the service or product. The former is usually associated with two technical assistance modes known in the literature as performer or substitute. The latter is associated with several different modes, including adviser or partner, teacher, catalyst, mobilizer, or

guest. A further explanation of intervention strategies and technical assistance modes and their implications for PVO strategies is provided in Chapter Two.

Under what circumstances does technical assistance become institutional development assistance? If technical assistance is carried out in the performer mode, it probably does not qualify as institutional development assistance, because the performer mode aims at providing a product or service directly, with little regard for leaving behind an organizational capability to perform the same tasks. The other technical assistance modes may constitute institutional development assistance, depending on the nature of the intervention. Assistance directed at institutional development generally involves working with the leadership of an organization in such areas as policy development; program and project planning; leadership and staff training; and overall administration, organization, and management. The important ingredient in institutional development assistance is the development of enduring policies, procedures, and systems.

Assistance that is task or product oriented -- some construction and agricultural production activities, for example -- should be considered technical, rather than institutional development, assistance. Yet the distinction between strictly technical and institutional development assistance blurs easily. The development of a technology that is central to the capacity of an organization -- a different and successful crop for an agricultural production cooperative or effective telecommunications techniques for a family planning agency -- might well have institutional development impact. No organization can long survive without an effective technology regardless of how well it is organized and managed, and conversely, of course, an effective technology will not contribute to the viability of an organization that lacks good organization and management. The key to the different strategies is whether it is the technology or the organization that is the focal point of the intervention, but the distinction is not always clear.

It is within the context of these questions that the role of PVOs emerges. Some PVOs have accumulated considerable experience in promoting and working with developing country institutions. Donors and governments often consider PVOs better suited than larger development agencies to working with local organizations because PVOs provide low political visibility, a willingness to work in isolated areas, a generally cost-effective approach, and the potential for continuity of efforts as a result of a local presence. Accordingly, donors such as the U.S. Agency for International Development (AID) have frequently tapped PVOs to manage small projects and have financed activities aimed at increasing the capacity of these projects to improve the performance of local institutions. The PVOs in turn have begun to focus on institutional development as an explicit objective of their overseas activities, expanding what for many has been an implicit feature of their approach for many years.

METHODOLOGY

It is against this background that AID commissioned Development Alternatives, Inc. (DAI) and Cornell University to carry out a study of the institutional development activities of PVOs. For several years, AID's Bureau for Food for Peace and Voluntary Assistance (FVA) has financed PVO projects, usually on a matching grant basis with some objectives tied to the AID funding. For several PVOs, these objectives have included a more explicit focus on development of the organizational capacity of the indigenous organizations that the PVOs assist.

When the study was first conceived, it was intended that the DAI-Cornell team would carry out a comparative analysis of PVO institutional development strategies and that several PVOs, as well as several PVO projects in different countries, would be the objects of the study. The study team was to develop an analytic framework that it could use to assess the organizational capacity of the indigenous organizations and to measure the impact of the PVO interventions on the development of that capacity. This

framework would then be used to evaluate several different PVOs working with different organizations in different countries. The evaluation process would also serve to test the usefulness of the framework. Carried out in this manner, the study would permit an assessment of which strategies worked best under which circumstances to promote institutional development. The study would permit also the development of a framework that AID and the PVOs themselves could use in future evaluations.

As it turned out, circumstances arose so that only two PVOs could be included in the study: International Voluntary Services, Inc. (IVS) and The Institute for International Development, Inc. (IIDI). The team was able to study the work of IVS with eight indigenous organizations in three countries. For IIDI, the study was limited to an examination of its work with one indigenous organization in one country. The inclusion of only two PVOs severely limited the possibilities of carrying out the study on a comparative basis. However, the PVOs' nine projects were located in four different countries, and in two countries the approach to institutional development used by IVS differed by project. Thus, although an insufficient number of projects and PVOs in the sample precluded definitive conclusions, the study team was able to develop and test an analytic framework and to derive from the case studies some hypotheses about the interaction of PVOs and indigenous organizations and about the influence of the environment on this interaction.

The Private Voluntary Organizations and the Case Studies

International Voluntary Services, Inc.: Eight Cases

IVS is a Washington-based non-profit organization that assigns skilled volunteers to development projects in developing countries. Three churches -- Mennonite, Quaker, and Church of the Brethren -- were instrumental in founding IVS in 1953, but it is now non-sectarian. The funding for IVS has come mainly from foundations, church groups, and individuals, but since 1983 about

one-half of its budget, which in 1984 was nearly $2 million, has been provided through a matching grant from AID. In the early years, IVS acted mainly as a placement agency, filling requests for volunteers received by government and non-governmental organizations overseas. The principal service of IVS is still the fielding of volunteers, but, in recent years, it has been more active in the identification and development of the programs and projects that it assists with its volunteers.

One difference between IVS's old and new methods of operation is the nature of the responsibilities of IVS field directors. For many years, IVS has operated through permanent field offices in the countries in which it places volunteers, but, in the past, field directors were mainly responsible for the administration and management of volunteer contracts as well as some project identification. Since the late 1970s, however, field directors have been given additional responsibilities in the field of program and project preparation.

The field office is headed by a director who, in each of the three countries that the study team visited, was an expatriate (but not American). The director is assisted by one or two local staff. The field director works closely with host country authorities and indigenous development organizations to conceptualize an overall strategy and program for IVS assistance and to identify and prepare projects that fit into the program framework. The director remains responsible to IVS/Washington for the work of the volunteers once they have been assigned to projects. However, the volunteers are professionally responsible first to the indigenous organizations to which they are assigned.

Through both its Washington and field offices, IVS has increasingly concentrated on institutional development as an explicit objective of its services. In compliance with the conditions of its matching grant with AID, IVS has developed a set of its own indicators of institutional development. These indicators, presented in Annex F, are sequenced to permit users

to identify the stages and phases of an institution's development. Field directors, as well as volunteers, have begun to use these indicators, among other tools, to help indigenous organizations improve their ability to analyze problems, design projects, and carry out monitoring and evaluation. One objective of this study is to assess the use that IVS has made of its institutional development indicators in the field.

In 1984, IVS had 25 volunteers in nine countries in Asia, Africa, and Latin America. This study examines the work of nine IVS volunteers in eight projects in three countries. (One project is assigned two volunteers.) The volunteers are employed formally by seven different indigenous institutions, but in several cases work more closely with organizations other than those to which they are formally assigned.

- In Bangladesh, an IVS agronomist works part time with Friends in Village Development, Bangladesh (FIVDB), an organization founded by Bangladeshis who had previously been employed by IVS. About 20 IVS volunteers have worked with FIVDB since its creation in 1981.

- In Botswana, an IVS handicrafts specialist is employed by Botswanacraft, a public enterprise that markets village handicrafts domestically and internationally. The volunteer's principal assignment is to improve the quality of handicrafts (mainly grass baskets) produced by village women in Ngamiland District. This study, however, focuses on a secondary activity of the volunteer: to organize villagers for the domestication of the mokola palm, the plant that produces the leaves the women use in basket weaving.

- In Botswana, an IVS accountant is employed by a government agency called the Brigades Development Center (BRIDEC) to provide training to the bookkeepers and accountants in Botswana's 77 brigades. Originally, the brigades were intended to provide vocational training to school leavers and to cover the costs of training through the production of the trainees. Today, most production and training brigades are separate entities. This study focuses on the Kweneng Rural Development Association (KRDA), which is a brigade center, grouping several different brigades for administrative purposes. KRDA has received direct assistance from IVS volunteers in the past, and its six brigades now receive training from the accountant in BRIDEC.

- In Botswana, an IVS engineer is employed by the Rural Industries Innovation Center (RIIC), the principal operating arm of a quasi-non-governmental organization (QUANGO) named Rural Industries Promotions (RIP). The engineer's major responsibility is to develop and test bio-gas production machinery. In testing this machinery, the engineer has worked with the Diphawana Cattlemen's Syndicate, which operates a cattle-watering borehole using a bio-gas digestor.

- In Botswana, an IVS accountant and business adviser manages the Pioneer Rural Industries Center (PRICE), another operating arm of RIP. PRICE consists of an agricultural supply store called the One-Stop Service Center for Agriculture (OSSCA) and a sorghum mill that RIIC developed.

- In Ecuador, an IVS volunteer is assigned to a knitwear production cooperative named COOPRINTEX. His responsibilities are to assist the cooperative to improve its organization and management as well as its marketing.

- In Ecuador, an IVS economist is formally employed by the Oficina Provincial de Alfabetizacion de Chimborazo (OPACH), but has worked almost full time with an agricultural cooperative named Gatazo Hospital.

- In Ecuador, two IVS agronomists (a married couple) are formally employed by Promocion Humana, which is the social action arm of the Catholic church. They spend most of their time, however, working with two agricultural groups called Esperanza de Pindilig and Grupo Organizado para el Trabajo Agricola at Rivera.

The Institute for International Development, Inc.: One Case

IIDI is a PVO based in Vienna, Virginia, that has received its funding through Protestant church networks, as well as from individuals, corporations, and foundations in the United States. Since the creation of IIDI in 1971, its principal objective has been to increase employment and income among the poor in developing countries through the development of small businesses. For its first six years, IIDI's method of operation was to broker loans or equity investments from U.S. business people to developing country enterprises. In 1977, IIDI began making its own loans from an investment loan fund and also began working through affiliates in the host country to locate business

opportunities and monitor businesses to which loans had been made. In 1979, IIDI changed its method of operation once again by creating new small business development agencies that assume responsibility for IIDI's lending and business monitoring operations in host countries.

IIDI provides technical and financial assistance to its small business development agencies for three years, after which they are expected to be financially and managerially self-sufficient. The financial assistance includes an operating and training budget and a $300,000 loan fund, which, it is expected, will be continually replenished by repayments from the affiliates' clients. Long- and short-term technical assistance to the affiliate is provided from IIDI's Washington-based staff and, on a voluntary basis, from IIDI's network of U.S.-based Christian business people; it includes setting up a board of directors, developing internal management systems, establishing a loan approval process, providing appropriate technology information, training staff, and exchanging expertise among affiliates.

At present, IIDI has eight affiliates in as many countries in Asia, Africa, and Latin America. In 1983-1984, IIDI's total income was $1.351 million, of which $435,000 represented a matching grant contribution from AID and $100,000 came from the U.S. Overseas Private Investment Corporation. Much of the rest was provided from contributions obtained through church networks in the United States.

The study team looked at only one IIDI affiliate, La Asociacion de Ayuda al Pequeno Trabajador y Empresario (ADAPTE) in Costa Rica. ADAPTE was created by IIDI and Protestant business people in Costa Rica in August 1982. At the time of the visit by the Latin American sub-team, ADAPTE had been receiving assistance from IIDI for two years, with one year remaining in the assistance agreement.

Methodology

The study began with a five-day workshop that took place in the first week of July 1984. The participants in this workshop included a six-person DAI-Cornell study team; representatives from AID, IVS, and IIDI; and three other DAI staff. One result of this workshop was an analytic framework that was used in the subsequent field work. The institutional development indicators included in this framework are presented in Annex E.

The study team comprised four senior DAI development staff and two students who are in Cornell University's Ph.D program in regional planning and who are members of Cornell's Local Institutional Development Working Group, under the chairmanship of Professor Norman Uphoff. For the field studies, the team was divided into two-person sub-teams. One sub-team, consisting of the DAI team leader and one Cornell student, spent three weeks studying four IVS projects in Botswana. A second sub-team, made up of one DAI staff member and the other Cornell student, spent three weeks studying one IVS project in Bangladesh. The third sub-team, consisting of two DAI staff members, spent two weeks in Ecuador studying three IVS projects and one week in Costa Rica assessing the single IIDI project that was included in the case studies.[8]

At the conclusion of the field studies, the entire team re-assembled in Washington for one week to prepare field reports and to reflect collectively on the use of the analytic framework. The results from this week were case studies on each of the PVO-assisted indigenous organization and a revised set of indicators. The case studies are presented in Annexes A-D and the revised analytic framework in Chapter Two.

The main report, based primarily on the findings of the case studies, was prepared by the team leader in September 1984 and circulated in draft to all team members, other senior DAI staff, Professor Uphoff, representatives of the PVOs, and AID. This final report reflects the comments received on the draft.

NOTES

1 Institutional development has become one of the four pillars of AID policy. The others are policy dialogue, technology transfer, and private sector development.

2 The two designations, "institution building" and "institutional development," are often used interchangeably. However, the former connotes to many observers a blueprint approach associated with Western ethnocentrism or, as George Honadle puts it, "the introduction of a new institution into an environment dominated by old social forms." (George Honadle, Fishing for Sustainability: The Role of Capacity Building in Development Administration, IRD Working Paper No. 8, [Washington, D.C.: Development Alternatives Inc., January 1981], page 5.) The latter has gained currency in AID dialogue because it is more appropriate to a process approach, which emphasizes an appreciation for folk management skills and participatory development. (A good statement of the process approach is included on page 130 of Charles F. Sweet and Peter F. Weisel, "Process versus Blueprint Models for Designing Rural Development Projects"; the reference to folk management skills comes from page 90 of Robert W. Iversen, "Personnel for Implementation: A Contextual Perspective"; both of these articles are found in George H. Honadle and Rudi Klauss, eds., International Development Administration: Implementation Analysis for Development Projects (New York: Praeger, 1979). See also D.C. Korten, "Community Organization and Rural Development: A Learning Process Approach," Public Administration Review 40:5: 480-511.

3 The Rural Development Committee (RDC) at Cornell University in its study of local institutional development suggests that organizations are "structures of recognized and accepted roles," whereas institutions are "complexes of norms and behaviors that persist over time by serving collectively valued purposes." According to RDC, an organization is accepted as an institution to the extent that it has "acquired special status and legitimacy for having satisfied people's needs and for having met their normative expectations over time." (See Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institutional Development No. 1 [Ithaca, N.Y.:

Cornell University, October 1984], page 9.) George Honadle offers a distinction between the terms "organization" and "institution" that places more emphasis on personnel turnover. According to Honadle: "An organization is a system of interacting people and roles" whereas "an institution is an organization which is populated by people who did not witness the origin or creation of the organization." (Honadle, Fishing for Sustainability, page 22.)

4 Honadle, Fishing for Sustainability.

5 See George Honadle and Jerry Van Sant, Implementation for Sustainability: Lessons from Integrated Rural Development (West Hartford, C.T.: Kumarian Press, forthcoming 1985).

6 A 1979 study of PVOs, for example, found that strategies involving low-profile assistance to self-help activities, the content and direction of which were provided by local institutions, were more likely to have immediate and longer-lasting impact than high-profile assistance in which a government or donor agency defines and controls the activity. See A. H. Barclay, Jr., The Development Impact of Private Voluntary Organizations: Kenya and Niger (Washington, D.C.: Development Alternatives, Inc., February 1979).

7 Uphoff, "Analyzing Options," pp. 20-23.

8 See Annex G for a list of team members.

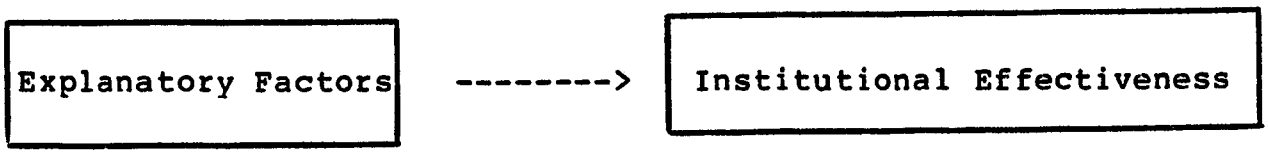
CHAPTER TWO

THE ANALYTIC FRAMEWORK

The analytic framework devised by the team before the field work was designed to:

- Develop and field test indicators of the effectiveness of indigenous development institutions; and
- Assess the extent to which different types of assistance proffered by PVOs combined with other factors contribute to institutional effectiveness.

Thus, in its simplest form, the model inherent in these two tasks posits a relationship between a set of independent variables -- explanatory factors -- and a set of dependent variables -- institutional effectiveness.



Institutional effectiveness is defined as having two dimensions. The first dimension, called institutional development, refers to the changes over time in the ability of an organization to manage its resources and deliver products or services. Institutional development is disaggregated into measures of organizational capacity, which includes such concepts as organizational stock, performance, and output, and organizational linkage, which includes the notions of external coalition building and legitimacy. The second dimension, called development impact, refers to the consequences or outcomes of institutional development and is measured in such terms as economic and social benefits and equity effects. Development impact is affected by non-institutional or exogenous variables as well as by institutional development.

The explanatory variables, that is, the factors affecting institutional development, are divided into two sets. One set is defined as PVO strategy variables. These are factors over which PVOs have some measure of control. The second set encompasses all other factors, that is, factors over which PVOs have little or no control. In this study, these have been labeled environmental factors.[1] Thus, in more disaggregated form, the model relating explanatory factors to institutional effectiveness can be depicted as shown in Figure 1.

Because of the limit on the number and the variety of cases, it was not possible to field test the validity of this model in any controlled or systematic way. The model, however, served two purposes. First, it helped the team in the pre-field workshop identify and refine its institutional development indicators and PVO assistance variables. Second, it helped the the team in the field think through possible relationships between PVO assistance strategies and institutional development.

INSTITUTIONAL EFFECTIVENESS

Institutional Development Indicators

The heart of this study involved developing indicators of institutional development and testing them in the field. Annex E comprises a complete list of the indicators as they were developed in the workshop that took place prior to the field work. Table 1 presents the indicators as they were revised in a workshop that took place immediately after the field work.

The revised indicators are divided into three sections. One section deals with organizational capacity building. These indicators are intended to measure the capacity of the organization in such areas as resource management, administrative performance, and leadership. The second section deals with organizational linkages. The indicators in this section are aimed at

FIGURE 1

EXPLANATORY FACTORS AND INSTITUTIONAL EFFECTIVENESS

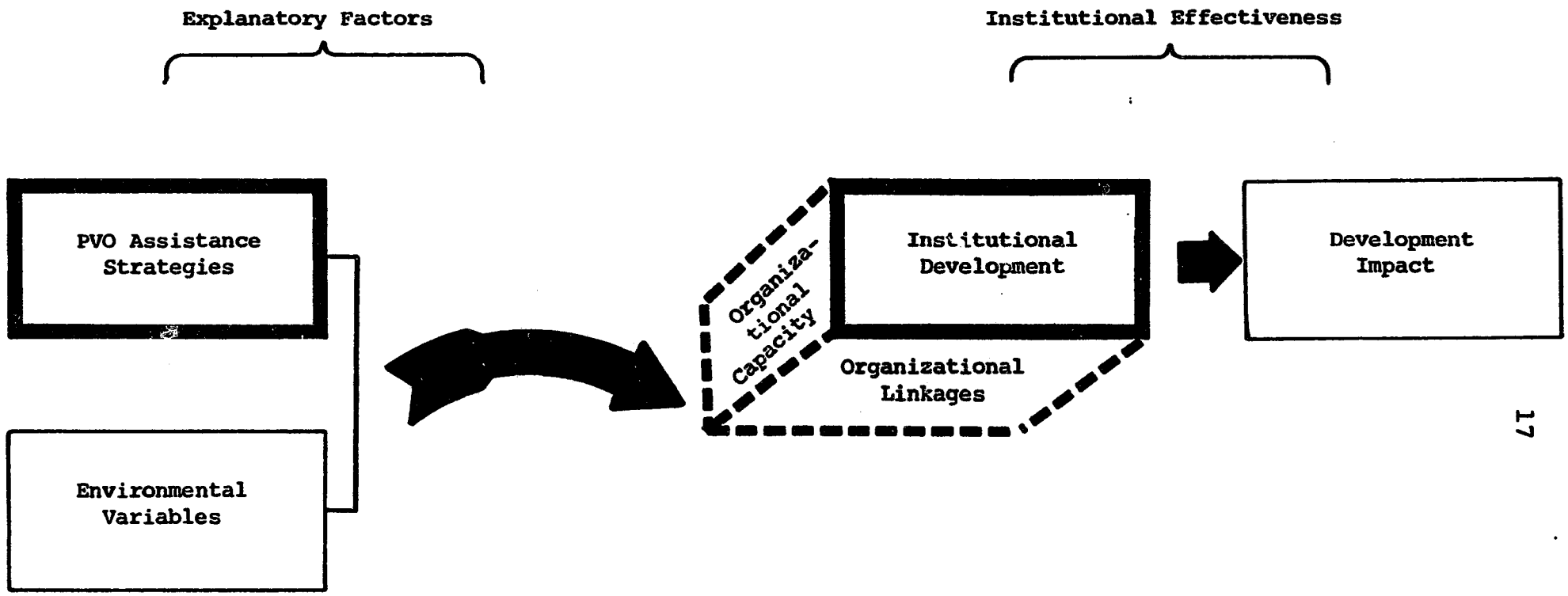


TABLE 1

DAI-CORNELL
INSTITUTIONAL DEVELOPMENT CATEGORIES AND
INDICATORS, REVISED[a]

A. Organizational Capacity Building Categories

1. Resource Management (allocation, distribution, and mediation)

   a. IO possesses and maintains adequate financial resources, facilities and equipment.
   b. Resources are allocated according to predetermined and established criteria.
   c. Resources are distributed efficiently and in a timely fashion.
   d. System(s) exists for mediation in conflicts over distribution of resources.

2. Service Delivery

   a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.
   b. Supply is being distributed efficiently.

3. Diversification (ability to innovate and be flexible)

   a. Programs/solutions have been undertaken to meet additional beneficiary demands.
   b. Diversification has not overextended the IO.
   c. Expansion of service delivery has not overextended the IO.

4. Human Resources, Administrative Performance/Incentives

   a. IO has adequate number of internal human resources to perform key functions.
   b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)
   c. IO has authority to hire, fire, and remunerate staff.
   d. IO has training program for its staff. (formal, informal, regular, etc.)

5. Leadership and Management Style

   a. Leaders are selected in ways that are perceived as legitimate by staff/members.
   b. Decisions are made on the basis of consultation (open or closed management style).
   c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.

6. Planning, Monitoring, and Evaluation

   a. There is a planning process that is documented, perceived as useful, and utilized by IO.
   b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).
   c. Evaluations have been used to assist in the planning process.

7. Learning

   a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.
   b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.

B. <u>Organizational Linkage Categories</u>

8. Forging Links (horizontal and vertical)

   a. IO has entered into formal/informal agreements to exchange services, resources, or information.
   b. IO has received official recognition from public, private, or international authorities.

9. Claim-making (leverage and advocacy)

   a. IO represents interests of its constituency with the government, local elites, and other authorities.
   b. IO able to mobilize resources required/desired by its constituency from other sources.

C. <u>Categories Common to Organizational Capacity Building and Organizational Linkage</u>

10. Resource Mobilization/Income Generation

   a. IO has access to resources required to do the job.
   b. IO has control over resources.
   c. IO has specific awareness of future resources needed and realistic idea of where they will come from.
   d. IO mobilizes resources from its members/constituency.

11. Accountability/Responsiveness

    a. Specific procedures exist for client group input and
    b. IO has satisfactorily responded to client group demands.
    c. IO accounts to constituency for their financial participation.

12. Conflict Management (resolution/mediation)

    a. IO mediates conflicting interests among constituency or members.

13. Demonstration Effect

    a. IO has served as a model for replication.

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a Indigenous Organization = IO

measuring the skills of an organization in coalition building, claim making, and other factors that would enhance its legitimacy in the eyes of its members (or clientele) and other organizations from which it might need assistance or cooperation. The third section deals with indicators that are common to or overlap the two preceding categories. The indicators in this section, involving such areas as accountability, conflict management, and demonstration effects, are particularly useful in judging the degree to which the organization is becoming an institution.

Organizational Capacity Indicators

This section contains seven sets of indicators, each of which has two to four more specific, indicators or measures. The seven-indicator sets include measures of organizational structure, such as personnel performance incentives or type of decision making, and organizational behavior (task performance), such as allocation and distribution of resources or information gathering and exchange. The indicators in this section are all intended to measure some aspect of the ability of the organization to carry out its internal activities in a manner that would facilitate its survival and well-being.

Resource management refers to the stock of financial and physical resources of an organization and the way in which it uses those resources. Organizations must have sufficient money and equipment to carry out their activities, they must allocate and distribute those resources in ways that are best suited to accomplish organizational purposes, and they must be able to mediate conflicts over the allocation and distribution of those resources. A water users' group, for example, must have operational pumping facilities and enough money to purchase fuel on a monthly basis for the pumps' motors. The group must also have a system for allocating the fuel among, and distributing it to, the different pumps, and for settling disputes that may arise among pump users over its allocation and distribution.

Service delivery includes two indicators aimed at measuring the extent to which the organization provides products or services that efficiently meet the demand of its constituency. In the example of the water users' group, the indicators would seek to determine whether the water supply is adequate and reliable to satisfy the needs of the users.

The diversification measures seek to assess the extent to which the organization has been able to modify its activities to respond to changing circumstances. The modification may entail a different way of providing the same service, a change in the service or its use, or the provision of additional services or products. This set also includes a measure aimed at determining the extent to which diversification has overextended the resources or management ability of the organization. The water users' group may seek to encourage members to use the water for irrigation as well as drinking water, but should do so only if it has the resources to provide the extra piping and the capacity to regulate the flow of water through the pipes.

The human resources indicators seek to determine whether the staff of the organization is adequate in numbers and in skills, whether the management of the organization has effective control over the staff, and whether the staff is adequately compensated or has other incentives to carry out its tasks. In its simplest form, a water users' association may employ only a pump attendant, with all other work performed by assocation members on a voluntary basis. However, if the association has several pumps, a complicated piping system, and multiple uses for the water, it will need a larger number of managers, technicians, pump attendants, and bookkeeping and administrative staff. The skill and motivation that this staff brings to its tasks will be an important determinant of organizational performance.

Students of management and public administration agree that leadership and management style are important elements of organizational capacity, but are also elusive to measure. The indicators in this set seek to determine how leaders are selected, how decisions are made, and the extent to which managers are able to assign responsibilities rationally. Managers and attendants must know, for example, what pumps and pipes they are responsible for and what the schedule of water use is during a particular period. They should also know that the instructions they receive with respect to these tasks reflect information that they themselves have contributed and that the decisions are made by persons in whom they have confidence.

The extent to which planning, monitoring, and evaluation take place on a formal level will depend on the size of the organization and the complexity of its activities. In the Diphawana Cattlemen's Syndicate, which is a water users' association operating a single borehole in Botswana, all three functions take place through oral exchanges in a monthly meeting of syndicate members, most of whom are illiterate; the only written monitoring consists of simple books kept by the association's treasurer. In contrast, RIP, which is a large appropriate technology research and development organization in Botswana, has written five- and one-year plans and budgets and has a strong committee system that monitors staff and organizational performance.

The learning set is closely linked with diversification. It aims at mesuring the extent to which the organization has learned from its mistakes and modified its objectives or operations accordingly. The learning set also seeks to determine whether the organization has a built-in system that allows it to receive feedback on its performance and new ideas from its own constituency and from outside sources.

Organizational Linkage Indicators

For an organization to operate effectively, mastering the mechanics of management and task performance is not sufficient. The organization must be seen in its own community and externally as carrying out activities that meet a community need. It must also be recognized for carrying out those activities in ways that are approved by the community and by external authorities. Over time, the legitimacy that is conferred on these organizations by this recognition will move it along the path toward becoming an institution.

The organizational linkage categories consist of two sets of indicators, each of which includes two more specific indicators. The first set involves building coalitions with or forging links to external authorities or sources of information or assistance. These indicators seek to measure the extent to which the organization has received official recognition from government or other authorities and also receives information, services, or other resources from these authorities. Frequently, external authorities require something in return for their assistance; the exchange may range from membership dues to political loyalty.

An organization is rarely able to carry out its activities without outside support or assistance. Most local organizations need some external assistance, whether in training, technical assistance, input supply, logistics, policy support, or favorable bureaucratic decisions. The ability of an organization to obtain assistance in the form and on the timetable required is called claim making. The claim-making ability of an organization, as well as its standing or legitimacy in the eyes of external organizations, will be enhanced if it is seen as having something valuable to contribute in exchange.

Categories Common to Organizational Capacity and Organizational Linkage

In the workshop preceding the field work, the study team felt that three categories of institutional development indicators overlapped or were common to the organizational capacity building and organizational linkage. A fourth category was added in the workshop following the field work.

The first category deals with resource mobilization or income generation. This category seeks to assess the ability of the organization to obtain and effectively control the resources it needs. The source of the organization's resources might be internal -- its membership, clientele, or constituency -- or it might be external -- the government or donor organizations. But the important measures of capacity in this category are that the organization is aware of what resources it needs, knows where and how to obtain them, is able to do so, and, once the resources are obtained, is in effective control of them. The problem of control most frequently appears with respect to personnel. Some organizations are able to obtain the required personnel, but are not in effective control of them because they are on loan from another organization.

The second overlapping category deals with accountability and responsiveness. The indicators in this category seek to determine whether the organization is sensitive to its constituency and the extent to which that constituency participates in the determination of the organization's policies and directions. The inclusion of this category is based on the findings of numerous studies over the past decade that have emphasized the importance of effective community participation for the long-term viability of local organizations.[2]

The third category in this group deals with conflict management. This set of indicators is included in the overlapping category because conflict may arise within the organization (among staff or between the organization and its members or constituency) or between the organization and outside organizations. The ability of the organization to resolve conflicts, which inevitably arise, in ways that do not weaken it is seen as an important indicator of its internal capacity and its external legitimacy.

A fourth category, dealing with demonstration effects, was added after the field work. The single variable in this category seeks to determine whether the original organization has spawned other organizations in its own image or whether existing organizations have adopted the approach or procedures of the original organization.

Development Impact

The value of an organization should be measured not just by its internal capacity and performance but ultimately by the effect of its activities on the community. In some cases, an organization's efficient production of outputs and achievement of internal objectives may have mixed or even negative results for a larger population. An example in development literature is that of the cooperative whose revenues accrue mainly to large landholders or a community elite. An example from Botswana is that of the well-managed and efficient government-owned brewery whose capturing of a large share of the national beer market has reduced the income of thousands of village beer makers. In a development context, the ultimate outcomes of an organization's activities are referred to as development impact.

For this study, the sub-teams were instructed to look for three large categories of impact variables: economic, social, and equity effects. Economic impact includes such indicators as

production, income, and employment and could be measured at both the micro and macro levels. In Ecuador, the production of knitwear in one IVS project produces income for a cooperative as well as for its employees. In Botswana, the substitution of biogas for diesel fuel to run a motor for a water pump reduces costs to the cattlemen's syndicate that operates the pump and reduces the government's foreign exchange outlays to purchase diesel. Social impact includes the effect of the organization's activities on health, water supply, nutrition, environment, and education. Equity effects include measures of benefit distribution and evidence of discrimination.

The study team felt that for each category of development impact certain dynamic dimensions should be captured. Is there already evidence of impact, or is the impact only potential? Could the impact be sustained? Will it increase (multiply)? Are there unanticipated side effects, either positive or negative? As a guide to these crosscutting dimensions of development impact, the sub-teams were provided with the matrix shown below. The idea was not to fill out the matrix, but to use it as a reminder.

	Potential	Immediate	Sustainable (Benefit Continuation)	Multiplicative (Benefit Growth)	Unanticipated Side-effects (+ or -)
Economic Gains					
Social Benefits					
Equity Effects					

EXPLANATORY VARIABLES

The explanatory variables are broken into two sets: PVO strategy variables and environmental variables. The latter are generally outside the control of PVOs, whereas PVOs have some measure of control over the former. One objective of the study is to determine the relative influence of PVO assistance versus environmental factors on the effectiveness of indigenous institutions.

Private Voluntary Organization Strategy Variables

The analytic framework disaggregates PVO strategy variables into three major groups:

- PVO objectives;
- Type of indigenous organization assisted; and
- Assistance approach.

Private Voluntary Organization Objectives

Like most organizations, PVOs do not operate in a value-neutral environment. Instead, the values of an organization are important determinants of specific objectives, which in turn govern organizational activities. An important influence on values is the source and security of an organization's funding.

PVO objectives that are important in determining strategy include target group identification, sectoral specialization, time commitments, and institutional development orientation. The last one is, of course, particularly important for the purposes of this study; it refers to whether the PVO has a specific aim of strengthening the capacity of the indigenous institutions with which it works or whether this goal is seen as less important or only a by-product of other types of assistance. General objec-

tives in these categories are usually established by the PVO's international headquarters, although some adaptation may take place in field offices.

Type of Indigenous Organization Assisted

Collaboration between a PVO and a host country organization may take several forms. The organization may be the explicit object of assistance; this would be the case if a PVO gave financial assistance to increase the organization's resource base, provided formal training to the organization's staff, or assigned a specialist to increase the organization's capacity in a vital area such as planning, accounting, personnel management, or service delivery. In contrast, a PVO may regard an organization as simply a convenient instrument through which it channels its assistance to reach a target group or carry out project activities; in cases such as this, the organization serves mainly as an administrative support mechanism for the PVO's project activities. A third type of relationship betwen a PVO and an indigenous institution tries to combine the first two; the PVO, while using the organization as an administrative support mechanism for its project activities, attempts to establish or strengthen the capacity of the organization to carry out project activities so that the flow of benefits to the target group can be sustained once PVO support is withdrawn.

PVOs can be considered to be engaged in institutional development assistance whenever they view the organizations with which they work as something more than instrumental channels of project assistance, that is, whenever they see the organizations as the direct or indirect objects of assistance as well. A key postulate of this study's analytic framework is that the effectiveness of institutional development assistance depends to a large extent on the leverage of the PVO within that institution. PVO leverage depends in turn on the type and amount of assistance proffered by the PVO as well as the type of organization receiving the assistance.

With respect to type of organization, certain organizational characteristics are thought to be important. These include the organization's purpose or function, its membership or clientele, its age or stage of maturity, and its size or geographic reach.

It would seem self-evident that PVOs should elect to work with institutions whose objectives and goals they share, whose target group is the same as that of the PVO, and whose functions correspond to those deemed necessary to achieve project objectives. If no such institution exists, PVOs must decide whether it is worthwhile to create one from scratch, try to transform an existing institution, or make whatever compromises might be necessary to work with an existing institution whose characteristics are less than ideal.

With respect to the age and maturity of the organization, it is sometimes argued that PVO-type assistance is more effective with older organizations -- the goals and method of operations of which are well established -- because this type of organization can channel and absorb assistance more efficiently than newer, less secure organizations. The counterargument is that PVOs will have more leverage with newer, less mature organizations precisely because PVOs can influence the goals and operating methods of these organizations.

With respect to size and geographic reach, there would appear to be a tradeoff between PVO assistance to large, geographically dispersed institutions, on the one hand, and to small, local institutions on the other. PVOs are likely to have less influence with the former because their assistance will be only one of many determinants of the large organization's effectiveness; however, whatever PVO assistance does prove to be influential holds out the promise of reaching larger numbers of beneficiaries over larger geographic areas. Conversely, PVOs are likely to be more influential with smaller, local institutions

because their assistance will be of greater importance relative to other factors influencing the local organization's effectiveness; yet the benefits flowing from PVO assistance to local organizations will generally be confined to a relatively small beneficiary group.

Closely related to these characteristics of size and geographic reach are the notions of organizational level and organizational relationships. Organizations can be seen as operating at a national (even international) level, at an intermediate level (region, province, or district), or at a local level (village, community, or group). In this regard, the distinction between local organizations, on the one hand, and intermediate and national organizations, on the other, is sociological as well as geographic. The sense of common identity and common interest that serves as the basis for the collective action of an organization tends to decrease sharply once the organization goes beyond the confines of a locality. This in turn affects the possibilities of local participation in organizational decision making and accountability to an identifiable membership or clientele.

With respect to organizational relationships, the notion of an intermediate organization is sometimes confused with the notion of functioning as an intermediary. Some organizations serve as intermediaries between national and local levels of activity or national and local organizations. Examples would include a district or provincial government or a union of cooperatives. However, other organizations that must be considered intermediate by virtue of their size and geographic reach have no such relationships with other organizations because they serve a clientele or membership directly. Some multifunctional intermediate- or national-level organizations do both.

The level at which an organization functions as well as its relationship with other organizations on some hierarchical scale are important characteristics for a PVO to consider in selecting

the type of organization it wishes to assist. A consideration of these relationships has led some PVOs, for example, to work with an intermediary organization for the purpose of proffering assistance to the local organizations with which the intermediary institution works, but without any real intent of making it an object of institutional development assistance.

In developing the analytic framework for this study, the team reviewed the literature on institutional development to determine if any typology of indigenous organizations existed that fits the characteristics discussed in the preceding paragraphs. The only such typology available, it was found, was that developed by the Local Institutional Working Group at Cornell University.[3] The Working Group divided local institutions into six major categories.

1. Local administration: local agencies and staff of central government ministries (or parastatals) that are accountable to bureaucratic superiors.

2. Local government: elected or appointed bodies such as village councils or "panchayats" with authority to deal with development and regulatory tasks; accountable to local residents, in contrast to local administration.

3. Local membership organizations: self-help associations whose members seek to handle:

   [a] General development tasks, such as local development associations or village development committees;

   [b] Specific tasks, such as an association of water users managing irrigation, or health committees overseeing village programs; or

   [c] The needs of members who have some particular interest or characteristic in common, such as mothers' clubs, caste associations, or tenant unions.

   Membership in these local organizations may range from being inclusive (as in [a] above) to being exclusive (as in [c] above).

4. Cooperatives: kinds of local organizations that pool the economic resources of members for their benefit, such as marketing associations, credit unions, consumer societies, or producer cooperatives.

5. Local service organizations: organizations formed primarily to help persons other than members (although members may benefit from them), such as religious or charitable associations, Red Cross or Red Crescent societies, or "sociedades de beneficiencia" that run hospitals in Latin America.

6. Private business: either independent operations or branches of extra-local enterprises, engaged in manufacturing, services, and/or trade.

The Working Group further divided these six categories into three sectors. In addition, although all six are considered local institutions, only three of the categories, as shown below, are considered local organizations.

PUBLIC SECTOR		SELF-HELP SECTOR		PRIVATE SECTOR	
Local Administration	Local Government	Local Member Orgs.	Cooperatives	Local Service Orgs.	Private Businesses
Bureaucratic Institutions	Political Institutions	Local Organizations Based on the Principle of Membership Direction and Control			Profit-oriented Institutions

The sub-teams visiting the four countries involved in this study were requested to determine how the organizations with which IVS and IIDI worked fit into the foregoing typology. This request was based on an assumption that PVOs -- and specifically IVS and IIDI -- work mainly with local institutions. As will be seen in Chapter Three, this assumption is erroneous, at least in the case of IVS and IIDI. Very few indigenous organizations with which these two PVOs work are local in the very narrow sense that the Working Group defines this term and on which it bases its typology. When the sub-teams returned from the field and this finding became clear, a somewhat belated attempt was made to

determine whether the organizations with which the PVOs work are intermediate or intermediary. The results of this analysis and the implications for PVO strategies are reported in Chapter Three.

Assistance Approach

Once a PVO has selected an organization with which to work, the remaining element of its strategy is to determine the approach that it will take in assisting the organization. Formulating an assistance approach entails choices among different intervention strategies and among different technical assistance modes.

As noted in Chapter One, there are three principal intervention strategies that can be adopted for the purposes of institutional development: assistance, facilitation and promotion. According to Uphoff, these three strategies differ according to the (a) "institutional capabilities that already exist locally for initiating and sustaining development efforts, and (b) the source of initiative for setting local institutional goals."[4] The assistance strategy involves responses to requests from already established or incipient organizations in which objectives are established and pursued largely from within the organization. The facilitation strategy involves an outside agency's catalyzing the creation or activation of a local organization and assisting with the establishment of objectives. In the promotion strategy, the local institution serves mainly as an instrument for the achievement of objectives that have been established by an outside agency. Thus, intervention strategy deals with the overall relationship between two institutions: the PVO and the indigenous institution.

Technical assistance mode deals more specifically with the relationship between the indigenous institution and the experts or specialists that the PVO may provide to work with that insti-

tution. The most popular type of assistance is one in which a specialist is called on to deliver a product or service. This type of assistance, has come to be called the performer mode; it places a premium on swift and efficient delivery of the product or service, with little or no regard to the transfer of the specialist's expertise to the host institution.

A close cousin to the performer mode is the substitute, in which an expert takes the place of a staff member of the host institution during the staff member's absence; most frequently, this type of assistance occurs because the staff member is away for training. As in the performer mode, the substitute does not directly contribute to institutional development in the sense of transferring his or her skills to other staff; however, it can be argued that the continuity of services provided by the substitute during the staff member's absence enables the organization to at least maintain itself and provides the opportunity for its strengthening through the training of the absent staff member.

A third technical assistance mode is one in which the expert works in collaboration with one or more of the institution's staff; this technical assistance alternative, called the partner or adviser mode, seeks to transfer skills through on-the-job training while maintaining a focus on product or service delivery; it is the mode most frequently espoused by donor agencies, but the one that is often most difficult to effect in practice because the imperatives of rapid and efficient product delivery generally weigh more heavily than concerns for skills transfer.

These three technical assistance modes -- performer, substitute, and partner/adviser -- generally involve experts acting in the capacity of internal staff -- long term, short term, or temporary -- within a developing country institution. Two other technical assistance modes involve interventions from outside the institution. One is that of teacher, which involves the transfer of skills through formal or non-formal training. The other is

that of mobilizer, sometimes also called catalyst or guest, which involves a variety of activities, including consciousness building, organization, and coalition building.[5]

The popular performer mode of technical assistance does not generally contribute to institutional development. The other modes may constitute institutional development interventions, depending on the nature of the intervention. The choice of an assistance approach by a PVO is not usually made, of course, by deliberately selecting from among a recipe book of theoretical alternatives. Rather, choices are made intuitively and for practical reasons. Yet PVOs and other donors are rarely aware of the consequences of the alternatives open to them and of their pursuing certain approaches as opposed to others in terms of institutional development. One key objective of this study is to determine what intervention strategies and what technical assistance modes have been adopted by PVOs and to ascertain the implications of these choices for institutional development.

Environmental Variables

The list of environmental variables is left open ended since they are to include all factors outside the PVO's control. Nevertheless, illustrative categories of environmental variables are identified. These include:

- Political-bureaucratic systems and norms;
- Socio-cultural systems and norms;
- Resource endowments and constraints;
- Government policies; and
- History (mainly referring to the previous development experience of the indigenous organization or the beneficiary community).

THE RELATIONSHIP OF EXPLANATORY VARIABLES TO INSTITUTIONAL EFFECTIVENESS

This analytic framework is meant to help donors and PVOs think about possible relationships between PVO strategies and institutional development. It was recognized from the beginning that the limited number of cases and the tight time frame of this particular study would preclude the possibility of any rigorous testing of the validity of the model or of any hypotheses derived from it. However, the sub-teams were to exercise their professional judgments and use common sense in proposing likely cause-and-effect relationships. In particular, the sub-teams were to judge in each case the extent to which PVO strategy variables were important (relative to environmental factors) in influencing the effectiveness of the indigenous organization.

NOTES

1 At Cornell, Milton Esman and Norman Uphoff have posited six sets of variables affecting the contribution of local organizations to rural development. They differentiated between structural and functional variables in what this study calls simply institutional development. They labeled as performance variables what this study refers to as development impact variables. Their factors affecting institutional development distinguished between environmental variables and participation variables. And they recognized, as does this study, that exogenous variables, as well as institutional development, would affect performance (what this study calls development impact). See Milton J. Esman and Norman T. Uphoff, Local Organizations: Intermediaries in Rural Development (Ithaca, N.Y.: Cornell University Press, 1984), p. 69.

2 See, especially, the extensive literature generated by various authors under the Rural Development Participation Project at Cornell University.

3 Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institutional Development No. 1 (Ithaca, N.Y.: Cornell University, October 1984), pp. 4-6.

4 Uphoff, "Analyzing Options," pp. 20-23.

5 This discussion is based largely on Jerry M. Silverman, "Technical Assistance and Aid Agency Staff: Alternative Techniques for Greater Effectiveness," World Bank Technical Paper Number 28, 1984. See also George Honadle, David Gow, and Jerry Silverman, "Technical Assistance Alternatives for Rural Development: Beyond the Bypass Model," Canadian Journal of Development Studies 4:2: (1983).

CHAPTER THREE

THE USE OF THE ANALYTIC FRAMEWORK: PVO STRATEGIES AND INSTITUTIONAL EFFECTIVENESS

In its three weeks of field work, the study team had two parallel objectives. One was methodological: to test the use of the analytic framework that had been developed in the workshop preceding the field work. The other was substantive: to explore the dimensions of institutional effectiveness and to identify PVO strategies that promise to promote it. This chapter presents the findings of the study team concerning both of these objectives.

INSTITUTIONAL DEVELOPMENT INDICATORS

The application of the DAI-Cornell institutional development indicators to the nine organizations in this study had two purposes. The first was to test the usefulness of the indicators in the field; the second was to assess the strengths and weaknesses of each organization. The sub-teams also sought evidence of the application and use of the IVS indicators.

The Applicability and Usefulness of the Institutional Development Indicators

The team applied the indicators to eight IVS-assisted indigenous institutions in three countries and to one IIDI-assisted institution in one country. The team's overall finding was that most of the institutional development indicators were applicable to all nine organizations. With two exceptions, the size, type, and history of the organization did not affect this finding on applicability. One exception was the set of indicators dealing with accountability and responsiveness. Four of the nine organizations were not of the type that could require, and therefore account for, a financial contribution from their membership or constituency. The second exception was the set of indicators dealing with diversification and overextension: five of the nine organizations were of such recent origin that

they had not had time to expand or diversify their activities; thus, they could not yet be overextended. There were other instances in which a particular indicator did not apply to a particular organization, but these were the only two cases in which an indicator was found not applicable to several organizations. Most indicators were found to be useful, even in the case of the Ethsa Resource Conversation Group, which does not yet have the "structure of recognized and accepted roles" that meets Cornell's formal definition of an organization.[1]

Notwithstanding this overall finding on usefulness, the study team members, in comparing notes on field experiences, did suggest some additions, deletions, and editing of the indicators. Table 2 presents the complete list of indicators, as revised by the study team after the field work, with the ratings that were given to the nine indigenous organizations. (The original indicators are presented in Annex E.)

Most indicators were either left in tact or underwent minor editing to increase their clarity. In some cases, however, more extensive changes were made. Two original indicators in the diversification set were combined and a new one added. Indicator 4.b. in the original staff/administrative performance/incentives set was eliminated because it was found to overlap with 4.a. and 5.c. Similarly, indicator 12.b. in the original conflict management set was eliminated because it was seen as redundant with respect to indicators 1.d. and 9.a.

The Latin American sub-team suggested the addition of two new indicators. The first, to be included in a new category called demonstration effect, was: "The indigenous organization has served as a model for replication." This indicator seeks to determine whether other organizations have been created following the general model of the subject organization or whether existing organizations have adopted the subject organization approach or procedures. The study team agreed that this indicator was a

valuable addition. Because each sub-team had sufficient information to use it, the indicator was added to the list. The second suggested addition, which would fall under indicator set 4 was: "Staff are motivated by an organizational 'mystique.'" This indicator seeks to identify the extent to which an organization is able to motivate its personnel out of respect or admiration for the organization itself over and beyond material or other rewards. The study team agreed that this indicator should be used in the future, but since the other sub-teams had not used it and did not have the information to apply it retrospectively, it was not used in the overall comparative assessments.

Strengths and Weaknesses of Organizations

A glance at the ratings of the organizations on the institutional development indicators shows that, in general, the nine organizations do well. Nearly two-thirds of the numbers in Table 2 are twos or threes (adequate and well). Eliminating the not applicables, the mean for all indicators and all organizations is 2.1 and the mode is 3.[2]

Three of the nine organizations have overall ratings under two. The organization with the weakest overall rating (1.3) is the Etsha Resource Conservation Group, which is not surprising since this group was not formally organized. The next weakest is the Pindilig/Rivera cooperative groups (mean = 1.6), which have been created recently and are still under the umbrella of an agency of the Catholic church. The next weakest organization is KRDA (mean = 1.9); its low overall rating reflects the serious financial and management difficulties that this brigade center is encountering.

The other six organizations all have overall ratings above two. Of course, this type of aggregate analysis does not take into consideration the relative importance of some of the indicators. If in theory or in particular situations, some indicators are more important than others in explaining the

TABLE 2

DAI-CORNELL

INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

	Botswana				Bangladesh	Costa Rica	Ecuador		
	ETSHA	KRDA	DIPHA-WANA	RIP	FIVDB	ADAPTE	OPACH/ GATAZO	PINDLIG/ RIVERA	COOPRIN-TEX
A. Organizational Capacity Building Categories									
1. Resource Management (allocation, distribution, and mediation)									
a. IO possesses and maintains adequate financial resources, facilities, and equipment.	3	2	2	3	2	3	3	0	3
b. Resources are allocated according to predetermined and established criteria.	2	1	2	3	3	1	3	2	1
c. Resources are distributed efficiently and in a timely fashion.	1	1	2	2	2	3	NA	2	2
d. System(s) exists for mediation in conflicts over distribution of resources.	2	2	2	3	2	NA	3	3	2
2. Service Delivery									
a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	3	2	3	3	2	1	3	2	1
b. Supply is being distributed efficiently.	0	1	3	2	2	3	3	1	3
3. Diversification (ability to innovate and be flexible)									
a. Programs/solutions have been undertaken to meet additional beneficiary demands.	NA	3	1	3	3	NA	3	1	3
b. Diversification has not overextended the IO.	NA	3	2	2	3	1	3	NA	1
c. Expansion of service delivery has not overextended the IO.	NA	0	1	NA	2	NA	NA	NA	1
4. Human Resources, Administrative Performance/Incentives									
a. IO has adequate number of internal human resources to perform key functions.	2	1	3	2	2	3	2	1	3
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	1	3	1	2	3	NA	0	0	0
c. IO has authority to hire, fire, and remunerate staff.	1	1	3	2	3	3	3	3	3

TABLE 2 (Continued)

	Botswana				Bangladesh	Costa Rica	Ecuador		
	ETSHA	KRDA	DIPHA-WANA	RIP	FIVDB	ADAPTE	OPACH/ GATAZO	PINDLIG/ RIVERA	COOPRIN-TEX
d. IO has training program for its staff. (formal, informal, regular, etc.)	0	2	0	3	2	2	0	0	1
5. Leadership and Management Style									
a. Leaders are selected in ways that are perceived as legitimate by staff/members.	NA	2	3	2	3	3	3	3	3
b. Decisions are made on the basis of consultation (open or closed management style).	3	3	3	3	3	3	3	3	2
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	NA	2	2	3	3	3	NA	NA	1
6. Planning, Monitoring, and Evaluation									
a. There is a planning process that is documented, perceived as useful, and utilized by IO.	0	1	1	3	2	1	2	3	2
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	0	1	2	3	2	1	2	1	3
c. Evaluations have been used to assist in the planning process.	0	3	0	0	3	1	1	0	3
7. Learning									
a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	NA	3	3	2	3	1	NA	0	3
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	2	3	2	3	3	2	3	3	2
B. Organizational Linkage Categories									
8. Forging Links (horizontal and vertical)									
a. IO has entered into formal/informal agreements to exchange services, resources, or information.	0	3	0	3	3	2	3	1	2
b. IO has received official recognition from public, private, or international authorities.	0	3	3	3	3	3	3	1	3

TABLE 2 (Continued)

	Botswana				Bangladesh	Costa Rica	Ecuador		
	ETSHA	KRDA	DIPHA-WANA	RIP	FIVDB	ADAPTE	OPACH/ GATAZO	PINDLIG/ RIVERA	COOPRIN TEX
9. Claim-making (leverage and advocacy)									
a. IO represents interests of its constituency with the government, local elites, and other authorities.	0	2	1	2	2	NA	3	1	3
b. IO able to mobilize resources required/desired by its constituency from other sources.	1	2	1	3	3	3	3	1	3
C. Categories Common to Organizational Capacity Building and Organizational Linkage									
10. Resource Mobilization/Income Generation									
a. IO has ac ess to resources required to do the job.	3	2	2	3	3	3	3	1	3
b. IO has control over resources.	1	3	2	3	3	3	3	3	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	1	1	2	3	3	2	1	1	1
d. IO mobilizes resources from its members/constituency.	2	0	3	3	2	1	2	1	3
11. Accountability/Responsiveness									
a. Specific procedures exist for client group input and influence over IO.	1	1	3	NA	2	3	3	3	3
b. IO has satisfactorily responded to client group demands.	2	2	3	NA	0	NA	3	3	3
c. IO accounts to constituency for their financial participation.	NA	NA	3	NA	1	NA	3	1	3
12. Conflict Management (resolution/mediation)									
a. IO mediates conflicting interests among constituency or members.	2	2	2	NA	2	NA	3	3	2
13. Demonstration Effect									
a. IO has served as a mode for replication.	2	2	3	NA	2	NA	NA	NA	NA

a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

strengths or weaknesses of an organization, they should be weighted accordingly. However, these overall quantitative scores correspond closely to the qualitative judgments presented in the case studies.

The variable set that has the largest number of high ratings is leadership and management style (although for the Etsha Resource Conservation Group, two of the three indicators in the set were found to be not applicable). Apparently, all the groups are led by individuals whose selection was seen as legitimate by the staff of the group or its members, and all the groups have a reasonably open or participatory style of decision making. In only one set of indicators do low ratings outnumber high ratings. That set is planning, monitoring, and evaluation. Six of the nine organizations have an average rating in this set of less than two. The three organizations that receive higher than a two average are FIVDB, COOPRINTEX, and RIP. These three organizations rank in the top four in overall quantitative ratings, and all three receive favorable qualitative assessments in the case studies. The reasons that most organizations fare poorly within this set appear linked to internal motivation and purpose. The Etsha Resource Conservation Group, which scores all zeros in this set, has not yet decided whether a formally organized set of activities is worth the effort. KRDA seems to be have lost its sense of purpose. The Pindilig/Rivera groups have their objectives set for them externally.

The greatest variation in the ratings comes within the set labeled human resources, administrative performance/incentives. Six of the nine groups have poor or inappropriate incentives to motivate staff, and five of the nine have no training program for staff. However, all but two of the organizations have the authority to hire, fire, and remunerate staff. The organizations that score the highest within this set -- FIVDB, ADAPTE, COOPRINTEX, Diphawana, and RIP -- are among those that the study

team saw as most effective; and the organizations that score the lowest -- Etsha Resource Conservation Group and Pindilig/Rivera -- are among those it viewed as least effective.

The number of cases is too small and their selection too non-random to attempt any statistical analysis that would correlate any indicator or indicator sets with overall institutional effectiveness. However, it would be worthwhile in a future study to pay close attention to possible relationships between institutional effectiveness and two of the indicator sets: the human resource/incentive factors and planning, monitoring, and evaluation.

The IVS Indicators

The IVS indicators had been applied to three of the eight IVS organizations observed by the study team. In two of those organizations -- RIP and Promocion Humana -- there is no evidence that the analysis resulting from the application of the indicators has been used to make decisions regarding the nature of the IVS interventions. In the other organization -- COOPRINTEX -- the indicators were used to help design the IVS intervention that is one of the most successful of those observed by the study team.

Since the IVS indicators have been only recently developed, it is not surprising to find that they have been used in only two cases. Most IVS field staff have not had sufficient opportunity to become familiar with their potential use, and IVS has not initiated a large number of new projects since the indicators were developed. However, since many IVS volunteers are not involved in institutional development, the application of the indicators to the institutions with which they work would in some sense be superfluous.

Much of the content of the DAI-Cornell and IVS indicators is the same since liberal use was made of the latter to develop the former. The attempt by IVS to order its indicators in stages and phases appears to be based on the assumption that organizations develop in a known sequential manner. However, the study team felt that the order in which organizations pass through these stages and phases varies a great deal and that an assumption of a known sequence should be abandoned.

Conclusions Concerning the Use of the Indicators

The overall conclusion is that the revised DAI-Cornell institutional development indicators constitute a useful tool in identifying the strengths and weaknesses of indigenous organizations. The refinements already made, along with further refinements that can be anticipated through continued use, should enable PVOs and other agencies to monitor and evaluate better their assistance to indigenous organizations. The indicators appear to be applicable in evaluating the capacity of a wide range of indigenous organizations, including local, intermediate, and intermediary institutions. However, the small number of cases in this study limited opportunities to validate this conclusion.

DEVELOPMENT IMPACT

For the most part, the sub-teams were unable to obtain the type of data on development impact that would make it possible to attribute impact to the work of the indigenous organizations. One reason for this was that none of the organizations had adequate data on the situation prior to their work in the community. In some cases, data on the current situation were available, but without a base-line against which to compare the current data, it was diffficult to trace changes over time and even more difficult to attribute changes to the work of the

indigenous organizations. In most cases, the sub-teams could do little more than make logical or probabilistic judgments about likely or potential impact.

One exception to this is the case of the Diphawana Cattlemen's Syndicate, where it was possible to reconstruct the cost of pump operations before and after the substitution of bio-gas for diesel fuel and to compare the savings from this substitution with the increased costs of operating the bio-gas digestor. This analysis shows that RIP's intervention (through the work of the IVS volunteer) has resulted in significant savings for the cattlemen's syndicate. Extrapolations can also be made from these data about reduced foreign exchange outlays for imported diesel fuel.

The judgments on development impact offered in the other cases should not, however, be dismissed simply because they are not based on quantitative analyis. Impressionistic data and qualitative judgments are often valuable despite their lack of empirical grounding. At the very least, these judgments can serve to raise questions that will lead to more methodologically sound analysis.

The case studies raise a number of questions about development impact. In Botswana, the analysis of RIP's OSSCA operation in Palapye raises the question of whether an agricultural supply store can offer farmer education services while remaining competitive with other such supply stores on a non-subsidized basis. Also in Botswana, the analysis of the impact of the Ethsa Resource Conservation Group's operations raises questions about whether the potential payoffs from the domestication of the mokola palm, which can take 10-20 years to bear fruit, justifies the current planting efforts, particularly given uncertainties about the long-term market for handicrafts. In Costa Rica, the analysis of ADAPTE raises questions about whether, given the rather small number of jobs created by the enterprises visited, the criterion of employment creation should remain the principal

justification for IIDI operations; it might be better for IIDI, as well as more accurate in terms of development impact analysis, to justify IIDI interventions in terms of the number of businesses created or expanded, the increases in income to those businesses, or both.

EXPLANATORY FACTORS

The analytic model divides the explanatory factors into two sets: PVO strategy variables and environmental variables. The use of this two-set model is intended to isolate the PVO strategy variables -- that is, those variables that the PVOs can control -- from all other factors influencing institutional development. This in turn is intended to analyze the extent to which PVO strategies are important, relative to other factors, as determinants of institutional effectiveness and, in particular, which PVO strategies are the most effective.

The relative importance of PVO strategy variables and environmental variables differs between the two PVOs in this study. The development of the one institution assisted by IIDI is mainly attributable to the IIDI interventions. In contrast, the development of most of the institutions assisted by IVS is more attributable to environmental factors (defined as all factors not controllable by the PVO).

On the surface, this finding with respect to IVS is somewhat surprising because it appears to contradict published findings on this subject.[3] On further reflection, however, this finding may be attributable to the type of organizations with which IVS works. The institutions to which IVS volunteers are formally assigned are mostly large, non-local, and well established. Within these organizations, the volunteers' influence is usually confined to discrete technical activities. The overall direction, effectiveness, and viability of the host organization is generally beyond volunteer influence. The conclusion that can

be derived from this finding -- that the selection of institutions is an important element in PVO assistance strategy -- will be explored further in a subsequent section.

Environmental Variables

Several environmental variables were found to be important by all the sub-teams. One is the sociocultural setting for local organizations. In both Bangladesh and Ecuador, indigenous populations have a long tradition of organized self-help. The large number of grassroots organizations that exist in these countries is fertile ground for strategies involving PVO facilitation or assistance. Botswana, in contrast, appears to lack a tradition of exogamous associations (that is, associations going beyond kin and clan), resulting in a paucity of grassroots organizations.

A crosscutting factor influencing the number of local organizations in each country is the recency of the colonial experience and the role of post-independence government. Ecuador has not had a colonial master for nearly two centuries, but during this time most Ecuadoran governments have not been active in economic or social programs, particularly for the country's Indian population. As a result, the Ecuadorans have had to rely on themselves (or the Catholic church) for most of their social and economic needs.

Bangladesh has an ancient civilization but has been free from British rule for less than 40 years and independent from Pakistan for a bit more than a decade. Following independence, the Bangladesh government has attempted to assist its large population through recovery and development programs but has lacked the means to do so. This situation has forced the Bangladeshi population to fall back on its traditions of self-help.

Botswana has the most recent colonial experience, and, in the two decades since independence, the government has had an active program of economic and social assistance to its population. With a population of less than 1 million, these programs have been able to touch virtually every citizen. As a result, the dependency that most of the population had on the colonial regime has been transferred to the independent government; this situation has in turn had a stultifying effect on self-help.

Other factors that the study team found to be important are government attitudes and policies toward local organizations. Many central governments tend to distrust local organizations because they become either the focuses of opposition or the sources of persistent demands on government resources. The past dictatorial regimes in Ecuador have been particularly wary of local organizations. The democratic government of Botswana has been more tolerant of local organizations perhaps because it has had relatively few organizations about which to worry. In some cases, the government of Botswana has reacted to the possible threat from local organizations by a policy of co-optation. The three major organizations in Botswana that host the four IVS volunteers whose activities were assessed in this study are parastatals (Botswanacraft) or QUANGOS (RIP), or are assisted by government to such an extent that government heavily influences policies and management (KRDA). In the case of Bangladesh, the post-independence governments have been so weak or unstable that they have not been able to exert strong influence on local organizations. In fact, the governments have, at least tacitly, encouraged local organizations to become involved in programs that they are unable to undertake.

The importance accorded by the study team to these environmental factors in the development of local organizations suggests that some countries may have political and sociocultural environments that are more conducive to local institutional development than others. Donors and PVOs should adapt their strategies to

these circumstances. In some countries, such as Bangladesh, institutional development may work well, whereas in other countries, such as Botswana, other approaches to development -- such as traditional capital or technical assistance -- may be more advisable. In a country such as Bangladesh, PVOs can probably adopt a strategy of direct assistance to local organizations; in a country such as Botswana, institutional development will usually involve government as a partner.

The overall importance of environmental variables also suggests that donors, including AID, should be more modest in their expectations of what PVOs, or any type of external intervention, can accomplish in institutional development. Donors and PVOs, with limited resources and imperfect understanding, will simply not, in most cases, be able to control the most important factors that will influence the development of local organizations. However, PVO resources and influence can be increased by careful selection of the host institutions with which they work.

Private Voluntary Organization Strategies

The two PVOs involved in this study follow very different approaches in their relationships with host country institutions. IIDI sets out to create a new institution -- an affiliate -- in each country in which it is involved. Its institutional development strategy is deliberate and carefully planned, involving a phased three-year involvement with its affiliate. Its intervention strategy may be characterized, at least in the initial stages of its involvement with the affiliate, as one of promotion -- that is, the IIDI affiliates are created as instruments for achieving IIDI objectives. At a later stage, IIDI intervention strategy changes to facilitation, involving the activation of an organization and assistance with the establishment of objectives.

Unlike IIDI, IVS usually works with existing institutions. IVS has no fixed model for its technical or institutional development assistance. Intervention strategies tend to be project oriented and are adapted to fit local requirements. As stated in IVS literature, the recruitment of volunteers "begins and ends with the requesting agency."[4] In general, IVS's intervention strategy may be characterized as one of assistance, which is a reactive mode involving responses to requests from existing institutions whose objectives and policies are already well established.

In recent years, IVS has attempted to have its field offices become more active in program and project planning and in the institutional development of host country organizations. One instrument that IVS/Washington has created for this purpose is its Indicators of the Stages and Phases of Institutional Development (see Annex F). However, most IVS assistance is still project oriented, rather than aimed at institutional development.

IVS: Policies, Strategies, and Projects

Objectives and Recruitment Policy

IVS generally limits its interventions to rural areas. Specifically, its sectoral areas of concentration are small businesses, cooperatives, health care, and rural infrastructure. Its interventions take the form mostly of volunteer technical assistance, rather than capital assistance, although volunteers sometimes raise money on their own or with the assistance of the IVS field office or IVS/Washington to help support their individual efforts. IVS personnel in the field are volunteers, a status that, according to IVS literature, "denotes a frame of mind more than a level of skill or earnings capacity."[5]

Some references to institutional development are contained in IVS strategy statements. Included in IVS program criteria, for example, is a statement that "volunteers should be employed in specific activities intended to increase the capacity of host institutions or groups to deliver development services to the rural community."[6] In theory, this statement could lead to volunteer placements involving institutional development assistance. In practice, however, volunteers are more often recruited to work on a discrete project that is already under way or is being initiated by a host country institution.

IVS in Botswana

The four IVS volunteers whose work was observed in Botswana are all attached to large, well-established organizations. Three of these volunteers have assignments that are project oriented rather than directed at institutional development. The three host institutions in question, however, are all intermediate or intermediary organizations in relation to smaller, more local organizations. In all three cases, the volunteers assist in the creation or strengthening of these smaller organizations, although in only one case is assistance to the smaller organization an original objective of the volunteer's work. The fourth volunteer also works in an intermediary institution but has an assignment that is directly aimed at strengthening management (specifically, accounting) capabilities in local organizations.

The principal assignment of the volunteer working for Botswanacraft, which is a government enterprise that has a monopoly on the domestic marketing and export of handicrafts, is to improve the quality of handicrafts (particularly baskets) produced in Ngamiland District so that Botswanacraft can increase its sales, especially its exports. Formally, the volunteer's assignment has no institutional development focus at all; her technical assistance approach is basically one of training, that

is, instructing groups of basket makers in how to make better baskets. In the course of her work, however, one problem that the volunteer has uncovered is the increasing scarcity of the mokola palm, whose leaves are the basic raw material used in weaving baskets. This discovery has led to an attempt by the volunteer to organize the village for the communal farming of the mokola palm. Collective planting activities organized by the volunteer have sown the seeds of a village organization whose formalization will be necessary if the planting project is to be sustained.

The assignment of the engineer working with the RIIC operation of RIP in Kanye is intended to be strictly technical: development and testing of a bio-gas digestor. To test the digestor, however, the volunteer has had to work with a cattlemen's syndicate operating a borehole outside of Kanye. This volunteer's relationship to RIIC is strictly that of a performer: he is not involved in RIIC organization or administration; rather, he is a staff engineer acting as the manager of a bio-gas project. The volunteer is also not involved in any aspect of the organization or management of the cattlemen's syndicate. However, the establishment of the bio-gas digestor at the borehole of the syndicate has forced it to make certain organizational and management changes and has opened up possibilities for diversifying its activities.

The other IVS volunteer working for RIP is assigned to establish and manage the OSSCA store in Palapye. OSSCA is a project of PRICE, which is a wholly owned RIP operation. In this respect, the volunteer can be seen as working on an RIP project. But OSSCA is intended to be financially self-sufficient and to have virtually independent management. In this respect, the volunteer can be seen as working on the establishment of a local private business.

The accountancy trainer's assignment is with an intermediary organization -- BRIDEC -- that is established explicitly to assist local organizations, in this case, the brigades. The accountancy trainer is not assigned to a particular brigade or even to a particular brigade center; rather, he is to assist all 21 of Botswana's brigade centers, which comprise 77 individual brigades.

IVS in Ecuador

Only one IVS volunteer in Ecuador is directly involved in institutional development. This volunteer is assigned to a knitwear cooperative. The volunteer's original assignment was to assist the cooperative on a narrow set of production and marketing problems. During the volunteer's tenure, however, he has been obliged to address a broader set of organizational and managerial problems, including personnel incentives and training, delegation of responsibilities and lines of authority, and better use of information in planning.

In the other two IVS projects, the level at which institutional development is to be encouraged remains unclear. In one case, the volunteer is supposed to increase the capability of a provincial literacy office in the fields of cooperative organization and administration. Because of institutional indifference to his presence, however, he has spent most of his time organizing courses at a rural training center and working with a well-established cooperative that has already received substantial outside assistance. In the other case, two volunteer agronomists are assigned to a social service agency of the Catholic church in an attempt to broaden the agency's scope of activities. But for the first two years, they had no counterparts to train and spent much of their time establishing a demonstration farm, conducting experiments, and doing extension work with whomever was interested. Now that their tour is nearly completed and the Catholic church has indicated that it has

little interest in continuing these activities after their departure, the volunteers are searching for an institutional home for both the demonstration farm and the two fledgling groups formed in 1983.

IVS in Bangladesh

Since 1972, there have been 40 IVS volunteers and 6 field staff in Bangladesh. The work of these volunteers has been mainly project oriented, rather than aimed at institutional development. Very few of the volunteers have completed their full two-year assignment in the same organization or institution with which they started. Until 1980, in fact, IVS/Bangladesh had no non-governmental organization with which to work.

Since the mid-1970s, IVS has concentrated its work geographically in Sylhet District and functionally on the development of the Package Program and on the establishment of the Village Development Training Program (VDTP). The Package Program is an integrated technological package aimed at developing rural homesites among the landless poor; VDTP has become the vehicle for disseminating the Package Program. However, until 1980, neither the Package Program nor the village development component of VDTP had an institutional home.

It was largely the realization that an institutional home for the dissemination of the IVS technologies was needed that sparked interest in the establishment of FIVDB. The basic organization of FIVDB was accomplished by Bangladeshis who had worked with IVS in VDTP. IVS's role in the actual organization of FIVDB may be characterized as that of facilitation. However, its most important contribution to FIVDB occurred years earlier with the development of the Package Program technologies. Without these technologies, FIVDB might never have been created or, if it had been, would probably have become a classic case of an empty-handed rural development organization.

Since the creation of FIVDB, IVS has steadily reduced its assistance to the organization. The one IVS volunteer works as an agronomist part time with FIVDB and part time with the Rural Development Training Institute. In terms of organization and management, FIVDB is now entirely on its own.

Volunteer Placements and Institutional Development

The preceding synopses of IVS project activities reveal that volunteers frequently work more closely with organizations other than those to which they are formally assigned. The volunteers' institutional development assistance is usually greater -- actually or potentially -- with the other (secondary) institutions than with the originally assigned (primary) institutions.

As shown in Table 3, most of the organizations to which IVS volunteers are formally assigned are not small, grassroots, or local. Four of the organizations -- Botswana-craft, BRIDEC, RIP/RIIC, and Promocion Humana -- are national, even international, in their geographic reach and intended target group. Using Uphoff's definition of the uppermost limit of a local organization, which is a locality or market town, the geographic reach of OPACH (provincial) and FIVDB (district), although not national, is also too large to be considered local.[7] Two organizations, in contrast, do fit into one of the six local institution categories proposed by the Cornell Working Group. These are COOPRINTEX, which is a cooperative, and RIP/PRICE/OSSCA, which can be classified as a business enterprise.

In the case of the primary institutions, the institutional development impact of the volunteers is greatest with the two smaller, more localized institutions -- COOPRINTEX and RIP/PRICE/OSSCA. The volunteers working with the six larger organizations, in contrast, have little or no institutional development impact on these organizations. In the case of the volunteers

TABLE 3

ORGANIZATIONS TO WHICH IVS VOLUNTEERS ARE FORMALLY ASSIGNED

Organizations	Organizational Type
Bangladesh	
Friends in Village Development, Bangladesh (FIVDB)	District-level service organization; does some national-level training; does some local group formation but also works directly with individuals
Botswana	
Botswancraft	State-owned enterprise that markets handicrafts nationally and internationally
Brigades Development Center (BRIDEC)	Government agency that provides technical assistance and training to brigades in Botswana
Rural Industries Promotion (RIP)/Rural Industries Innovation Center (RIIC)	A national-level appropriate technology research and development QUANGO
Rural Industries Promotion (RIP)/Pioneer Rural Industries Center (PRICE)/One-Stop Service Center for Agricultural (OSSCA)	Private non-profit-seeking enterprises serving a market town and surrounding agricultural areas
Ecuador	
COOPRINTEX	A knitwear production cooperative
Oficina Provincial de Alfabetizacion de Chimborazo (OPACH)	A division of the Ministry of Education
Promocion Humana	A social action agency of the Catholic church

assigned to Botswanacraft, BRIDEC, OPACH, and Promocion Humana, they do very little work with these primary organizations; instead most of their work is with secondary organizations with which the primary organizations have different types of relationships.

In five of the eight IVS projects, three in Botswana and two in Ecuador, the volunteers have some technical assistance or institutional development involvement with organizations other than those to which they are formally assigned (see Table 4). In Botswana, the volunteer assigned to Botswanacraft works very closely with a resource conservation group in the villages of Etsha. The BRIDEC volunteer teaches accountants and bookkeepers in local brigade centers, one of which, KRDA, has had a history of IVS involvement. The volunteer assigned to RIP/RIIC gives technical assistance to a cattlemen's syndicate. In Ecuador, the volunteer assigned to OPACH works almost full time with an established agricultural cooperative. The two volunteers nominally assigned to Promocion Humana work closely with two inchoate agricultural cooperatives. In none of these five cases was the intimate involvement of the volunteers with the secondary institutions a primary objective of their assignments. Yet in four of the five cases -- Botswanacraft, BRIDEC, OPACH, and Promocion Humana -- the volunteers give a great deal more assistance to the secondary institutions than to the institutions to which they are formally assigned, and, in all five cases, the potential for institutional development assistance with the secondary institutions is far greater than it is with the primary institutions.

The reason for the volunteers' involvement with the secondary institutions stems in some cases from the relationship between the primary and secondary organizations, but in other cases has little to do with this relationship. Two, possibly three, of the primary organizations can be considererd intermediary organizations in the sense that one of their primary goals is to promote the welfare of the secondary institutions. BRIDEC was established explicitly to assist the brigade movement

TABLE 4

IVS VOLUNTEER AFFILIATIONS WITH ORGANIZATIONS OTHER THAN THOSE TO WHICH THEY ARE FORMALLY ASSIGNED

Primary Assigned Organization	Secondary Organization(s)	Secondary Organization Type	Affiliation of IVS Volunteer with Secondary Organization
Botswanacraft	Etsha Resource Conservation Group	Too embryonic to to be typed	Volunteer trying to create it
BRIDEC	KRDA and other brigades	District-level service organization	Volunteer teaches brigade accountants
RIP/RIIC	Diphawana and other cattlemen's associations	Local membership organizations	Volunteer provides engineering assistance
OPACH	Gatazo Hospital	Agricultural cooperative	Volunteer provides technical assistance
Promocion Humana	Pindilig and Rivera	Inchoate agricultural cooperatives	Volunteers provide technical and organizational assistance

in Botswana. OPACH is primarily an adult literacy agency of the Ecuadoran government, but also promotes community development and group formation. Promocion Humana considers assistance to self-help organizations one of its primary missions.

In contrast, the objectives of the other two primary organizations do not include working with secondary groups at all. There is in fact no relationship between Botswanacraft and the Etsha Resource Conservation Group. The initiative for the creation of the resource conservation project and the inchoate group that is involved with it has come strictly from the IVS volunteer; Botswanacraft gives assistance neither to the project nor to the group and may, in fact, be only vaguely aware of the existence of either one. The relationship betwen RIP/RIIC and the Diphawana Cattlemen's Syndicate is one of mutual convenience: the borehole operated by the syndicate serves as a test site for an energy device that converts cattle dung into bio-gas.

The assistance given by the Botswanacraft and RIP/RIIC volunteers to their respective primary organizations is in both cases one of product development. The Botswanacraft volunteer is helping produce a more marketable basket for Botswanacraft sales. The RIP/RIIC volunteer is developing and testing the bio-gas converter that RIP hopes to distribute throughout Botswana and in other countries. Both of these contributions are useful to the primary organization, but both are more technical than institutional development assistance because neither influences the policies, objectives, or management of the primary institutions. In both cases, the actual or potential institutional development contributions of the volunteers are greater with the secondary institutions -- the resource conservation group and the cattlemen's syndicate -- than with the primary institution.

In all five of these cases, the potential for the volunteers having substantial institutional development impact on the primary institutions was probably slight from the beginning. All five organizations are simply too large and too susceptible

to the influence of other factors for the volunteers to have had a great deal of influence on such key institutional development categories as policy development, leadership training, and management systems. The actual or potential institutional development impact of the volunteers on the secondary institutions is much greater by virtue of the fact that these institutions are smaller, more local (geographically as well as in terms of membership or clientele), and, in some cases, newer.

Technical Assistance Mode

IVS volunteers play a variety of technical assistance roles, and some play more than one. The bio-gas technician in RIP is, as were most of the past volunteers in KRDA, a performer who essentially fills a staff position in an established organization. Others, such as the volunteer in BRIDEC, are teachers. Nominally, most of the volunteers are advisers whose essential role is advising the existing staff of organizations in various technical or management areas. But many of these advisers actually function more as performers.

The IVS projects demonstrate that the performer or adviser-become-performer roles are the least effective in terms of institutional development. The teaching role is effective if it addresses a specific area of organizational weakness, such as accounting in KRDA, and if the organization and the students are receptive to the training. The most effective role, but also the one that is most difficult to sustain, is that of adviser or partner. Too often the adviser slips into the role of performer, as a result of the absence of counterparts or because of an organizational imperative that places a premium on the execution of tasks by the volunteer rather than the training of a counterpart.

IVS could enhance the effectiveness of its volunteers in this regard by assigning them to national- or intermediate-level institutions that are intermediaries, having, that is, an explicit objective of assistance to local institutions. Properly directed, these volunteers could also help the intermediary institution develop its potential for assistance to local institutions.

IIDI in Costa Rica

The approach of IIDI differs from that of IVS in that the former is directed squarely at institutional development. Whereas the dominant IVS approach is to assist existing organizations, the IIDI approach is to promote new organizations.

The creation of ADAPTE in Costa Rica has followed the standard plan that IIDI uses to create all of its host country affiliates. The IIDI intervention combines capital and technical assistance. Capital assistance includes complete financing for start-up costs; operating costs for the first three years; and a revolving fund of $200,000, which ADAPTE uses to make loans to its clients. (In most other IIDI affiliates, this capital pool is $300,000; the amount is lower in Costa Rica because ADAPTE has funding from other sources.) Technical assistance includes long-term expatriate expertise for the first two years and short-term expertise over three years. In most cases, the affiliate is expected to be financially self-sustaining and in need of little, if any, further technical assistance at the end of three years.

IIDI's success in establishing its affiliates depends on artful blending of capital and technical assistance and the skillful use of the host country's church network. The capital assistance, which includes money to establish the affiliate as well as seed money for the loan fund, is a necessary ingredient of IIDI's approach; it is also a principal way IIDI's approach differs from that of IVS, which relies almost entirely on tech-

nical assistance. IIDI's technical assistance approach, as observed in Costa Rica, may be characterized, at least in the beginning, as that of mobilizer. Using a series of short-term visits, IIDI works with local church networks to plant the idea for and to help establish the affiliate. Once the affiliate is established, the technical assistance approach, relying mainly on short-term visits, becomes more that of partner or adviser as host country staff assume greater responsibility for the management of the affiliate. A key element of the IIDI approach is that the local staff know that, at the end of three years, both capital and technical assistance will be phased out; this known timetable creates an incentive for the local staff to master the tasks they will need to survive on their own.

Another key feature of the IIDI approach is the use of local church networks. The promotion approach has been criticized as being susceptible to ultimate failure because it imposes external objectives, and sometimes foreign management forms, on artifically created institutions. The IIDI approach, even though its ideas and management do have an external source, has been successful because the ideas have been given legitimacy by the use of Christian, usually Protestant, church networks in host countries. In introducing its ideas through the Christian churches, IIDI benefits from the built-in trust that comes from shared religious values. In Costa Rica, this trust factor may be seen as extending down to the relationship between the initial clients of ADAPTE and its staff, who have all been of the same religious persuasion.

By creating new institutions using a standardized approach, IIDI has had more influence on the institutional development of its affiliates than IVS has on most of the organizations with which it works. However, IIDI's use of church networks on which so much of its success depends makes its approach difficult for more secularly based PVOs to imitate.

Outcomes and Consequences of Private Voluntary Organization Interventions

In terms of institutional development, IVS has frequently been more effective when it has worked with institutions other than those to which its volunteers are originally assigned. These secondary institutions are invariably small inchoate local organizations, in contrast to the large well-established non-local institutions that have usually hosted the volunteers. IVS volunteers have had little overall influence on Botswanacraft, Promocion Humana, or RIP, but have had more substantial impact on the Diphawana Cattlemen's Syndicate, the Etsha Resource Conservation Group, and Pindilig/Rivera. To the extent that institutional development is a PVO objective, this finding would suggest that PVOs, or at least IVS, should concentrate their efforts on small community-oriented organizations that are either in planning stages or have been recently created.

Adoption of this strategy would not preclude assignment of volunteers to intermediate organizations if these organizations have, as an explicit objective, the development of local institutions. Examples of these organizations include OPACH and Promocion Humana in Ecuador. Indeed, since it is not cost-effective to assign one volunteer to one local organization, assignment to an intermediate organization through which the volunteer could work with several local organizations is recommended. This assignment would also permit the volunteer to assist the staff of the intermediate organization in developing effective methods of intervening with local organizations.

PVOs such as IVS have little chance to be effective in the overall institutional development of large well-established organizations. The influence of external sources of assistance on the policies, direction, and management of organizations such as Botswanacraft, Promocion Humana, or RIP is usually overwhelmed by the forces of organizational history, national or sub-national politics, and public policy. PVOs can be effective in assisting

these large organizations in discrete technical tasks, but will have little leverage in promoting institutional development unless the larger organizations are intermediaries.

A PVO's selection among promotion, facilitation, and assistance modes in its local organization interventions depends more on the maturity of the organization than on normative or developmental factors. If the organization is already established, assistance is invariably the intervention mode that is adopted. When the organization is inchoate, the PVO will adopt a promotion mode if, as in the case of IIDI, the essential ideas for the organization come from the PVO. The PVO will adopt a facilitation mode if the general objectives and policies of the organization are those of its local founders.

With respect to recruitment strategy, the type of volunteer or adviser who is recruited for assistance to indigenous organizations should, ideally, combine some technical expertise with the experience and flexibility to be able to advise on organizational and management issues as well. The technical expertise is essential for the adviser's credibility, but the other qualifications are equally important for the adviser's overall effectiveness.

The PVO providing the adviser and the host institution should agree on terms of reference for the adviser that facilitate an institutional development, rather than a technical assistance, approach to the adviser's work. This means, above all, that the adviser's work should not be focused on delivering a product or service but on increasing institutional effectiveness.

NOTES

1 Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institutional Development No. 1 (Ithaca, N.Y.: Cornell University, October 1984), p. 9.

2 These ratings were the result of judgments made by professional evaluators and could, in theory, differ with a different evaluator. However, the subjectivity involved in this process was attenuated to some extent by using two-person, rather than single-person, evaluation teams. Also, the wording of the indicators was crafted to be as concrete as possible. The study team agreed, however, that it was not possible to make meaningful indicators of instituional development completely objective.

3 See, for example, Milton J. Esman and Norman T. Uphoff, Local Organizations: Intermediaries Rural in Development (Ithaca, N.Y.: Cornell University Press, 1984).

4 See IVS: A Profile, International Voluntary Services, no date.

5 IVS: A Profile.

6 IVS: A Profile.

7 Uphoff, "Analyzing Options," p. 13.

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

1. IVS volunteers are engaged primarily in assistance to existing organizations rather than in conscious attempts to promote or facilitate the establishment of new organizations. Most IVS volunteers are highly skilled technicians whose terms of reference are to improve the technical, rather than the managerial or organizational, proficiency of their host organizations. When the volunteers are effective (and most of them are), evidence of an increase in the technical capacity of the host organization is observable. However, the volunteers rarely have a mandate to go beyond their rather narrow terms of reference to work on larger policy or management questions in their organizations. Thus, it is not possible in most cases to attribute the scores on the institutional development indicators to the work of the IVS volunteers.

There were exceptions to this general finding, most notably IVS's institutional development work with COOPRINTEX in Ecuador. Moreover, IVS is making a concerted effort to adopt a more institutional development-oriented strategy. This is reflected in the program planning carried out by the field representatives and IVS headquarters and by the development and preliminary use of its institutional development indicators. The implementation of a new strategy generally lags several years behind its formulation because changing the course of field operations in midstream is difficult. However, AID and other donors should encourage IVS to continue its strategic evolution from project-oriented technical assistance to institutional development assistance.

2. In contrast to that of IVS, the strategy of IIDI is to create a new organization in the host country. IIDI takes the lead in initial promotion and organization and assists in the development and growth of the new organization for its first three years. In this sense, the study team found it was easier

to attribute observable weaknesess and strengths within the local organization to the work of IIDI. However, the use by IIDI of church networks, on which so much of its success depends, makes its approach difficult for more secularly based PVOs to imitate.

3. Where IVS assists an existing organization and even when institutional development activities are involved, environmental factors (defined as all factors not controllable by the PVO) are more powerful determinants of institutional effectiveness than are the PVO interventions. Although it is difficult to extrapolate from one case study, this finding may suggest that AID, as well as PVOs, should be modest in its expectations of what outside interventions can accomplish to improve institutional effectiveness. The finding also suggests that PVO interventions should in many cases be tailored or adapted to environmental circumstances. In some countries, project-oriented technical assistance may be a more adaptable strategy than institutional development.

4. The DAI-Cornell institutional development indicators were found to be applicable to all the organizations included in the study, regardless of size, purpose, or maturity. The indicators should not be considered a blueprint for monitoring and evaluation, and they do need further validation and refinement. However, they should ultimately prove useful as guidelines for PVOs and other development agencies in assessing the strengths and weaknesses of particular organizations and in deciding on the type of assistance needed by the organizations.

5. IVS has applied its own indicators of institutional development in three of the eight cases studied. In one case -- COOPRINTEX -- the use of the indicators proved helpful in guiding the type of work that the IVS volunteer should carry out. Partially as a result, the work of IVS with COOPRINTEX has been successful and is one of the few that was truly directed at institutional development. In the other two cases, there is no

evidence that the application of the indicators has been used to plan or modify the IVS intervention. Because the work of IVS in most of its current projects is essentially technical, the indicators would, in any case, have little relevance. An additional problem is that the IVS indicators, although sound in content, make certain assumptions about the sequential nature of institutional development that should prove to have many exceptions in practice.

6. As anticipated, the concentration of the study mainly on one PVO makes it difficult to draw conclusions about the importance of PVO interventions or PVO strategies in institutional development. However, the study team's observations of the IVS experiences result in the following hypotheses:

- The comparative advantage of PVOs rests on working with relatively small, grassroots organizations in contrast to large, nationally oriented organizations. PVOs will generally have more influence with inchoate or recently created organizations than with older, more well-established organizations.

- However, to make PVO technical assistance to local organizations cost-effective, PVOs may wish to place their personnel with intermediary organizations that have a mandate to promote the development of local organizations. The influence of PVO personnel on these intermediary organizations will be limited by the influence of environmental variables. In this sense, the intermediary organizations may serve in some cases as little more than a convenient vehicle for reaching local institutions rather than as an object of their intervention. In other cases, well-planned interventions that have the support of the intermediary institutions' management may serve to improve the capacity of the intermediate institutions to assist local institutions.

- PVOs should resist the temptation to assign their personnel to positions in which they are called on mainly to perform tasks rather than to teach or advise others on the performance of tasks. The performer model buys short-term accomplishments at the cost of leaving little behind in the way of long-term benefits. The teacher or adviser model may produce less visible short-term benefits but promises sounder long-term results.

- PVOs should not assign their personnel to positions that are not accompanied by full-time counterparts. PVOs should also resist the temptation to assign a substitute, that is, an individual who is temporarily filling a position vacated by a host country person away on training.

7. AID should commission a follow-up study to test these hypotheses as well as the use of the institutional development indicators that have been developed in this exercise. This follow-up study should have at least four different PVOs in the sample with at least two projects from each PVO. Prominent PVOs that might be included in the sample are the Save the Children Foundation, Salvation Army, Africare, Technoserve, Catholic Relief Services, and Church World Services. The PVOs to be included in the study should all work with local institutions in some manner. Beyond this common characteristic, the PVOs should represent a diversity with respect to their development objectives, mix of inputs, sources of funding, and the countries and sectors in which they work.

To the extent possible, the PVOs and countries included for the follow-up study should be selected to enable a more rigorous testing of the relationship between environmental variables and PVO strategy variables than was possible in this study. This would mean, for example, including two or more PVOs with different approaches working with local institutions in the same country (preferably the same part of the country) to hold environmental influences constant.

ANNEX A

BANGLADESH

ANNEX A

BANGLADESH

OVERVIEW

Development Context

When Bangladesh became independent in 1971, the number of non-governmental organizations (NGOs) that existed in the former East Pakistan multiplied rapidly in response to the needs of a war-torn country.[1] The growth of NGOs in Bangladesh was stimulated by the large amount of foreign assistance that was made available to a country in which more than 50 percent of the population was considered to have a marginal existence.

Immediately after independence, the focus of foreign donors, foreign NGOs, and newly formed indigenous NGOs was on reconstruction of the country's infrastructure and resettlement of the millions of people displaced by the war. Rehabilitation efforts addressed the most immediate needs. In 1973-1974, the emphasis began to shift toward the development of the agricultural sector and the food requirements of the large and growing population. The period 1972-1975 gave foreign and indigenous NGOs time for an in-depth examination of Bangladesh, its problems and potential.

Two of the earliest indigenous NGOs, both formed immediately after independence were the Bangladesh Rural Action Committee (BRAC) and Gono Shasthya Kendra (GK). Both organizations were begun by highly motivated and well-qualified individuals who saw the need to reach beyond the capabilities of the newly formed government. Although both organizations began to carry out rehabilitation work in rural areas, BRAC concentrated on literacy, training, and rural development, whereas GK became a leader in innovative approaches to health care.

The success of these organizations in attracting highly motivated and qualified staff, many of whom have now helped to form other Bangladeshi NGOs, in gaining funding support from international donors (including foreign NGOs), and in working with certain segments of the Bangladeshi population has been instrumental in the formation of many other NGOs in the country. Banglaseshi NGOs pursue a broad range of activities and manifest an ability to relate well to the poorer segments of the population.

The Government of Bangladesh has been generally supportive of NGOs, both indigenous and foreign. NGOs not only bring in badly needed funds for development but also are able to help meet human needs. The government has recently established a system to monitor funds that enter Bangladesh for NGOs and review their annual program plans and projects. This system helps ensure that

NGOs contribute to established policy and enables the government to control those that might be seen as a threat.

Although foreign NGOs often work through government institutions, they sometimes have little understanding of the environment in which they work. Too often their efforts help maintain or strengthen local power systems, which effectively give few benefits or opportunities to the majority of the population. Indigenous organizations, led by BRAC, began in the mid-1970s to study the landless segment of the population and the relationship between the existing power structure and the landless.[2] These oranizations also began to implement programs for the landless, a group that makes up the majority of Bangladesh's population. Many indigenous NGOs now target their programs at the rural landless and have used and upgraded methods that pioneering organizations such as BRAC and GK developed.

Government backing of rural development efforts in the past has largely been through the Integrated Rural Development Program (IRDP) and the Bangladesh Agricultural Development Corporation (BADC). The IRDP approach was based to a large extent on the Comilla model: village-level cooperatives linked to a thana-level central cooperative association.[3] The latter had government personnel in management positions.

The government has come to recognize that the IRDP approach excludes the rural landless from active participation. The channeling of most agricultural inputs through BADC resulted in an inefficient system for distribution and control of inputs. The wealthy landowners benefited more from this system than did marginal farmers and the landless.[4]

The government has recently taken certain steps to alter or initiate programs that assist the rural poor or landless. These steps, listed below, indicate that the government is becoming aware of the magnitude of the problems of these groups, which most NGOs consider to make up their target population:

- Devolving political power to the upazilas;
- Shifting most of the agricultural input trade to the private sector at the upazila level;
- Restricting BADC's role to that of wholesaler; and
- Supporting some efforts to establish institutional means to make credit available to the poor through such institutions as the Grameen Bank.

NGOs have been at the forefront of developing programs that include women and that foster their active participation in development activities. Adherence by women to traditional values, many having Islamic origins, has caused NGOs to pay special attention to women's participation in their programs.

Bangladesh has one of the highest population densities in the world and is a predominantly rural country. The majority of its population lives in a perpetual state of poverty. Government and other resources are severely limited. As a result, development must come from primarily within, a fact that many NGOs understand well.

The current system of land tenure has resulted in about 50 percent of all holdings in rural areas to be fewer than 2.5 acres. However, these holdings cover only 19 percent of farm areas. Over 80 percent of the farm areas are held by the other 50 percent of landholders.[5] While larger landholders keep the population fed, most NGOs now focus on the former 50 percent and the completely landless. NGOs and others are also aware that, unless subsistence farmers and landless laborers are included in development activities, development momentum will not increase, will not be sustained, and will not benefit those most in need.

ACTIVITIES OF INTERNATIONAL VOLUNTARY SERVICES IN BANGLADESH

The objectives and beneficiary selection of International Voluntary Services, Inc. (IVS) have changed during the 12 years it has been active in Bangladesh. Like many other foreign NGOs, IVS began working in Bangladesh in 1972, soon after independence. Its work in the country comprises four periods:

- 1972-1975: volunteers placed in a number of programs, many with government organizations, and posted in scattered locations;
- 1974-1977: a gradual concentration of several volunteers in Sylhet, and the eventual coordination of their efforts in the Package Program;
- 1977-1980: almost complete concentration of efforts in the Village Development Training Program (VDTP) in Sylhet; and
- 1980-present: transition of responsibility for VDTP and village development activities from IVS to Friends in Village Development, Bangladesh (FIVDB). In January 1981, FIVDB assumed complete management responsibility for VDTP.

Since 1972, 40 volunteers and 6 field staff have worked in Bangladesh with 26 indigenous organizations in health, agriculture, cooperatives, education, and appropriate technology. Currently, one IVS volunteer is finishing his third term working in Sylhet District as an agronomist with both FIVDB and the Rural Development Training Institute (RDTI). He will begin his fourth term in October 1984, working primarily with RDTI. The field

director has proposed to IVS Washington a plan for as many as 18 new IVS volunteers, including a veterinary specialist, a social forestry specialist, an appropriate technology team, two engineers, a livestock specialist, a prawn fishery specialist, and a batik specialist.

At one point during the early post-independence period, IVS had more than 20 volunteers in Bangladesh. Yet few completed their full two-year assignment with the same organization or institution. Many of the volunteers felt they were underused.

In the mid-1970s, volunteer assignments were gradually concentrated in Sylhet District. The initial IVS program in Sylhet began in 1974, when a group of seven expatriate technical specialists and Bangladeshi co-workers carried out a variety of rural development activities involving agriculture, health, sanitation, duck raising, and literacy. The original purpose of the program was to establish a functional cooperative system, based on the Comilla model, for IRDP in Kotwali Thana, Sylhet. This system was to provide resources and extension services to local farmers through village cooperative societies (KSSes).

In 1976 the activities of the individual volunteers in Sylhet were integrated into the IVS Package Program, which worked in 11 villages. The Package Program, which concentrated its activities on homesite development, was developed to provide programmatic cohesion to demonstrate a practical application of an integrated approach to rural development.

According to a former IVS country director, several questions were raised during implementation of the Package Program: How could the contribution of the IVS specialists and Bangladeshi co-workers be spread beyond the particular villages in which they worked? How could the relationships of the expatriate and Bangladeshi workers be structured to reflect their mutual contribution to a jointly planned and implemented project? How could the program be continued as IVS reduced its support?

As a result of these questions, VDTP emerged. VDTP began in July 1978 in cooperation with the director of RDTI. VDTP's major goal was training. As orginally planned, the purpose of VDTP was to demonstrate the effectiveness of village-based field practice for the trainees in three government training institutes in Sylhet: RDTI, the Agricultural Extension Training Institute (AETI), and the Family Welfare Visitors Training Institute (FWVTI). Beginning with the IVS Package Program activities, VDTP would increase the number of villages included and elaborate a village development program in which institute trainees could obtain practical experience in village extension work. Three village cluster centers served as the focal points for the village-based field practice for the institute trainees.

IVS Bangladesh had no existing NGO in Sylhet with which to work. Bangladeshis were hired to work with IVS volunteers in VDTP. Although the establishment of an indigenous NGO was not a long-term goal of IVS, the need for this type of organization became apparent soon after the initiation of VDTP, when USAID could not promise continued funding after June 1980. IVS recognized that funding for VDTP would have to come from other donors and that most potential donors preferred to support a project carried out by a local organization. By mid-1980 FIVDB was registered as an NGO with the Bangladesh government and as a joint executing agency with IVS to carry out VDTP, and was authorized to receive foreign donations.

Since 1981, when it took over the administration and management of VDTP activities in Sylhet, FIVDB has provided complete financial and logistical support for IVS volunteers through the financial assistance it receives from the Evangelische Zentralstelle fur Entwicklungshilfe (EZE) and the Interchurch Coordination Committee for Development Projects (ICCO). IVS continues to provide central support services to FIVDB in Dhaka, where they share an office, phones, and local transportation expenses. This cost-sharing arrangement will end in October 1984.

Beginning in October 1984, direct IVS support to FIVDB will consist of 20 percent of one volunteer's time. The volunteer will devote the other 80 percent of his time to RDTI.

FRIENDS IN VILLAGE DEVELOPMENT, BANGLADESH

FIVDB was organized in 1979 after several years of discussion among IVS's Bangladeshi staff concerning their future and that of VDTP. The organization's basic objective is

> to build and strengthen a variety of institutions through which rural people, and particularly the most socio-economically vulnerable groups, can develop the capacity to improve and control their own situations through cooperation, self-help, and self-reliance.

Since 1981 FIVDB's primary activity has been the implementation of the VDTP work that IVS begun. This work includes village development programs for local groups and a field-training program for government trainees from RDTI and FWVTI.

A study that analyzes options for local institional development identifies five main activity areas that require appropriate local institutional development.[6] Because of its focus on the landless target group, FIVDB plays only a small role in two of the activities, natural resource management (land) and rural

infrastructure (capital). However, FIVDB is heavily involved in the other three activities -- human resource development, agricultural development, and non-agricultural enterprise.

The VDTP effort is being carried out in 55 villages of Sadar Upazilla in Sylhet District, located in northeast Bangladesh. The project headquarters and support center, and a duck hatchery, are located on the RDTI campus in Khadimnagar, Sylhet. The village development activities are served by multipurpose FIVDB field workers and visited by RDTI and FWVTI trainees in three residential cluster centers located in Mogolgaon, Ghoramara, and Kollogram villages. There is also a demonstration farm and training center, Bandhab Khomar, in Doloipara that will soon become the project headquarters when it is moved from the RDTI campus. Charima, the Women's Training Program and Sales Center, is located in Khadimnagar, also in Sadar Upazilla.

The FIVDB field-training program includes:

- Short-term field training for RDTI and FWVTI trainees;
- A 20-day training course in duck farming and hatchery operations and a 10-day course in duck raising for trainees from cooperatives, NGOs, and government programs throughout Bangladesh;
- Lectures and practical training for RDTI trainees given by FIVDB staff and IVS volunteers; and
- Membership education training for landless group members to improve their social, analytic, management, and accounting skills.

FIVDB is actively engaged in numerous complementary village development activities. These activities include a landless program, functional literacy classes for adults, communication activities, a rural credit program, a duck hatchery and extension activities, a women's program, a health program, a cooperatives program, an agricultural program, and livestock development.

Before any program activities take place in new villages, a survey of their residents is taken to identify those who are the landless, rural poor. FIVDB defines landless as any family who owns fewer than 5 kaires (1.3 acres), sells labor for more than 30 days a year, and whose agricultural production meets household consumption needs for less than six months of the year. In villages new to FIVDB involvement and in those in which FIVDB already works, landless persons are identified who indicate desire and willingness to join men's and women's groups for a six-month functional literacy course. Functional literacy groups have 5-15 members who meet six days a week to study from a set of three books.

In its communication activities, FIVDB produces leaflets, charts, and booklets that are used in the literacy classes, in health and nutrition classes, and as visual aids. FIVDB also produces a monthly newspaper, Gram Bandhab, which is provided as practice reading material for new literates who have taken the functional literacy classes.

After meeting together for three months to demonstrate their commitment and trust by regular attendance and participation in consciousness-raising discussions, group members begin making voluntary, weekly contributions to a fund. A FIVDB worker record the amount deposited in savings passbooks and group account ledgers. After six months, landless group members are eligible for short-term loans (1-12 months) of Tk. 100-5,000 at 24 percent interest (12 percent interest is credited to the group's account and 12 percent goes to FIVDB).[7]

In addition to the training activities of the duck program, the duck hatchery itself produces about 20,000 upgraded (high laying) varieties of ducklings each year available for sale and for use during the training sessions. The duck program works with duck raisers, many of whom are landless. FIVDB personnel also collaborate with Bangladesh Agricultural University in Mymensingh and the Animal Disease Diagnostic Laboratory in Dhaka on research to control duck diseases.

The women's program supports functional literacy classes for women and their involvement in landless group activities. This program also focuses on teaching and training women in income-producing activities, such as weaving, sewing, and food processing, at the cluster centers in Ghoramara and Mogolgaon as well as at the project headquarters in Khadimnagar. Women's sewing and weaving classes also take place at Charima, where student-made products are marketed. Short-term nutrition courses are also offered using inexpensive, local foods to improve the nutrition of the poorest families in the area.

Under the health program, three mother and child health clinics conducted by government family-welfare workers. Midwife training and follow-up meetings are held. FIVDB workers makes home visits, particularly for pregnant and nursing mothers and malnourished children.

Although KSS members are not part of FIVDB's primary target group, FIVDB continues to help strengthen 29 KSSes in the project area that were part of IVS's earlier efforts. FIVDB also works with three women's KSSes.

The agricultural program of FIVDB is an important component of its training and village development activities. FIVDB workers carry out extension activities for paddy cultivation; produce winter and summer vegetables, and vegetable seedlings for sale; organize irrigation schemes, including pump irrigation systems managed by several landless groups; conduct field tests and introduce crops and technologies that are relevant to very

small farmers; and cooperate with the Bangladesh Rice Research Institute in paddy seed trials. In response to the damage caused to the aus rice crop by the floods in 1984, rice seedlings have been grown at the demonstration farm in Doloipara.[8] These seedlings will be sold at cost to farmers in the damaged areas so that they can begin transplanting on time for the amon crop, instead of having to raise the seedlings themselves and be behind the planting schedule.[9]

In the livestock development program, activities include training in the care and management of livestock, such as cattle, ducks, goats, and chickens, and vaccinations. Villagers also are trained to give routine livestock vaccinations. FIVDB is involved in a cattle-fattening program using both curative services such as deworming the cattle and feeding them urea-treated straw. These treatments result in immediate, visible improvement in the cattle.

INSTITUTIONAL DEVELOPMENT INDICATORS

Strengths

Thirteen indicators of institutional development have been applied to FIVDB. These are divided into two categories: organizational capacity and organizational linkage. A complete list of these indicators and the ratings as applied to FIVDB are found at the end of this annex.

FIVDB has noteworthy institutional strengths, including:

- Extensive linkages with other indigenous organizations, government agencies, and international organizations;
- A strong leadership and management style;
- A planning, monitoring, and evaluation system that incorporates information and modifies objectives and programs on the basis of past and current experience;
- Flexibility and innovation in its programs; and
- Ability to mobilize resources.

At the same time, FIVDB suffers from institutional weaknesses such as little accountability to its constituency of savings group members. FIVDB also offers few incentives to motivate and sustain its staff beyond their own interest and commitment. This weakness may lead to critical staff losses.

Linkages

FIVDB is consistently cited by other Bangladeshi NGOs as well as by international NGOs as an example of an indigenous organization, created by Bangladeshis out of the initial activities of an expatriate NGO, that now operates independently of it. There are other indigenous organizations formed as offshoots of expatriate NGO activities (such as Gono Unnayan Prochesta, developed from early efforts supported by the American Friends Service Committee), but FIVDB is distinguished as having successfully established itself as a fully functioning, indigenous organization that no longer has the continued involvement of IVS as a parent organization. FIVDB is also well known for its strong leadership and management style. Soon after the formation of FIVDB in 1979, its organizers selected a director. He continues to serve to the satisfaction of the board and staff of FIVDB, and the donor organizations that financially support it.

Leadership and Management

FIVDB uses an open-management style in making organization decisions. There is frequent consultation with staff members at the monthly meetings of the program staff held at project headquarters, at individual monthly meetings of the FIVDB cluster staff, during special meetings called as necessary to respond to special circumstances, and during three-day reflection session meetings held every six months at Khadimnagar of all FIVDB staff (minus support staff such as cooks, drivers, and guards). The open-management style of FIVDB encourages modification of its objectives and programs based on staff experience and field evidence.

Planning, Monitoring, and Evaluation

FIVDB has been frequently evaluated during its five-year existence by expatriate funding sources to meet reporting requirements. FIVDB has used the information in these evaluations to adjust its objectives and activities as well as to assist in an ongoing planning process.

One early example of this adjustment process was seen when FIVDB re-examined its target beneficiaries. This examination revealed that the real beneficiaries of VDTP and FIVDB's village development activities were government trainees and Bangladeshi landowners who were KSS members. VDTP's training component for government workers had little to do with the landless poor. Recognizing this, FIVDB changed the focus of its programs to address the concerns and problems of the landless. FIVDB even changed the name of VDTP -- from the Village Development Training Program to the Village Development and Training Program -- to reflect the separation of the village development target group and activities from the government trainees and the training

program. The training program was given much less emphasis overall in FIVDB's activities because it did not directly address the problems of the landless.

Another important modification of the target groups was the inclusion of women as beneficiaries, instead of focusing just on male farmers. As a result, women's groups were also formed for programs in literacy, savings, credit, and skills training. A women's program was established to make sure that women's needs and concerns were considered in FIVDB program activities. Nutrition courses and the health program were also established, primarily for women.

FIVDB has also demonstrated its openness to sharing information about its programs with other interested government agencies and Bangladeshi organizations. FIVDB's duck-raising program is one example. FIVDB invites farmers from all over Bangladesh to join in the training courses. Based on FIVDB's experience, several publications have been written about duck raising. These publications are used throughout the country. FIVDB's functional literacy materials and teaching methods are also beginning to be applied in areas outside Sylhet. The coordinator of FIVDB's functional literacy program has been asked many times by other indigenous organizations to conduct training sessions for their functional literacy teachers.

Flexibility and Innovation

FIVDB is recognized for flexible and innovative program activities. Recently, FIVDB responded to an emergency situation that resulted from severe flooding threatening FIVDB group members in the villages served by the Ghoramara Cluster Center. FIVDB made quick decisions and program changes with full staff involvement and support.

In May 1984 the Sylhet District was hit by severe floods. At that time, many people in the Ghoramara area who are members of FIVDB-formed groups had lost their homes and all of their aus rice crop. FIVDB workers at the Ghoramara Cluster Center understood that FIVDB considers itself an indigenous NGO that works with the rural poor based on self-sufficiency principles. It intentionally avoids being a relief and rehabilitation organization. These workers pointed out, however, that FIVDB's existing activities, such as the savings program, were not relevant to the immediate needs and emergency problems of the group members. Some were in danger of starving.

The Ghoramara cluster workers approached the rest of the FIVDB staff to find a way that FIVDB could effectively respond to this emergency situation. Some staff members at project headquarters were hesitant about possible FIVDB involvement in flood relief work because they felt that, after flood assistance was given (free food, clothing, and housing), group members might expect similar assistance in the future whenever a disaster hit

the area. These staff members were afraid that this free assistance might affect the self-reliant focus of the groups' activities, such as the willingness to save.

At this time, OXFAM was looking for ways it could respond to the flood. The FIVDB director was approached by the OXFAM director and asked to suggest organizations in Sylhet through which OXFAM could channel emergency assistance. The director of FIVDB was well aware that it normally does not become involved with this kind of activity, but volunteered FIVDB's help, and the rest of its staff agreed. Because of the emergency situation, FIVDB needed to make a quick decision about whether it would become involved. After discussing these issues, the staff of FIVDB agreed that it should assist in OXFAM's relief efforts.

OXFAM provided housing materials and coordinated with volunteer relief workers from the Red Cross and Dhaka-based university students who had volunteered to come to Sylhet District to help supervise the emergency assistance. FIVDB helped coordinate relief efforts by providing workers, housing and food allowances for the university students, and clothing donations from the staff. Staff members also agreed to contribute one day's pay to support the relief efforts.

As its involvement in the relief efforts draws to a close, FIVDB is happy with the results. So far, none of the initial fears about the loss of self-reliance has been seen. Before the floods, the repayment rate for loans was 98 percent. At present, the repayment rate is 97.6 percent.

Resource Mobilization

Another strength of FIVDB's institutional development is its ability to mobilize resources. FIVDB has developed this skill with IVS assistance since 1979. Originally, funding for VDTP was through IVS efforts that secured an AID operational program grant. When this funding source was terminated IVS helped FIVDB develop funding proposals to secure funding from EZE and ICCO. When the need arose recently to write new funding proposals, FIVDB wrote them with reduced IVS assistance.

FIVDB has been able to identify sufficient resources to support its program activities. FIVDB has audits performed every six months as required by the government. FIVDB monitors its resources carefully, including the use of vehicles, materials, and budgets for program activities.

An examination of FIVDB's institutional development reveals a good understanding by the staff of their roles. All staff members are able to articulate their exact duties and responsibilities. All employees receive a one-month orientation program when they begin their jobs that familiarizes them with FIVDB programs as well as introduces them to their specific

tasks. Workers receive adequate training to perform their jobs. Internal training has been complemented by staff training in other countries under grants from the Ford Foundation.

All FIVDB staff are hired, fired, and paid entirely by FIVDB, with the exception of the FWVTI workers who are seconded to FIVDB but who answer to FWVTI. Staff members know that they are responsible to FIVDB and are FIVDB employees.

Weaknesses

Several institutional weaknesses have been identified:

- Lack of group input and influence over FIVDB;
- Little accountability by FIVDB to its constituency groups; and
- Inadequate incentives to support and motivate staff.

FIVDB's target group is the rural poor, but its approach is top-down. No group members are on the FIVDB Board, and none has any opportunity for representation as a voting or non-voting member during staff meetings. Some group members become teachers for the literacy classes or assist with the sewing and weaving classes, but group members have little to do with FIVDB programming or policy decisions.

One finding about FIVDB's lack of accountability to group members came from an unexpected source. While the study team was visiting Sylhet, a Fulbright student was just finishing her research on the impact of the women's program on women in the area. Although the results of this research are not final, preliminary information raises some key issues for FIVDB.

FIVDB clearly articulates the objectives and activities of the women's literacy classes and the follow-up savings groups that are formed from those literacy classes. According to FIVDB staff, when a savings group begins, the women meet weekly and each hands over at least one tk. to the FIVDB field worker who attends the meeting. The FIVDB worker records the amount in an individual passbook and in a group account book. The group member keeps the passbook in her possession. Having finished at least the first book in the literacy class, the group member should be able to read the numbers, which tell her how much she has saved even if she does not have the accounting skills to record and manipulate the savings record.

When questioning the group members, the Fulbright student discovered that many women did not know how much they had saved, even though the amount was recorded in the passbook. In fact, some women had no idea where their savings were, and were afraid that FIVDB might have taken the savings away from them. These women were unclear how their savings might be used. If the

savings and credit programs are to teach women how to save and to provide them with knowledge of and access to credit, in fact neither is happening as well as FIVDB had expected.

FIVDB appears also to provide inadequate incentives to support and motivate staff. Salary levels are below both the pay scale of the government for equivalent positions and that of other indigenous organizations. FIVDB staff are aware of these differences in pay. Most staff feel that salary was not the primary reason for coming to work for FIVDB, nor is it a factor in the way they evaluate their satisfaction on the job. Most FIVDB workers cite other reasons for working for FIVDB, including the opportunity to work with the rural poor, and not being tied down by government bureaucratic procedures. Yet other Bangladeshi NGOs are engaged in activities similar to FIVDB; staff in most of these organizations receive salaries higher than FIVDB staff members. FIVDB has lost few staff to date as a result of inadequate pay, but this may become a problem in the future.

FIVDB currently makes no provision for staff logistical support such as housing for the families of its workers. No accommodations are provided for spouses and children at the cluster centers, where some staff members are required to live. As a result, a significant majority of FIVDB staff are single.

Although FIVDB is known for its strong leadership and management style, this strength has been cited by some as a weakness as a result of the current lack of additional strong senior leaders and managers to work with or back up the director. FIVDB is aware of this problem and is trying to develop stronger management and leadership capabilities at the assistant director level.

DEVELOPMENT IMPACT INDICATORS

The impact of activities carried out in 55 villages by FIVDB since 1980 has been important to the rural landless living in these villages. The following discussion concerning the development impact of FIVDB's efforts is divided into three sections: economic gains, social benefit, and equity effects.

Economic Gains

Several activities help to generate additional production of crops and livestock among the target group. The duck project provides eggs and meat for home consumption as well as income through the sale of ducks and eggs to people of the surrounding areas. Duck raising in the FIVDB area has meant that herders, both young and old, are employed to look after the ducks. Although the herders are usually members of an immediate family,

their duck-raising activity has resulted in use of time that would probably not have been as productive. This represents immediate and sustainable benefits for those involved. FIVDB also works with the target population to raise goats and cattle and teaches better animal husbandry, including the treatment of animal diseases.

Through the small-group savings and loan program, FIVDB has assisted the target group to establish new employment opportunities through cane work, vegetable gardens, livestock rearing, and production of crafts. In addition, some members of the target population have been able to pay back loans made by traditional moneylenders and to escape being continually indebted to them.

Extension efforts through the agricultural program have resulted in greater use of high-yielding varieties of rice and its proper cultivation throughout the area where FIVDB is active. These efforts have benefited both landowner and landless and meant greater local production of rice. Home vegetable gardens, cultivated mainly by women, are now evident throughout the year as a result of FIVDB's extension efforts. This effort also brings added income to the family through sale of vegetables on the local market.

In general, many of FIVDB's efforts have resulted in immediate and often sustainable economic gains. Undoubtedly there have also been failures, although the high rate of loan repayment, over 95 percent, attests to the fact that assistance from FIVDB generates economic gain for the target population. Benefit growth should be expected when a loan-repayment rate such as this exists.

Social Benefits

FIVDB's base of operations are the village groups, both female and male, that are part of the literacy program. The three literacy books and teacher's guide developed by FIVDB for the literacy program represent an innovative achievement in the teaching of illiterates. FIVDB shares this approach and method with other organizations and institutions; this offers FIVDB a chance to multiply throughout Bangladesh the benefits of its efforts to date.

FIVDB staff operate three mother and child health clinics, give midwife training, carry out home visits, encourage the use of sanitary latrines, and work to improve the supply of good quality drinking water. Midwives trained by FIVDB have increased their social position, having a multiplier effect in the training of other midwives.

Equity Effects

FIVDB has consciously targeted the landless as the major beneficiaries of its efforts. It has been successful in organizing groups comprising landless. In general, FIVDB has directed the benefits of its interventions and assistance to its chosen target population and effectively discriminated its actions to support that population.

FIVDB organizes women's groups -- there are more organized women's groups than men's groups -- among the landless through training for income and employment generation, functional literacy classes, and awareness-building concerning their rights.

Although participation by men and women occurs through the organized groups, to date most efforts have not included components that effectively link the two sexes.

EXPLANATORY VARIABLES

Environmental Factors

Environmental factors include:

- An environment that welcomed development assistance because of the vast need following independence;
- Government policy that has been favorable to the involvment of NGOs, both foreign and indigenous, and the recognized failure of official programs in reaching those most in need;
- The recognition that the landless constitute one-half of the population and are effectively reached through NGO programs;
- The commitment of many young, educated Bangladeshis to the development of the new country. This attitude helped produce a core of people who offered leadership to both foreign NGOs and emerging indigenous NGOs; and
- The availability of many funding sources and resources from the world community to support NGO programs. Funds to support good projects and programs were rarely an issue.

NGO Strategy Variables

The dissatisfaction of many IVS volunteers who were assigned after independence to government institutions led IVS to concentrate volunteers in Sylhet after 1973 and to develop an IVS-directed project.[10] USAID initially supported this policy and, through an operational program grant, paid for 75 percent of IVS's expenses in Sylhet. The early efforts concentrated on helping develop and build local cooperatives that were linked to the Thana Central Cooperative under the government's IRDP program.

VDTP evolved and developed from the IVS experience in Sylhet through 1977. At first, USAID wanted the emphasis to be on VDTP-emphasized training in order to provide funding because USAID's policies promoted training in the public sector. By 1980 priorities had changed, and USAID refused to continue funding for VDTP. As a result, a process was set in motion in which a local service organization, FIVDB, was officially established and recognized as a joint implementing NGO with IVS for VDTP. Funding for VDTP was secured by IVS for FIVDB to continue to carry out VDTP; funding came from ICCO/EZE and initially included full support for continued involvement of IVS volunteers.

Although VDTP under IVS emphasized training for government officials, the staff of FIVDB in 1980 began to emphasize village development. Consciousness raising became an avowed goal of VDTP: a consciousness of people being able to control efforts for their own development more effectively and to gain access to and use resources better, both governmental and private.

Technical Assistance Mode

IVS's primary focus has been on technical assistance provided by skilled and experienced volunteers. As the objectives and beneficiaries of IVS have changed, so has the style of its technical assistance. With reference to models of technical assistance, IVS in Bangladesh has utilized three technical assistance models described in the body of this report: teacher, mobilizer, and substitute.[11] The intention of IVS is to bring in volunteers to serve as teachers and advisers who transfer skills and technologies. Volunteers would also serve as mobilizers who perform both advisory and advocacy roles in the spirit of community development and institution building. Although IVS volunteers have acted as both teachers and mobilizers, formal attention to the role of volunteers as mobilizers involved in institutional development is a recent development in Bangladesh. No evidence of the use of indicators recently developed by IVS to measure institutional development and to assist in the placement of volunteers was observed. Since IVS assistance to FIVDB has been significantly reduced, the lack of use of indicators regarding FIVDB is understandable. It is assumed that the search for new placements with other local organizations will include the use of these indicators.

A third technical assistance model used by IVS in Bangladesh has been the substitute model. This role was never intended by IVS Bangladesh, but in several cases it was difficult to recruit and train Bangladeshi staff to fill certain positions, both in VDTP in the past and in the current activities of the IVS volunteer. In these cases (most recently the IVS health volunteer and in the initial two-year term of the IVS agronomist), the volunteer assumed certain health and agricultural responsibilites while a search was conducted to hire and train Bangladeshi counterparts.

Institutional Development Mode

IVS interaction in Sylhet with VDTP and later FIVDB has utilized three modes of institutional development:[12] the assistance mode, the facilitation mode, and the promotion mode. In Bangladesh, IVS first followed the promotion mode where local development needs, priorities, and objectives were identified by IVS volunteers. The first volunteers in Sylhet did not work with any single local institution. The development of the Package Program, VDTP, and FIVDB led to the gradual change of IVS assistance to the facilitation mode. Currently, IVS works in the assistance mode with FIVDB. FIVDB sets its own objectives and is building its own institutional capacity while IVS provides technical assistance.

IVS has followed a learning process approach in designing and implementing its activities in Bangladesh since 1972. IVS has not used a rigid blueprint as a guide for its plans and programs. As IVS volunteers began to concentrate in Sylhet, they did not try to set up a program or local institution to carry out activities. Yet the Package Program was set up, and later VDTP, in response to the need for more effective use of the volunteers' skills. IVS volunteers played a central role in the assistance activities with Bangladeshi co-workers, but there was no counterpart indigenous organization.

Adjustments and changes in the ways that IVS has provided assistance in Sylhet are seen in the evolution of FIVDB and its eventual control over the management and administration of VDTP. In August 1980 the IVS country director stated in his end-of-term report that "a domestic voluntary agency which could serve as partner and ultimately successor to IVS for certain activities of the VDTP has been envisioned from the start as a long-term outcome by IVS." But the "IVS Report and Prospectus, 1978-84," written in January 1980 soon after the organization of FIVDB, states that "FIVDB should be seen as simply one more institution through which rural development in Sylhet can be pursued. It should not be seen as a successor organization to IVS in Sylhet." Although these two statements contradict each other, IVS demonstrated great flexibility in responding to the development and need for FIVDB when a funding crisis hit VDTP in 1980.

CONCLUSIONS AND LESSONS LEARNED

Institutional Development in Bangladesh

Bangladesh has a large number of indigenous organizations that work in development activities at the grassroots and village levels. Many of these organizations have become institutions over time in that their beneficiaries would react unfavorably to the removal of the organization and its activities. FIVDB is an example of a small indigenous organization that has become an institution in the local area in which it carries out VDTP. As an organization, it is now recognized by the Government of Bangladesh, other NGOs (both indigenous and foreign), and much of its target population.

Indigenous organizations in Bangladesh that have advocated and developed programs directed at the rural poor and landless have not had great difficulty finding international donors to support their work. These organizations have been able to concentrate their efforts on the quality and content of their programs and on internal staff development. They have allowed management freedom from the continuous pressure of searching for funding. In the case of FIVDB, IVS developed the program (VDTP) and its contents under an operational program grant from AID. Thus, FIVDB inherited an existing program and staff trained by IVS and was greatly assisted by it in arranging funding for FIVDB from ICCO/EZE to carry out VDTP.

NGOs (both foreign and indigenous) in Bangladesh have developed a support system in which information is shared, staff training is accomplished by collaboration between organizations, and the landless and poor have become the targets of their activities. In addition, the government has been largely supportive of the development assistance given by indigenous organizations.

A situation exists in which most indigenous NGOs have been able to grow and move toward becoming institutions. This may be a situation not easily found elsewhere or able to be replicated.

IVS: Future Involvement in Bangladesh

Now that FIVDB has become an independent and autonomous organization, where should IVS turn its attention. Although guidelines have been given that future volunteer placements must contribute to institutional capacity building, what might this mean in the case of Bangladesh?

IVS is emerging from an experience in which it initiated the village cluster concept; became the resident expert in duck raising (this expertise now rests with FIVDB); and established VDTP, which linked training of government officials to village development activities. All of these activities took place in an area that received little development assistance from indigenous organizations. This experience can serve as a reference and starting point for future IVS involvement in Bangladesh.

An examination of the activities of several other indigenous organizations may show that the cluster concept could become a valuable component of their own programs. If so, IVS's past experience may be useful to share through volunteers that understand the concept and its operations.

Should FIVDB want to expand its duck expertise to other geographic areas or other indigenous organizations want to begin or enlarge their activities with ducks, and the assistance required cannot be wholly met by FIVDB, IVS might wisely assist. However, IVS should understand that this activity is beyond FIVDB's present capacity.

In addition, perhaps the best opportunities for IVS rest in working with indigenous organizations that have themselves gone through stages of growth: organizations that now find themselves viable and stable but lack internal capacity in critical areas, or those whose innovations or expansion would benefit the target groups. This situation did not exist when VDTP was in its formative stages.

IVS staff in Bangladesh have the contacts and know the country well enough to seek out smaller organizations where IVS participation might have greater impact on institutional development than with larger indigenous organizations. However, both large and small organizations offer IVS interesting opportunities.

IVS should not, however, forget FIVDB. A unique experience is coming to a close between IVS and FIVDB. Initiative in this relationship now rests with FIVDB. Should that initiative be taken and shown to fit into IVS's institutional development framework, another stage in this relationship could develop.

NOTES

1 The term NGO (non-governmental organization) is preferred by most indigenous Bangladeshi organizations that are usually categorized as PVOs. Most of these organizations do not see themselves as voluntary in the sense either of staff (who are normally salaried) or that they directly receive individual voluntary monetary contributions.

2 Many NGOs consider the landless to include any family that owns less than 1.3 acres, sells labor for more than 30 days per year, and whose agricultural production meets household consumption needs for less than six months of the year.

3 A thana is the lowest administrative unit in which various ministries have personnel. In admininstrative terms, the thana comes after the district and sub-district. Several years ago, the government abolished the thana and replaced it with a system of upazilas as a step in devolution of authority to the rural areas. There are more than 400 upazilas in the rural areas of Bangladesh.

4 The Minister for Finance and Planning said in early 1984, "All good models in an environment of the existence of rural power elite have failed to help the vast majority." (Strategy for Rural Development Projects, A Sectoral Policy Paper, Bangladesh Planning Commission, p.2.)

5 Source: BBS, Agricultural Census, 1977.

6 Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institional Develpment No. 1 (Ithaca, N.Y.: Cornell University, October 1984), p.3.

7 Twenty-five takas are equivalent to $1.00.

8 Aus is the spring rice crop that is harvested in late summer.

9 Amon is the late summer planted rice crop that is harvested in November and December. It is the most important of the three rice crops grown in Bangladesh.

10 Fourteen out of 20 volunteers placed since early 1974 have worked in Sylhet.

11 George Honadle, David Gow, and Jerry Silverman, "Technical Assistance Alternatives for Rural Development: Beyond the Bypass Model," Canadian Journal of Development Studies 4:2 (1983): 221-239.

12 Uphoff, "Analyzing Options," p. 28.

BANGLADESH
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

FRIENDS OF VILLAGE DEVELOPMENT, BANGLADESH

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	2
b. Resources are allocated according to predetermined and established criteria.	3
c. Resources are distributed efficiently and in a timely fashion.	2
d. System(s) exists for mediation in conflicts over distribution of resources.	2

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	2
b. Supply is efficiently being distributed.	3

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	3
b. Diversification has not overextended the IO.	3
c. Expansion of service delivery has not overextended the IO.	2

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	2
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	3
c. IO has authority to hire, fire, and remunerate staff.	3
d. IO has training program for its staff. (formal, informal, regular, etc.)	2

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	3
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	3

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	2
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	2
c. Evaluations have been used to assist in the planning process.	3

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	3
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	3

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	3
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	2
b. IO able to mobilize resources required/desired by its constituency from other sources.	3

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	3
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	3
d. IO mobilizes resources from its members/constituency.	2

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	2
b. IO has satisfactorily responded to client group demands.	0
c. IO accounts to constituency for their financial participation.	1

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	2

13. Demonstration Effect

a. IO has served as a mode for replication.	2

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a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

ANNEX B

BOTSWANA

ANNEX B

BOTSWANA

OVERVIEW

Development Context

The overall process of institutional development in Botswana has been affected, both positively and negatively, by several features of the country's socioeconomic and sociopolitical setting.

Botswana has a political tradition of open democratic processes, which should, in principle, foster the formation of interest groups. At the village level, this tradition is manifested in the "kgotla," which is a village meeting in which issues are debated freely and in which decisions, although articulated ultimately by the chief or headman who usually inherits his office, should reflect the consensus reached in the debate. At the local level, each of Botswana's 13 districts or towns has an elected council that has legislative authority over local matters such as education, sanitation, and maintenance of village roads, and has the power to levy and keep local taxes. At the national level, a National Assembly is elected every five years from single-member constituencies. In addition, a president, who must be a member of Parliament (MP), is automatically elected by MPs who pledge support to a particular candidate as part of their election campaign. Botswana is also one of the few multiparty democracies in Africa. Although one party, the Botswana Democratic Party (BDP), has dominated national elections since independence in 1966, several other parties have had MPs in Parliament and have actually had a majority of the representatives on district or town councils.[1]

Since independence, the government has taken either a neutral or a positive attitude toward the formation of interest groups. Moreover, the political culture of open debate and free elections has influenced the internal processes of many of Botswana's local organizations. In some cases, decision making within the organizations has reflected local political schisms and alignments.

However, despite these political conditions that would appear to favor the formation of local interest groups, one striking feature of Batswana society is its paucity of grassroots organizations.[2] According to A.B.J. Willett, the Batswana harbor "a natural caution of getting at all deeply involved in arrangements outside the familiar bounds of well understood family and kinship relationships."[3] Traditional associations outside the family consist mainly of transactions between two

individuals, such as "mafisa" or "moraka" livestock exchanges; temporary task-oriented agricultural working parties; or discrete community-wide projects ordered up by the chief, such as communal plowing or grain storage. The experience of forced labor under the chiefs prompted members of the Rolong Land Board to tell Willett that people in the past

> knew nothing of coming together as individuals voluntarily . . . it is an alien idea . . . when you talk of it now people just want money before they will do something because in the past group work was sometimes enforced by thrashing or confiscation of property.[4]

A recent study of local organizations in Botswana found, in fact, only two effective grassroots organizations.[5] One is the kgotla, which is not really an organization at all. The other is the burial society, which is a sort of insurance scheme by which members make monthly contributions to a common treasury that is used to pay funeral expenses for members and their immediate family. Although burial societies are grassroots associations in the sense that they are initiated and organized by the villagers themselves, they are not really traditional organizations because they sprang up only recently in response to a law requiring that the dead be buried in coffins (hence the need to have money to purchase a coffin and to engage an undertaker).

The weak exogamous associative tradition in Botswana culture helps explain why almost all existing local organizations in the country have been formed in response to and at the initiative of forces external to the organizations' membership or constituency. This top-down tendency of group formation has been strengthened in recent years by the capability and willingness of the government to use its relatively plentiful financial resources to assist local development efforts. In Botswana, in contrast to the situation in most African countries, lack of money is not a major constraint to development. The government's revenues from mining (mainly diamonds) coupled with conservative fiscal and monetary policies have resulted in perennial budget surpluses and healthy foreign exchange reserves.[6] The government has used this money increasingly to create or subsidize development programs or organizations. One negative consequence of government largess has been the creation of expectations of government assistance on the part of rural populations -- assistance, for example, in the drilling and operation of boreholes, free seeds under drought relief, or subsidized loans that are frequently forgiven. These expectations have, in turn, acted as a disincentive to the creation of associations based on self-help.

Rather than lack of money, the main constraint in Botswana is limited high-level human resources, resulting in weaknesses in the ability of development organizations to use money effectively. Although educational opportunities have rapidly increased since independence, by 1975 fewer than 10,000 students were enrolled in secondary school and 500 students in diploma or degree courses at the tertiary level. One consequence of the

scarcity of high-level human resources has been heavy reliance on expatriate assistance in schools, government, and local organizations. Expatriates have, moreover, frequently served in line or staff positions rather than as advisers in a counterpart relationship. The result has been that, although organizational performance may be adequate or strong during an expatriate's tenure, organizational capacity has tended to decline with the expatriate's departure.

Certain structural and demographic features of Batswana society also help explain weaknesses in associative behavior. With fewer than than 1 million people and a land area of 220,000 square miles, Botswana is one of the least densely populated countries in Africa. More than 80 percent of the population live in widely scattered rural communities. In addition, most rural dwellers, particularly men, do not live in the same place throughout the year; instead, they migrate between the village, the lands, and cattle posts.[7] In addition, approximately 35,000 men in any one year work in South Africa, about one-half of whom work in the mines. As a result of this largely male migratory pattern, 35 percent of rural households are headed by women.

Despite the increasing importance of minerals, the rural economy of Botswana is still dominated by the livestock industry. The cattle industry is the country's second-largest earner of foreign exchange, and ownership of cattle is the most important indicator of personal wealth. However, the distribution of cattle ownership (hence wealth) is highly skewed. It is estimated that 60-80 percent of the national herd is the property of 5-6 percent of cattle owners and that 45 percent of the population owns no cattle at all. It is also estimated that 60 percent of the population depends, wholly or in part, on drought-relief food rations. Wealthy cattle owners tend to make up Botswana's social and political elite, generally dominating leadership positions in government and non-government organizations.

These general features of Botswana society help explain the country's institutional development dynamics. Other characteristics that explain the development of particular organizations are analzyed in subsequent sections.

Activities of International Voluntary Services in Botswana

The only private voluntary organization (PVO) whose activities were analyzed in Botswana was International Voluntary Services, Inc. (IVS). The broad social goal of IVS's Botswana program is best expressed in its 1984 Annual Plan:

> IVS can and is presently assisting in the slow process of meeting the economic interests of rural producers in their efforts to survive, to produce, to understand their own economic, social and political relationship with the larger society, and to exert increasing pressure on the present power structure to make significant changes.[8]

In a narrower sense, the expressed purpose of the IVS Botswana program is to strengthen the capacity of local institutions in several key areas. These areas include food production and marketing, vocational training and employment and income generation, and renewable energy. To achieve this purpose, several target institutions are identified: quasi-non-governmental organizations (QUANGOs), village-based production and training institutions, and cottage industry groups. The population groups that are targeted include low-income farm families, women-headed households, and remote area dwellers.[9]

Currently, seven IVS volunteers work in or with five different institutions. Two volunteers work for the horticultural unit of the Agricultural Research Department in the Ministry of Agriculture. One of the volunteers is assigned as a horticultural research adviser and has concentrated on establishing decentralized economic production units for field testing of vegetable varieties and cultivation techniques. The other volunteer is principally responsible for carrying out a study of horticultural marketing and production. Both volunteers have engaged in advisory work for small groups of vegetable producers. The institution in which the volunteers work is an agency of central government, rather than a local institution. However, the work of the volunteers has strengthened the technical capability of the horticultural unit of the research center.

Two volunteers work in renewable energy projects. One is assigned to a forestry project and is seconded to the Kgalagadi District Council. The forestry volunteer's principal responsibility is to provide technical assistance in the establishment of woodlots for future fuel-wood harvesting. The study team was not able to visit this site because it is located some distance from the capital, in the middle of the Kgalagadi Desert.

The other volunteer who is working in the renewable energy field is assigned to the Rural Industries Innovation Center (RIIC) in Kanye. RIIC is the principal operational arm of Rural Industries Promotion (RIP), which is a non-profit organization that has one other operational center, the Pioneer Rural Industries Center (PRICE), in the village of Palapye. RIP may be best classified as a QUANGO; it is too large to fit into the Cornell typology of local institutions.[10] The volunteer in Kanye works as a technical adviser to RIIC's bio-gas unit and has worked extensively with several local membership organizations (cattlemen's syndicates) to disseminate this technology.

Two volunteers are engaged in business advisory or accountancy services. One of them is the manager of an agricultural supply store called the One-Stop Service Center for Agriculture (OSSCA), which is the principal activity of PRICE in Palaype. OSSCA is run as a private enterprise but has elements of a local service organization in that it charges the lowest possible prices for its goods and is supposed to advise and train farmers in the use of the implements and supplies that it sells.

The other volunteer engaged in management and financial advising works for the Brigades Development Center (BRIDEC). The job description of the BRIDEC volunteer states that he is to train the bookkeepers and accountants in Botswana's 21 brigade centers. BRIDEC, which functions as an intermediary training and advisory center for the brigades, is directly supported by the Ministry of Education and so should be classified as a branch of the administration. However, the brigade centers are local-level organizations that could be classified both as local membership organizations and as local service organizations.

The seventh volunteer is officially affiliated with Botswanacraft, a parastatal marketing organization for handicrafts. This organization functions as a private business but is a wholly owned subsidiary of the Botswana Development Corporation, another government-owned parastatal. The volunteer is a handicrafts-development adviser assigned to a remote village called Etsha 6, in the Ngamiland District. Her primary responsibility is to assist women basket weavers to upgrade the quality of their baskets; of importance for this study, she has also helped the village organize to grow a raw material needed for the production of baskets.

The following sections will focus on four institutions associated with the activities of four of the seven IVS/Botswana volunteers:

- The Etsha Resource Conservation Group, which has been promoted by the handicrafts volunteer;

- The Kweneng Rural Development Association, which is assisted through BRIDEC by the brigades management and accountancy trainer (and which previously had been assisted directly by the management and accountancy volunteer now assigned to OSSCA);

- Rural Industries Promotion with a focus on its operating arms: RIIC, which is assisted by the bio-gas technician, and OSSCA, which is run by a management and accountancy volunteer; and

- The Diphawana Cattlemen's Syndicate, which is also assisted by the RIIC bio-gas technician.

The activities of the volunteers working with the Agricultural Research Department of the Ministry of Agriculture will not be analyzed because their activities are only remotely connected with local-level institutional development. The activities of the Kgalagadi District Council volunteer will not be analyzed because time and distance precluded a visit to Kgalagadi.

THE ETSHA RESOURCE CONSERVATION GROUP

This case study focuses on an embryonic resource conservation group located in the Etsha villages of Ngamiland District in northwestern Botswana. Etsha is a name shared by 13 villages that are distinguished from one another by adding the numbers 1 to 13 after the word "Etsha." These villages were established in 1970 to resettle refugees from Angola. Most of these refugees are from the haMbukushu tribe, which has traditionally survived by fishing, farming, and making handicrafts (especially baskets) along the Okavango delta.

Definition of the Problem and the IVS Intervention

The purpose of the Etsha Resource Conservation Group is to deal with the increasing difficulty associated with harvesting, gathering, and conserving the mokola palm, the leaves of which are the main resource used in traditional basket weaving.

The resource conservation group was formed through the efforts of an IVS volunteer working within the traditional haMbukushu institution of basket making. Under the auspices of Botswanacraft, the government enterprise that has a de-facto monopoly on the domestic and international trade in Botswana handicrafts, the volunteer's work in Etsha has revolved around three handicraft development activities.

The first focuses on improving handicraft, principally basket quality. The rationale for this activity stemmed from Botswanacraft's determination that its main market, both domestically and internationally, was for premium baskets. The volunteer has applied her own skills to basket design, identified women who already were skilled basket weavers, and organized these women to give courses to other village women. By improving the quality of their baskets, the women are able to receive a higher price from Botswanacraft and find fewer baskets rejected by its purchasing agent.

The volunteer's second activity involves improved methods for harvesting the mokola palm. The easiest way to harvest the palm is to chop it down with a hoe and then salvage the usable leaves. However, this method may damage or destroy the plant so

that it will no longer produce new leaves. During her basket improvement courses, the volunteer has introduced a new method of harvesting the palm that allows the same plant to be harvested again in the near future.

The volunteer's third activity focuses on the scarcity of mokola palms in the area. A survey of 150 village women carried out by the volunteer early in her tenure established that the women were walking greater distances every year, frequently a full day's journey, to find mature mokola palms to harvest. The survey also determined that the women of Etsha, almost all of whom are basket weavers, were increasingly reluctant to undertake the journey because of the distances and difficulties involved (including hazardous terrain and danger from wild animals).

To address this problem, the volunteer together with the district forestry officer proposed to the kgotla the establishment of an experimental mokola palm plantation that would be collectively owned and maintained. Heretofore, the mokola palm had never been planted, but had grown wild. However, the increasing scarcity of the wild plant convinced the villagers that some domestication of the plant would be necessary if basket weaving, which constitutes the principal source of income for village women and often for an entire family, was to survive.

The kgotla accepted the idea and agreed to provide one hectare of land and to organize the villagers to cut and install the fenceposts and to plant the seeds for the plot. Because of the experimental nature of the project, the Forestry Department agreed to provide the wire fencing, the tractor to prepare the land, the labor costs to remove the stumps from the plantation area, and the technical expertise to supervise the project. For the project to work, the village would also eventually have to decide how it would maintain the plantation, how it would go about planting additional plantations, and how it would distribute the mature plants among the villagers.

Until the volunteer initiated this group-based activity, basket making had always been a highly individualized activity among haMbukushu women. Traditionally, each women gathered her own leaves and her own dye, wove her own baskets, and sold them individually to the Botswanacraft purchasing agent. Thus, this resource conservation activity represented the first time that village women ever acted collectively within the traditional framework of the handicrafts industry.

Incentives for Institutional Development

The success of this undertaking will depend largely on the ability of the embryonic group to adapt itself to the roles and tasks that will be necessary. This will require a more explicit organizational basis from which to work. To assess the potential for institutional development of this embryonic group, the study team found the institutional development indicators to be very

useful. However, before analyzing in detail the results of this exercise, the underlying potential for group development or institution building in this area will be considered.

Within the institution of basket making, there is little precedent for organized activity. The only collective activity that regularly occurs with respect to basket making is when the women, for mutual protection and support, travel to the fields together to collect the palm leaves. Some collective consciousness may be developed during the courses for basket improvement, but their emphasis remains on individual production. The improved resource harvesting methods do require some form of collective agreement to adopt these new methods, since there is little incentive for a few people to harvest the palm carefully if no one else does so.

However, it seems unlikely that within the context of a course the women will develop enough trust and concern to begin adopting these new methods. Nevertheless, within the context of the group plantation there is potential for group development and a change in attitudes. If by working together on a common project the group is able to grow mokola palm, then it may be possible to change expectations about the value of collective action.

Considerable economies of scale can be realized from working together as a group. By consolidating planting efforts, the villagers can reduce land preparation and fencing costs. In addition, by working together in this fashion, the villagers will be able to benefit from the technical expertise of the Forestry Department. This benefit is important since many of the local people do not believe that it is possible to grow mokola palm except in the wild because of the very hard outer shell that protects the seed. Thus, if the experimental plot is successful, people will have considerable incentive to participate in order to benefit from the knowledge about planting techniques generated by the experimental plot.

An important task that must be undertaken by the resource conservation group will be the protection and maintenance of plantations. This will require an ability to mobilize community resources, especially labor for weeding, fence repairs, and other routine tasks. Another major task that will challenge the group is the eventual allocation of harvestable palm. At the kgotla meeting, it was decided that those people who worked the most on the preparation and maintenance of the plot would be able to harvest first. However, given the inadequate nature of the supply to be generated by the plot, it will be necessary in the future to have alternative criteria for allocating the right to harvest. One alternative is for the small groups that walk out to harvest palm together -- usually these groups are linked by clan ties -- to each have its own plot or subsection within a plot. This alternative would provide the benefits of larger-

scale plots but, because of the clan ties, might provide greater assurance that one's partners in the activity would be cooperative.

Institutional Development Indicators

In some ways, it is premature to apply a complicated set of institutional development indicators to an organization as ill-defined as the Etsha Resource Conservation Group. Yet, in another sense, the nascent and ill-defined character of the group provides a test of the usefulness of the indicators. And in fact, applying them did uncover a number of strengths and weaknesses of the group. The complete results of this exercise are presented in Table B-1.

The greatest strengths of the resource conservation group lie in its close ties to the democratic decision-making structure of the kgotla. The legitimacy embodied in this traditional institution appears to be transferred to allied institutions.

The service provided by the group is one that is urgently needed in the area and that no other agency or organization is able to provide. Government and donor funding is readily available for this type of undertaking. Although at present only limited local contributions have been received (fenceposts, land, and labor), it seems likely that should the need arise in the future, either the kgotla or its development arm, the village development committee (VDC), will be able to raise the necessary additional resources from within the village as has happened in the past.

The weakest areas of the group lie in its current lack of concrete form and definition. To date, no formal leadership of the group has emerged other than that provided by the kgotla. As a result, there is no planning, monitoring, or evaluation process, even in the discussion stages. There are no staff members (either paid or volunteer) as opposed to members of the group, and no well-defined division of tasks and responsibility among members. In fact, it is not clear that most members understand the complexity of the organizational task at hand.

A noticeable area of weakness is the group's lack of formal linkages to outside agencies or organizations. It does have working relationships with village extension officers, but to date no specific entity has been established with which a government official may schedule a meeting. The only forum for addressing the group is the kgotla, which does provide ready access to villagers, but the resource conservation group is almost exclusively composed of women. It is not appropriate for an institution that represents the entire population to be the vehicle for addressing a group that comprises 50 percent of the population. Thus, there is a need for a clearer distinction between the kgotla and the resource conservation group to ensure

TABLE B-1

BOTSWANA
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS

ETSHA RESOURCE CONSERVATION GROUP

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	3
b. Resources are allocated according to predetermined and established criteria.	2
c. Resources are distributed efficiently and in a timely fashion.	1
d. System(s) exists for mediation in conflicts over distribution of resources.	2

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	3
b. Supply is being distributed efficiently.	0

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	NA
b. Diversification has not overextended the IO.	NA
c. Expansion of service delivery has not overextended the IO.	NA

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	2
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	1
c. IO has authority to hire, fire, and remunerate staff.	1
d. IO has training program for its staff. (formal, informal, regular, etc.)	0

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	NA
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	NA

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	0
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	0
c. Evaluations have been used to assist in the planning process.	0

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	NA
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	2

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	0
b. IO has received official recognition from public, private, or international authorities.	0

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	0
b. IO able to mobilize resources required/desired by its constituency from other sources.	1

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	3
b. IO has control over resources.	1
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	1
d. IO mobilizes resources from its members/constituency.	2

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	1
b. IO has satisfactorily responded to client group demands.	2
c. IO accounts to constituency for their financial participation.	NA

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	2

13. Demonstration Effect

a. IO has served as a mode for replication.	2

---

a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

that the latter will be able to establish its own linkages to outside organizations and will not be forever dependent on the former.

Another area of weakness is that the group has not yet demonstrated an ability to undertake activities on its own initiative. This is natural given the incipient stage of the organization. In the future, however, the group will need to establish contacts with funding agencies, extension personnel, and related organizations to begin to establish its own program of activities. Currently, the group is in a reactive mode, but for the organization to be sustained it must begin to take control of its direction and not simply respond to external priorities. Many of the institutional development indicators that are related to this problem have, therefore, been marked as not applicable, but it is important to note that in the future these may be important.

The not applicable categories include diversification, leadership, learning, and accountability to members. Diversification is not applicable since the group now has a single objective, to grow more mokola palm. The leadership selection criteria will be important at some point. Since at present there are no leaders, it is impossible to rate the manner in which they were selected. Similarly, the indicator for ability to learn from experience and modify objectives accordingly is not applicable because the group is currently too new to have had any substantive experiences from which to learn. The last point of accountability to members for their financial contribution does not apply since only in-kind resources were contributed by group members.

Development Impact Indicators

There are a variety of economic, social, and equity impacts resulting from this project. The economic benefits are mostly related to increased production and income. Since no palm has yet been harvested from the plantation, it is possible to analyze only potential impacts.

If additional palm is available, it is likely that more baskets will be produced and that other palm products such as heart of palm and palm wine will also be available in greater quantity. This should have an effect on income levels in the village resulting from increased sales. At the societal level, there will be additional benefits to the VDC from its ability to tap some part of the basket women's earnings for village projects. In addition, Botswanacraft's income will also increase as its sales of baskets rise. Finally, there are likely to be some foreign exchange benefits since a large proportion of these baskets are sold overseas.

Recently, the delta river water has risen rapidly and much of the plot has been under water. As a result, all the transplanted palm shoots (suckers) taken from nearby plants were killed, but it is hoped that the seeds that were also planted will survive the inundation. One difficult issue surrounding this undertaking is the length of time required for the germination of the seeds and for the growth of the palm to a usable size. Estimates for the length of the lag period range from 5 to 10 years. The palm produced from this 1-hectare plot will be sufficient for approximately 800 baskets per year. With an estimated 1,500 basket makers in Etsha, this single plot will not produce enough to meet even a small portion of the raw material needs of the women. However, it is hoped that if the plot succeeds, more will be planted in sufficient quantity to meet the entire demand.[11]

The potential social effects are less direct. Presumably increased hearts of palm will mean that more food is available and, with increased levels of income, nutrition may be positively affected. A more significant benefit is in the time and effort saved by the women, who will no longer have to walk great distances through cold, swampy areas. Some educational benefits should be expected from the experimental nature of the plot since little is known about mokola palm cultivation.

The equity effects are related to the fact that the additional income from the basket production accrues directly to the women who make the baskets. Since these women are drawn from a broad cross-section of the village population, it is likely that some of them have no access to other means of support. Thus, increasing production will direct some benefits to those who are most needy. There are also benefits to be gained from successfully working together on a collective project. As a result, in the future these women may be more willing to work together on other projects.

Explanatory Variables

The initiation of the collective resource conservation activities in Etsha is clearly attributable to the promotional work of the IVS volunteer. Together with the forestry officer and village leaders, the volunteer took all the steps necessary to mobilize the resources and organize the work that has so far been done on the experimental plantation. In this endeavor, the volunteer added a promotion role to her previous roles as teacher and adviser.

The volunteer's success in initiating and organizing this activity was made possible by a combination of environmental factors. The most important of these have to do with the nature of other village and district institutions.

The most important institution in Etsha, as in most Batswana villages, is the kgotla. In the 13 Etsha villages, there are two kgotlas, one in Etsha 6 and one in Etsha 13, with a different headman presiding at each one. In some parts of Botswana, the kgotla as an institution is being undermined by the authority of the central government and may in some cases be dominated by local cattle-owning elites.[12] However, in Etsha the kgotla seems to have retained its legitimacy in spite of the growing authority of the central government. One example of this legitimacy is the ability of the kgotla to intervene and mediate in all aspects of village life, including resolving marital quarrels and meting out punishment when necessary.

Another important village organization is the VDC. The estabishment of VDCs was requested by the central government as a means for villages to organize for self-help or for activities in partnership with the government. However, the committee itself is elected by the kgotla and its internal processes are entirely village based. In Etsha, the VDC has helped to raise money to construct the primary school and enlarge it, and to construct a new cooperative building and a new butchery. The VDC raises money by selling licenses for brewing and by selling beer at large gatherings. It also has access to central government credit and financial assistance for certain types of development projects.

In one or more of the Etsha villages reside representatives of the central government (local administration) and representatives of the district council (local government). Local administration staff include the agricultural demonstrator, the rural industrial officer, and the forestry officer. Each of these individuals has played a supporting role in the resource conservation group undertaking.

The Ngamiland District Council is based in Maun, the district capital. However, some council staff are based in the sub-district capital of Gomare, with jurisdiction over Etsha. These staff include the sub-land board secretary, the assistant revenue collector, and other administrative officers. It is through the land board that land was allocated to the group for the plantation.

An additional dimension to the politico-bureaucratic system is the designation of the Gomare sub-district as a Communal First Development Area (CFDA). A special CFDA coordinator acts as a liaison between the district council and district administration staff. Although CFDA does have some additional resources at its disposal from donor agencies, the coordinator has gained legitimacy in the eyes of local officials by providing transportation and other logistical support when needed. The CFDA coordinator commissioned the handicrafts survey that was carried out by the IVS volunteer.

Two other organizations have played an important role in the project. One is the Etsha Cooperative, which was established shortly after the villages were set up. The cooperative sells a wide selection of goods (foodstuffs, clothing, and hardware.) It is owned by local residents who are shareholders, but is managed by a man of Welsh descent who was the resettlement officer for the village and who subsequently married a haMbukushu woman and settled permanently in the village.

The other important organization is Botswanacraft, which was started by Peace Corps volunteers in the early 1970s. In 1983 Botswanacraft's revenues were 482,000 pula of which approximately one-half came from the sale of baskets.[13] Botswanacraft employs two purchasing agents in Ngamiland and two other agents in other parts of Botswana. The agents buy the baskets on a 15-percent commission basis for Botswanacraft. Prices for baskets are based on a formal grading system, which is based on the quality of the basket and its size. The purchasing agent for Botswanacraft in Etsha is the former resettlement officer, now cooperative manager. This man's historical role in establishing the Etsha villages plus his current roles as cooperative manager and Botswanacraft purchasing agent make him very influential in the village. Within the basket industry, he sets prices and decides which baskets will be accepted or rejected. In the past Etsha has had a fairly high rejection rate; this is why the IVS volunteer was posted to that village to work on resource conservation and quality improvement. By purchasing a variety of local crafts on a regular basis, Botswanacraft has had a large impact on the village economy.

THE KWENENG RURAL DEVELOPMENT ASSOCIATION

Background

The Kweneng Rural Development Association (KRDA) is one of Botswana's 21 brigade centers. A brigade is a group of trainees or workers, usually young school leavers, who have been organized for the purposes of vocational training and production. The term brigade center refers to a cluster of brigades organized under a single local governing authority in a single locality.

The first brigades in Botswana were established in 1965. The founders of the brigade movement were concerned that existing educational programs in Botswana were not training students in the practical subject areas -- bricklaying, carpentry, and other skilled trades -- that would be needed by an independent country. They were also concerned about the growing number of unemployed and unemployable youth that were being squeezed out of the formal school system after Standard VII. The brigades were intended to attack both of these problems by training school leavers in vocational trades.

An important feature of the original idea was that the brigades were intended to be cost covering: trainees were expected to learn on the job and, through contract work, to earn enough money to cover their costs. As such, training and commercial functions were orginally combined in a single brigade.[14]

As the brigade movement developed and expanded in Botswana, training and production brigades were eventually differentiated. Today, the idea that the training brigades should be cost-covering has been effectively abandoned and most production takes place in separate commercial brigades. In recent years, a third type of brigade has been introduced: this is the development brigade, which is concerned with the provision of social services such as health and literacy training. At present, as shown in Table B-2, there are 77 brigades grouped in 21 brigade centers in Botswana. These include 31 training brigades, 38 commercial brigades and 8 development brigades.

The Kweneng Rural Development Association

KRDA, located in Molepolole, the capital of Kweneng District, began in 1969 as a discussion group and handicrafts center for girls. Formal establishment as a brigade center took place in 1971, with the handicrafts unit and a builder's training group becoming the first brigades. Additional brigades in such areas as horticulture, beekeeping, forestry, building supplies, garage and auto mechanics, carpentry, and uniform production were added during the 1970s as KRDA began to focus more explicitly on

TABLE B-2

BRIGADES IN BOTSWANA - 1984

Brigade Centers	Training	Commercial	Development
Bobonong	1	0	0
Chobe	1	1	0
Gaborone	0	1	0
Kanye	2	3	0
Kgateng	3	2	0
Kweneng	3	3	0
KSP	0	1	2
Lobatse	3	2	0
Madiba	5	2	0
Mahalapye	0	5	5
Marapong	0	1	0
Matsha	0	2	0
Maun	3	2	0
Palapye	2	1	1
Shashe	2	2	0
Serowe	0	2	0
Tro ya Diatla	0	2	0
Tiokweng	0	1	0
Tshwaragano	0	2	0
Tswellopele	3	1	0
Tutume	3	2	0
TOTAL	31	38	8

Source: Mohulatsi Mokeyane, IVS volunteer in BRIDEC.

development issues and problems in the area surrounding Molepolole. By the end of the decade, KRDA had become one of Botswana's largest brigade centers, with a staff of 210.

About this same time, KRDA began to experience serious management and financial difficulties. Most of the commercial units were losing money, and management in central administration as well as in the individual brigades seemed overwhelmed at the volume and complexity of KRDA's activities. To remedy this problem, a series of decisions were taken that led to a divestiture of several of the commercial units and a large reduction in staff.

At the time of the study team's visit in July 1984, KRDA had a staff of 87. Its six brigades were divided into two training brigades, three commercial brigades, and one unit that combined a commercial and training brigade.

Training Brigades

- Carpentry: Begun as a production brigade in 1979, it has now become a training brigade that concentrates on preparing its trainees to pass the Government Trade C Test. At the time of the visit, it had about 15 trainees.

- Molepolole Builders Brigade: This unit also prepares trainees -- numbering about 29 in 1984 -- for the Government Trade C Test. As a unit it builds schools, clinics, and staff houses for the district council.

- Boikanyo: Operating in conjunction with the Boikanyo Engineering Brigade, this unit trains 7-12 persons per year in panel beating and basic auto mechanics.

Commercial Brigades

- Boikanyo Engineering: This unit operates a commercial garage and spare parts store and the only two filling stations in Molepolole.

- Dikotla Fresh Produce: This unit was started as an outlet for a horticulture brigade, which has since been sold to private interests. At present, most of the produce for this retail outlet comes from South Africa.

- One-Stop Service Center for Agriculture: OSSCA is an agricultural supply store that is also established to operate an educational unit for local farmers.

- Bakwena Building Supplies (BBS): This unit manufactures and sells bricks and blocks and operates as a retail outlet for other building supplies and bottled gas.

Using Cornell's LID typology, KRDA falls somewhere between a local membership organization and a local service organization although its geographic spread may make it too large to qualify as local; KRDA's individual units operate as private businesses. Policies and overall direction for KRDA are established by a board of trustees, which is elected by the local kgotla. A general manager directs the daily operations of KRDA and oversees the operations of the central administration unit. Assisting the general manager is a financial controller and an administrative officer. Each individual brigade unit (commercial and training) is headed by a unit manager and is provided with a bookkeeper; however, the accounts of all units are controlled and centralized within the central administration unit.

Government, IVS, and Other Donor Assistance to KRDA

The brigades were orginally intended to be private organizations that would be self-sufficient financially. As the brigade movement spread throughout Botswana, it attracted increasing interest from the government and from a number of donors, including IVS.

Today, KRDA receives no technical assistance from donors and only about $15,000 per year in operating cost subsidies from one organization, UMCOR, which is a development assistance arm of the Methodist Church. However, assistance from the Government of Botswana has greatly increased.

The first involvement of the Botswana government in the brigades movement was through the National Brigades Coordinating Committee (NBCC), which was established in 1969 to serve as a forum for the brigades to plan their future activities and to advise the government of their specific needs. NBCC has subcommittees that address such topics as vocational training, agriculture, textiles, and business finance. NBCC serves as a link between the brigades and the central government ministries and also as a focal point for communication between the various brigade centers.

In 1976, the government added another dimension to its assistance to the brigade movement through the establishment of BRIDEC, a special agency operating under the Department of Technical Education in the Ministry of Education. (The NBCC secretariat is located on the BRIDEC premises, and the NBCC secretary reports directly to the BRIDEC principal.) BRIDEC is responsible for assisting the brigades in training, extension, and administration. BRIDEC's primary emphasis has been on vocational training, but it has also provided technical assistance and some training to the production brigades in auditing, bookkeeping, and accounting. It is in the field of accountancy training that IVS is currently assisting KRDA and other brigades through the placement of a bookkeeping and accountancy trainer in BRIDEC.

In 1975, the brigades began to receive financial as well as technical assistance from the government. The financial contribution of government, which is in the form of grants for trainees, has increased steadily over the years. At present, the government subsidy is 1,100 pula per student. This constitutes about 70 percent of the operating costs of the training brigades. The commercial brigades still receive no direct government assistance. In theory, the commercial brigades are supposed not only to be financially self-supporting but also to generate a surplus to help cover the costs of central administration.

At one time, donors provided a great deal of technical assistance and some operating cost subsidies to KRDA. In 1980 there were more than 20 expatriate staff members in KRDA, many of whom were in management and supervisory positions. Most of the expatriates had counterparts, but these counterparts were often away from KRDA in training programs either in Botswana or overseas. This resulted in little real on-the-job training for the counterparts by the expatriates. One negative side effect of this experience was an overreliance on expatriate staff.

IVS's assistance to KRDA has evolved from the performer or adviser type of technical assistance to a more explicit training and institutional development approach. Like the personnel of other donor organizations, IVS volunteers initially were assigned to fill slots in KRDA's overall staff. One IVS volunteer established the horticulture project and provided technical advice on the production of vegetables. Others served as managers of the production units. In theory, each volunteer was an adviser with an assigned counterpart, but in practice, the volunteers concentrated on the performance of key management and technical tasks.

The most recent direct involvement began in 1981 when an IVS volunteer was recruited to serve as KRDA's financial controller. The volunteer did have a counterpart, but the counterpart was in overseas training during most of the volunteer's two-year tenure. When the volunteer left KRDA in 1983, she had had little overlap with her counterpart. Shortly after the volunteer's departure, the counterpart was dismissed for mismanagement.

IVS no longer has any volunteers assigned directly to KRDA, but has placed a volunteer in BRIDEC as the brigades accounting training officer. In this role the volunteer is responsible for the training of brigade staff in accounting and bookkeeping procedures. The volunteer does not perform this function for individual brigade centers such as KRDA; rather, the volunteer provides short courses and training programs for personnel from a number of brigade centers. As such, it can be estimated that, with 21 brigade centers in Botswana, the volunteer allocates no more than 5 percent of his time to KRDA.

KRDA Institutional Development Indicators

Complete results of the application of the institutional development indicators to KRDA are presented in Table B-3. In the following section an analysis of salient findings resulting from the use of the indicators is presented.

KRDA has a number of weaknesses. As shown in Table B-4, every brigade operated at a loss in late 1983, and KRDA survived financially only because of a generous overdraft facility provided by the bank. Some units have been plagued with problems of theft, and others simply cannot account for their inability to make a profit as a result of poor financial management. Part of the reason for the government's increase in the training subsidy (from 500 to 1,100 pula per student) was in response to the financial problems of KRDA and other brigade centers.

The association is also weak in some of its personnel and staffing policies. Although training programs are available, the salary levels are generally low when compared with the private sector. Thus, it is often difficult to attract highly qualified staff. When lower-level staff members receive training to upgrade their skills to take on middle management tasks, they have often left in search of higher-paying jobs. Incentives other than salary do not appear to be widely used to retain these staff members.

Many of the upper- and middle-level staff, particularly in bookkeeping and business management, do not have adequate training or skills for their jobs. Until the recent cutbacks in personnel, many units either had too many unproductive staff or staff whose skills were not properly employed. OSSCA, with 11 employees, still appears to have this problem. The agricultural adviser in OSSCA, for example, rarely visits farmers and has not given a formal training session for more than one year. Part of the personnel problem in KRDA stems from the rapid localization of staff that has taken place in the last few years with the departure of expatriate advisers. Since many of the local staff did not benefit from on-the-job training from the expatriate advisers, they frequently took over their positions with inadequate training and skills.

A related problem is that of leadership. The current general manager has a good grasp of the direction and needs of KRDA as an institution, but was criticized in the 1983 Board of Trustees report for lack of firmness, particularly in personnel management. At the unit level, the managers are mainly technicians who have been promoted to management responsibilities.

KRDA also has a problem concerning its accountability to and support from the local community. In principle, KRDA is responsible to the community through the Board of Trustees, which is elected by the kgotla, but the kgotla meetings that elect the board are sparsely attended. Despite KRDA's serious problems, the community seems to have lost interest in the association. It

TABLE B-3

BOTSWANA
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS

KWENENG RURAL DEVELOPMENT ASSOCIATION

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	2	
b. Resources are allocated according to predetermined and established criteria.	1	
c. Resources are distributed efficiently and in a timely fashion.	1	
d. System(s) exists for mediation in conflicts over distribution of resources.	2	

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	2	
b. Supply is being distributed efficiently.	1	

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	3	
b. Diversification has not overextended the IO.	3	
c. Expansion of service delivery has not overextended the IO.	0	A

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	1	
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	3	
c. IO has authority to hire, fire, and remunerate staff.	1	
d. IO has training program for its staff. (formal, informal, regular, etc.)	2	

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	2
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	2

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	1
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	1
c. Evaluations have been used to assist in the planning process.	3

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	3
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	3

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	3
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	2
b. IO able to mobilize resources required/desired by its constituency from other sources.	2

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	2
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	1
d. IO mobilizes resources from its members/constituency.	0

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	1
b. IO has satisfactorily responded to client group demands.	2
c. IO accounts to constituency for their financial participation.	NA

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	2

13. Demonstration Effect

a. IO has served as a mode for replication.	2

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a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

TABLE B-4

KWENENG RURAL DEVELOPMENT ASSOCIATION
SUMMARY OF CONSOLIDATED INCOME
AS OF SEPTEMBER 30, 1983

	B.B.S	Boikanyo	Carpentry	Central Administration	Dikotla	Forestry*	M.B.B.	O.S.S.C.A.	Eliminate	Total
Sales	223,593	856,241	14,287		76,002	17,565	40,284	121,319		1,349,391
Cost of goods sold	195,003	798,653	6,209		68,614	1,701	15,032	108,149		1,193,361
Gross margin	28,590	57,588	8,078		7,388	15,964	25,252	13,170		156,030
Administration				54,991					(54,991)	
Rentals				13,745						13,745
Other income		1,367	35	2,741		7,455	841	6,096		18,535
Total revenue	28,590	58,955	8,113	71,477	7,388	23,419	26,093	19,266	(54,991)	188,310
Expenses										
Administration	10,419	13,32[illegible]	3,337	6,241	7,811	7,929	6,831	13,204	(54,991)	14,103
Depreciation	470	6,404	2,995	14,970	3,401	5,249	5,028	7,751		46,268
Salaries and wages	15,979	48,025	11,756	47,624	7,502	62,828	28,283	20,086		242,083
Transport, travel		8,111	794	3,803	1,447	9,835	2,209	2,267		28,466
Other	7,907	14,730	8,151	24,301	2,242	4,864	6,711	386		69,292
Total expenses	34,775	90,592	27,033	96,939	22,403	90,705	49,062	43,694	(54,991)	400,212
to plantation						(45,198)				(45,198)
vehicle income					(4,586)					(4,586)
Net expenses	34,775	90,592	27,033	96,939	17,817	45,507	49,062	43,694	(54,991)	350,428
Operating loss	6,185	31,637	18,920	25,462	10,429	22,088	22,969	24,428		162,118
Subsidies			6,517	3,000			9,200			18,717
Subsidized loss	6,185	31,617	12,403	22,462	10,429	22,088	13,769	24,428		143,401

* The Forestry Unit is being phased out

Source: KRDA Central Administration

continues to return the same members to the board, even those who have never participated in board meetings. Recently, members of the opposition party have gained control of the board and have sought to manipulate its internal affairs for political purposes. Most recently, this has taken the form of refusing to fire incompetent managers because of their political affiliations.

The politicization of the board has made it difficult for the manager to implement reforms that appear to be necessary. Conflicts between the board and the manager have detracted from the effectiveness of the organization.

The lack of community support for KRDA is related to several factors. When the brigades movement was first established, the majority of trainees were from the community served by the brigade center, where it was intended they would remain. At present, of the 48 trainees in KRDA, only 3 are from Molepolole. Those who complete their training are likely to move to Gaborone in search of work. In addition, the services provided by the commercial brigades do not substantially differ from those that the private sector could provide, sometimes at lower cost. This has contributed to the shaky financial viability of these units and has also meant that the community is not dependent on KRDA for services. Thus, community members take little notice of events at KRDA and appear unconcerned about poor performance of staff or board members.

On the positive side, the general manager and other key staff are well aware of KRDA's problems and have already taken steps to resolve them. In this regard, KRDA has demonstrated an ability to learn from experience and to adapt its programs to reflect that knowledge. The most important indicators of this adaptability concerns the far-reaching cutbacks and consolidations that have occurred in the last few years. In the 1970s, KRDA expanded rapidly to meet what it perceived to be local needs, but after several evaluations indicated that the organization had become seriously overextended, management took measures to cut back and consolidate its operations.

The impetus for this consolidation came both from outside evaluators and the organization's own analysis. In 1981, an evaluation carried out by the Pan African Institute for Development recommended that KRDA should not try to compete with local traders in the private commercial sector. These businesses usually have a lower cost structure than KRDA because they import cheap South African goods and do not have to subsidize a training program with a portion of their revenues. The evaluation recommended that KRDA should reduce its staff and sell off many of its unproductive or unprofitable units.

In late 1983, the Board of Trustees commissioned another inquiry into the financial and management problems of KRDA. The inquiry was carried out by three local government officials and a member of the board itself. The commission recommended cutbacks and changes in personnel, including the abolition of the posts of

training coordinator and of assistant manager of the Carpentry Brigade, the dismissal of the manager of the OSSCA store, the placement on probation of the manager of the Dikotla store, and the reprimanding of the manager of Bakwena Building Supplies. Other recommendations included the reduction in the inventory of OSSCA and the establishment of an inventory system in BBS; cancellation of expansion plans for Dikotla and a rationalization of Dikotla's bookkeeping and credit procedures; and, in Boikanyo, attachment of the petrol department to the spare parts department so that the bookkeeper of the spare parts department could exercise greater control over petrol sales (there had been a serious problem of petrol theft resulting in the dismissal of two employees). These recommendations were strong but seemed warranted by the seriousness of KRDA's financial and management problems. Most of these recommendations have been accepted.

This process has shown that KRDA has the flexibility to engage in self-analysis and to make changes necessary for its survival. In 18 months, KRDA reduced the expatriate staff to 3 and the total staff level from 210 to 87. At the same time, the number of units was reduced from 14 to 7. While rapid response to outside evaluations was an excellent demonstration of learning capacity, the speed of the changes was a major constraint for the management and financial control operations. There was simply not enough time to train replacements for the expatriates. It would have been better if problems could have been identified earlier and resolved through less draconian means. However, KRDA lacks an internal monitoring system that can alert it to these problems, although BRIDEC has recently assisted in the establishment of a monthly reporting system.

Another area of KRDA strength lies in the association's linkages to external organizations. KRDA has established ties to a variety of external funding agencies and makes regular reports to them about its activities. KRDA is recognized by both the central government and district officials as an important development association in Kweneng District. The general manager regularly exchanges information with other brigade centers through NBCC subcommittee meetings and informal interactions. In addition, the staff members of KRDA have received training at BRIDEC, at the Institute for Development Management in Gaborone, and at other institutions outside the country. This training not only improves the level of staff performance, but also increases the exposure of staff to new ideas and approaches to development problems.

Development Impact

The most direct outcome of KRDA activities in Molepolole is an increase in the production of goods and services from the work of the production brigades. The training brigades will indirectly add to this production as trainees enter the work force and begin producing their own products. There are also likely to be some income effects that might be measured by the

present value of the future increases in salary of the trainees as a result of their training. However, the income effect of the KRDA units now appears to be negative since all units operate at a loss.

There are also benefits at a societal level that can be attributed to the generally increased level of human resources in the technical skills area. In addition, there is an obvious employment effect as these individuals find jobs and engage in activities that may require them to hire additional workers. The commercial brigades themselves are a source of employment within Molepolole but, with the consolidations, have less of an impact than they previously did.

KRDA also generates some social benefits. Increased educational levels of former school leavers is one positive impact. Similarly, the training program of KRDA for its staff members raises the general skill level of a segment of the population. In the earlier horticulture project, a dam in Molepolole was improved, increasing the availability of water in the area. Finally, as a result of both the horticulture project and the Dikotla produce store, more and better-quality foodstuffs are available; this may result in increased levels of nutrition.

Explanatory Variables

Several factors explain KRDA's problems, as well as some of its successes. One factor that lies at the heart of the association's problems concerns fundamental contradictions in the brigades philosophy. The brigades approach is based on the premise that training for a vocation and the production of goods associated with that vocation can be combined. From the beginning, it was assumed that brigades could compete successfully with established private firms.

However, private firms have at least two advantages over brigades. First, their employees already possess the skills that the trainees in the brigades are acquiring and should, therefore, be more productive. Second, the private firms are not burdened with the costs associated with training. In the case of the brigades, these costs include the salaries of instructors, instructional material, housing and food for the trainees, and the opportunity cost of the time the trainees spend on theoretical or academic subjects. Private firms sometimes employ apprentices, but the skilled workers who instruct the apprentices on the job are, unlike the instructors in the brigades, expected to earn their salaries through their own production.

The assumption that training and production could be combined on a commercially successful basis has now been virtually abandoned. Most training and commercial brigades have been separated. However, the fundamental problem of how to cover the costs of training with the income from commercial production has not been resolved. The assumption now is that somehow the

commercial brigades can earn sufficient income to cover not only their own costs but also part of those incurred by the training brigades. Yet this approach simply transfers the burden of the subsidy from within a single brigade unit to other brigade units without addressing the structural problems of costs, productivity, and competition. In the case of KRDA, none of the commercial brigades even covers its own costs, let alone is able to subsidize the training brigades from profits. The government has at least tacitly recognized the futility of this approach by substantially increasing its subsidy to the training brigades. In the meantime, the training brigades have become so transmogrified that they now differ little from standard vocational training institutes.

The commercial brigades within a brigade center are also supposed to assign some of their earnings to help pay the costs of the center's central administration unit. However, it is unclear what the commercial brigades receive from central administration in return for their contribution. In the case of KRDA, the commercial brigades are so different in their technical functions that it is hard to imagine what technical coordination functions would be useful to them. In principle, some economies of scale are realized through the centralization of payroll and accounting, but most of the commercial brigades are simple enough in their operations that they could probably handle these two functions internally on an efficient basis. To some extent, the central administration units appear to be vestiges of a time when it made sense for some central unit to plan for expansion, handle relations with the community, coordinate donor and government inputs, and monitor the training and developmental activities of the brigade units. Today, in KRDA, when units are being reduced in number, when training is virtually independent of commercial activities, when there is little donor support, when the community appears disinterested in the brigades, and when the Board of Trustees seems to operate in the interest of individual trustees as often as in the interest of KRDA, the commercial units appear to have good reason to question the justification for the central administration unit.

The problem of community support is fundamentally one of incentive. Community members have never been asked to contribute anything to the brigades except their votes for board members. In the beginning, the communities had a reason to support the brigades because they provided training and potential employment opportunities for the communities' school leavers. In some cases, the goods produced by the brigades might also have been difficult to obtain elsewhere. Today, in KRDA, little is produced or sold by the brigades, except petrol, that cannot be obtained elsewhere, often at better quality or lower price. Boikanyo Engineering does have the only car repair garage in town, but many car owners in Molepolole reportedly prefer to drive into Gaborone -- about one hour away -- where repair services are seen as more reliable. Similarly, many young people

prefer to obtain vocational training in Gaborone, or even South Africa, rather than in KRDA brigades, with the result that only 3 out of 48 trainees in KRDA are now from Molepolole.

The reduction in community support has coincided with an increase in support from the Government of Botswana. Government support comes not only in the form of financial grants, but also through the coordination and information-sharing services of NBCC and the training and technical assistance services of BRIDEC. The government seems committed to supporting the brigade movement largely because the training provided by the brigades produces skilled workers whose services are needed in Botswana. KRDA still has a community base in its Board of Trustees and is not yet as dependent financially on the government as is, for example, RIP. If the trend of the last few years continues, however, the day may come when KRDA, or perhaps the entire brigade movement, will cease to be a local service organization and will join RIP as a QUANGO.

The influence of IVS and other development organizations on KRDA is almost a classic case of what occurs when expatriate technicians who are supposed to be, or should have been, advisers become performers. While the technicians were doing their jobs, KRDA expanded and was relatively healthy. When the technicians departed, however, the association began to encounter serious difficulties. One reason was that many of the expatriates, for lack of sustained counterpart relationships, had little opportunity to transfer their skills. Another reason was that external assistance was not aimed at tackling the larger policy and structural problems that have been discussed in the preceding paragraphs.

In this regard, the current IVS approach, that of assigning an accountant to BRIDEC to train brigade bookkeepers and accountants, addresses only half of the problem. The training approach will probably do a better job of transferring skills than the technical assistance approach. The assignment of the volunteer to BRIDEC rather than to a particular brigade center will help ensure that training does not get transformed into performance, and will affect a larger number of brigades and their bookkeepers and accountants. This approach does not, however, help resolve the larger policy and structural problems of community support, or of the relationships between the commercial and training brigades, the brigades and the administrative units of the brigade centers, and the entire brigade movement and government.

It is not clear whether IVS or any other private voluntary organization has the resources or the credibility to resolve this problem. And it may be that the brigade movement is now too politicized and too encumbered with historical baggage for any outside agency to deal effectively with these fundamental problems. It may be that these larger problems are best left entirely to the Batswana. In this regard, one potential lesson to be learned from this case is that interventions by private

voluntary organizations in institutional development may be most effective when they take place early in the life of an organization. After a certain point, external assistance in institutional development can only be marginal.[15]

RURAL INDUSTRIES PROMOTIONS

RIP was registered in Botswana in 1974 as a non-profit non-government organization whose aim was to develop and disseminate appropriate technologies for rural industries. RIP was founded by, and in the beginning received virtually all of its financing from, the Friedrich Ebert Foundation of West Germany.[16] As recently as 1982, the Ebert Foundation was providing slightly more than one-half of RIP's financing, with most of the rest coming from the Government of Botswana. In 1984, however, 70 percent of RIP's budget comes from the government and the organization's guarantors are now all appointed by the Minister of Commerce. It is for this reason that the managing director of RIP now refers to his organization as a QUANGO.

RIP began as a small operation in the southern town of Kanye with the aim of developing technologies appropriate for the rural areas in southern Botswana. As such, RIP could be classified in the beginning, using Cornell's typology of local institutions, as a local service organization. In the late 1970s and early 1980s, the Kanye operation, which is called RIIC, expanded rapidly and began to develop and disseminate technologies for all of Botswana and even for neighboring countries. In the meantime, RIP established permanent headquarters in Gabarone and established PRICE in the town of Palapye, which is located about 250 kilometers north of Gabarone. The geographic spread of RIP is now such that it can no longer be called a local institution.

The operations of RIIC and PRICE differ from each other. However, neither is a legal entity in itself. Both are owned and operated by RIP. At present, RIP can no longer be considered a local organization. Neither can RIIC because of the breadth and scope of its operations. PRICE, however, serves only the community in and around the town of Palapye and may still be classified as a local service organization, even though it does not have a legal identity separate from RIP.

The Rural Industries Innovation Center and Its IVS Assistance

The main objective of RIIC in Kanye "is the identification, adaption, or development of low-cost labour-intensive tehnologies geared to local resources, and the increasing of rural productivity or living standards."[17] Among RIP's early successes was the development of a sorghum mill and dehuller package. Through RIP's extension service, this package has now been established in more than 30 locations in Botswana and has been exported to other African countries.

Recently, much of RIIC's research and development work has been focused on alternative or renewable energy technologies for water pumping. To this end, it has developed and begun testing an animal-driven pump, a photovoltaic pump, a rotary-driven windmill, and a biogas plant. In addition, RIIC has develped some portable desalinators for use in the Kgalagadi region and other areas in which ground water tends to have a high salt content.

RIIC also operates a program to train village artisans to use the technologies it has developed as well as a commercial service to produce and sell its products. In addition to the alternative energy technologies, RIIC produces and markets such items as solar ovens and water heaters, welded and non-welded metal carts, brick-making machines, and various types of agricultural implements. The four on-going training programs for village artisans are in carpentry, blacksmithery, tanning, and baking. Through a grant from the government, RIIC has developed training manuals that it uses and that can be used by government extension services in other parts of Botswana. RIIC also operates a technical library and a seminar center. The latter was being used to house and train Peace Corps volunteers during the study team's visit to Kanye.

IVS has assisted RIIC by financing the services of an engineer who works primarily on the development and dissemination of bio-gas plants. The engineer, who is a Tanzanian, was already employed by RIIC when IVS picked up the funding for his position. The volunteer's job is that of a staff engineer rather than an adviser. However, in addition to his work in the development and testing of the bio-gas technology, he has trained the cattlemen who operate the bio-gas boreholes.

The Pioneer Rural Industries Center and its IVS Assistance

PRICE in Palapye engages exclusively in commercial, rather than research and development, activities. Its two commercial operations are one of the RIIC-developed sorghum mills and OSSCA, a store that sells farm equipment and supplies. The sorghum operation does service milling for townspeople who bring their own sorghum to PRICE. It also prepares and packages milled sorghum for sale in OSSCA. RIP took over the milling operation in Palapye in 1981. OSSCA opened its doors to its first customers only in spring 1984.

The idea of OSSCA was first developed as part of the brigades movement.[18] The idea is to provide a single place to which farmers, particularly small farmers, can come to purchase their inputs and receive advice on their use. Accordingly, the OSSCA store stocks a wide variety of goods, ranging from garden seeds to fencing wire, from animal-drawn plows to veterinary supplies.

PRICE, including OSSCA and the sorghum mill, is managed by an IVS volunteer who is an experienced accountant and business manager. Her counterpart is an agriculturalist who advises OSSCA's customers on the use of the inputs. The volunteer is also training the agriculturalist to manage the store. Thus, the volunteer's job may be described as that of a performer with some elements of partner/adviser.[19]

Institutional Development Indicators

In general, RIP is a highly developed, well-organized and -managed service organization. Accordingly, it scored twos and threes on almost all the institutional development indicators. In a sense, it would have been appropriate to assess RIIC and PRICE separately because the activities of the two RIP branches are dissimilar and because the managing director of RIP has delegated a great deal of authority to the managers of each operation. However, neither RIIC nor PRICE has a legal identity outside RIP. In addition, PRICE's main operation -- the OSSCA store -- had operated for too short a time to have revealed institutional strengths or weaknesses. Thus, it was decided to look at RIP as a whole, with most of the indicators coming from RIIC.

The following paragraphs analyze some of the more salient aspects of RIP's institutional development. Complete ratings for RIP using the institutional development indicators are presented in Table B-5.

Both RIIC and PRICE, as well as RIP headquarters in Gabarone, possess physical facilities and equipment that appear adequate and appropriate for their tasks. However, finances have until recently been a serious problem.

In the early 1980s, RIP went through a management and financial crisis as the Ebert Foundation began to reduce its funding and as many of the best staff quit. One major problem was that the RIP director in Gabarone was attempting to make daily decisions about RIIC management in Kanye by telephone. Another problem was that RIIC's commercial activities were not producing sufficient revenue to cover the share of the research and development costs that was expected of them.

The crisis was resolved by a change in management and through a decision to involve government as a more active partner in RIP affairs. RIP's board is now appointed by the Minister of Commerce, and RIP's budget is now primarily financed by the government. A new managing director of RIP was appointed, who in turn named new managers of RIIC and PRICE and devolved to them virtually complete authority for the daily management of their operations. This delegation of authority freed the RIP director to concentrate on policy matters and fund raising.

TABLE B-5

BOTSWANA
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS

RURAL INDUSTRIES PROMOTIONS

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	3
b. Resources are allocated according to predetermined and established criteria.	3
c. Resources are distributed efficiently and in a timely fashion.	2
d. System(s) exists for mediation in conflicts over distribution of resources.	3

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	3
b. Supply is being distributed efficiently.	2

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	3
b. Diversification has not overextended the IO.	2
c. Expansion of service delivery has not overextended the IO.	NA

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	2
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	2
c. IO has authority to hire, fire, and remunerate staff.	2
d. IO has training program for its staff. (formal, informal, regular, etc.)	3

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	2
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	3

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	3
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	3
c. Evaluations have been used to assist in the planning process.	0

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	2
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	3

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	3
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	2
b. IO able to mobilize resources required/desired by its constituency from other sources.	3

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	3
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	3
d. IO mobilizes resources from its members/constituency.	3

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	NA
b. IO has satisfactorily responded to client group demands.	NA
c. IO accounts to constituency for their financial participation.	NA

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	NA

13. Demonstration Effect

a. IO has served as a mode for replication.	NA

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a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

Among the most critical policy decisions stemmed from the realization that the commercial activities of RIIC could not, in any serious way, help cover the costs of its research activities. This realization led in turn to a decision to rely almost entirely on grant funding to cover research and development costs and to begin selling off the commercial activities. Currently, the government has agreed to continue its financing at the level of approximately 70 percent until 1990 and then to increase its contribution by 2 percent a year until RIP becomes fully government funded. The managing director has also succeeded in attracting increased outside donor support, particularly for the recruitment and financing of experts and volunteers. As a result, RIP's treasury, which finances a budget of some 1 million pula annually, is once again in good shape.

After the resignations and approximately 20 dismissals that took place in the early 1980's, RIP's personnel system appears also to have stabilized. RIP now has 106 employees, the vast majority of whom are in Kanye. RIIC and PRICE managers have the authority to hire and fire subordinates up to the senior-management level (where decisions have to be approved by the RIP managing director). Virtually all posts come with written job descriptions, and RIP has produced a personnel manual that spells out in great detail all conditions of employment, including salary scales. Staff performance evaluations are carried out every six months. RIP has also developed a personnel development plan that includes in-service training for many employees. Currently, two employees are taking advanced training overseas.

RIIC still has some difficulty in filling about six vacancies at middle management positions. The paucity of qualified personnel in Botswana plus the location of RIIC in Kanye have contributed to these hiring difficulties. Another contributing factor is that the salary scales must be approved by government and are set at or below government standards. As a result, RIP finds it difficult to compete with the private sector for qualified personnel. A partial resolution of this difficulty is found in the recruitment of expatriates financed by donors to serve in line or staff positions. There are now 18 expatriates working for RIP, including the two IVS volunteers.

RIIC is structurally divided into four operational units that correspond to its principal activities: central administration, research and development, commercial activities, and village artisan training. Each unit has its own director, who has supervisory authority over staff. Staff from each unit are represented on some management committees, including an information-sharing committee, a trade union committee, an executive committee, and a research and development committee. This high level of participation by staff in RIIC management has contributed to good morale and has partially made up for the problem of relatively low salaries.

RIIC has also developed a systematic planning and monitoring process. The process includes a five-year and an annual research and development plan and an annual budget that breaks out its management units and its various product development activities into cost centers. Monitoring is carried out with the assistance of the various management committees and computerized accounting system. The study team was not informed, however, of any formal external or internal evalutions that have taken place.

RIIC is not a membership organization and, because it produces technologies for the entire country, does not have an easily identified local constituency. However, it appears to have no problem attracting villagers from around Kanye to attend its artisan training programs. In addition, its design shop produces designs to serve the engineering needs of local establishments.

The constituency of PRICE comprises the customers it attracts for its commercial operations. The sorghum mill has no trouble attracting customers, although it had to be shut down for several months early in 1984 because two employees were dismissed for dishonesty. The OSSCA store is too new to assess its viability. However, the study team observed that several other establishments in Palapye sell products that were identical to those sold in OSSCA. Among these establishments were government-subsidized operations, such as the Livestock Advisory Center, which sells certain veterinary supplies at a lower price than that of OSSCA. Thus, the success of OSSCA will depend on its ability to compete with these establishments. For the time being, its chances of doing so are fairly good because it has very low overhead. The only two employees of the store are the IVS volunteer and her counterpart, whose salary is paid by an outside donor. However, this donor's support is scheduled to taper off over a five-year period and presumably IVS will not continue to provide the services of a store manager indefinitely. Thus, OSSCA should take steps to ensure that its revenues are not just sufficient to cover today's costs. It should also plan for that time when its costs will no longer be subsidized.

RIIC's external legitimacy is best indicated by the increasing financial contribution of government, the continued interest of donors, and the increasing demand for its products both in Botswana and in neighboring countries. The external legitimacy of PRICE is difficult to assess because of the nature and short time span of its operations.

Development Impact

The development impact of research and development activities is not direct, but instead stems from the uses that are made of the products that are developed. There can be little doubt, however, that the products being developed by RIIC are aimed at addressing important development problems in Botswana. This is particularly true of the alternative energy devices that

promise to assist in the low-cost production of ground water. RIIC's training of village artisans, moreover, takes the process one step further toward implementation and eventual payoff. A number of spin-off benefits may also be anticipated from the RIIC's activities, including better animal and human health from clean ground water and an increase in scientific knowledge among those who work on the research and development process.

The benefits from the PRICE operations are more difficult to assess. Indeed, the team had some misgivings about how the OSSCA store fit into the general framework of RIP's activities as well as the potential for its viability, given the robust competition in Palapye from other traders. It seemed somewhat anomalous, moreover, that RIP would initiate commercial activities in Palapye when the decision had been made to reduce them in Kanye. Even if OSSCA succeeds financially, it is not altogether clear what benefits OSSCA will bring to small farmers that are not already being offered by government extension services or other commercial establishments. If it follows the pattern of the first OSSCA store in Molepolole, it will pay less attention to its education function and begin to stock products that can attract only larger, more wealthy farmers in order to remain profitable.[20]

Explanatory Variables

IVS's interaction with RIP is, in the case of RIIC, one of assistance, while in the case of PRICE it is one of promotion. Both volunteers assigned to RIP are performers, but both also have some on-the-job teaching duties. The volunteer in PRICE clearly has a more salient and visible job -- that of overall manager -- with respect to her organization than does the volunteer in RIIC, who is one of about 100 employees. In that sense, the performance of the PRICE volunteer will be more critical for the success of PRICE and for the welfare of RIP than will the RIIC volunteer for the success of RIIC and the welfare of RIP.

In the case of RIIC, factors outside the control or influence of IVS are clearly of more importance to RIIC development than the IVS intervention. For example, RIIC's activities, particulary those concerned with water resources, coincide with government priorities, a factor that explains why government support is increasing.

RIP is also blessed with strong and committed leadership. The managing director is a white Motswana whose entire career has been directed at progressive development activities in Botswana. Prior to becoming the head of RIP, he was the general manager of the KRDA Brigade Center in Molepolole. He is also one of a small group of influential Batswana, both black and white, who are represented on a number of boards of directors of development-oriented organizations and who, as a result, tend to have a great deal of influence over development policy.

The commitment of the managing director, as well as the managers of PRICE and RIIC, is reinforced by the strong democratic and participatory ethic in Botswana. This ethic helps explain the existence of the strong staff representation on the management committees in RIIC. Another important sociocultural influence on the performance of RIIC is that hiring, firing, and promoting of personnel in most organizations in Botswana tend to be by merit rather than through connections.

DIPHAWANA CATTLEMEN'S SYNDICATE

The focus of this case study is on a group of 30 cattle owners who have organized a borehole syndicate to provide drinking water for cattle. The Diphawana Cattlemen's Syndicate was established in 1981 to operate a borehole that was drilled by the government at Diphawana, about 25 kilometers outside the town of Kanye. Consistent with established policy, the government drilled the borehole and provided the initial equipment free of charge. However, the operation and maintenance of the borehole have become the responsibility of its users.

The Initial Facility and the IVS Intervention

The initial facility provided by the government consisted of borehole piping, a pump, and a Lister engine powered by diesel fuel, all of which are enclosed in a shed. It also included a water-holding tank outside the shed. About 100 yards from these facilities are two long cement-lined drinking troughs surrounded by bush fencing. The water is channeled from the holding tank to the drinking troughs through rubber hoses. The troughs, the hoses, and fences were provided by the cattlemen.

The borehole provides 28,000-36,000 liters of water for about 1,000 cattle belonging to 40 rural families. The cattlemen pay all of the operating costs of the borehole. These include the salary of a full-time pump attendant, and the costs for maintenance and repair of the facilities and of the diesel fuel for the pump's engine.

The IVS intervention at Diphawana was aimed at providing the cattlemen with a means of powering the Lister engine that would be less expensive than diesel. The energy source that was identified as a substitute, or partial substitute, for diesel was bio-gas that would be provided from cattle dung. The technology for this renewable energy had been developed and tested with the assistance of an IVS volunteer at the RIIC facility in Kanye. The Diphawana site was to provide the first field test of the technology.

The bio-gas facilities that were added at Diphawana consisted basically of two large tanks placed on the other side of the shed from the water-holding tank, a holding trough for sludge, appropriate piping, and a simple adaptor for the Lister engine. One tank stores the dung. The other tank compresses the dung to produce gas, which is piped into the engine. The residue from the tank is fed into the sludge storage trough. The bio-gas is mixed with diesel in the pump engine according to a formula of about four parts gas to one part diesel.

RIIC provided the bio-gas equipment. The IVS volunteer supervised the installation of the equipment and has trained the cattlemen and the pump attendant in the use of the facilities. The cattlemen provided the labor for the digging of the digestor pit and the installation of the equipment.

Neither RIIC as an organization nor the volunteer as an individual is involved in the organization or management of the cattlemen's syndicate. However, the installation of the bio-gas facilities required organizational and management adapations on the part of the syndicate.

The bio-gas experiment at Diphawana has so far been very successful. The cattlemen reported that, before the installation of the bio-gas facilities, the syndicate spent at least 100 pula per month for diesel to operate the pump. Now, according to the syndicate president, diesel costs are 100 pula every two to four months. This amount conforms roughly with RIIC's calculations that the use of bio-gas should reduce diesel costs by approximately 80 percent. Based on the success of the Diphawana facilities, RIIC is installing bio-gas converters at four other boreholes in southern Botswana.

Institutional Development Indicators

In general, the Diphawana Cattlemen's Syndicate scored high on most of the institutional indicators. The study team found that the syndicate, even after just three years of existence and about one year of experience with the bio-gas technology, had developed a simple but remarkably effective set of systems and operations to deal with its tasks. With certain exceptions, the syndicate ranked very high on organizational capacity indicators and somewhat more modestly on the organizational linkage indicators. Some of the more salient findings are presented below. Complete ratings for the Diphawana Cattlemen's Syndicate, using the institutional development indicators, are presented in Table B-6.

With respect to organizational capacity, the syndicate's financial, human, and physical resources, its internal structure and organization, and its management and administrative systems were all found to be appropriate and adequate for the operation of the borehole. Syndicate members pay a joining fee (20 pula), annual dues (20 pula), and an annual user fee of 1 pula for each animal that drinks at the borehole facility. The 30 syndicate members elect officers annually, including a treasurer who keeps the syndicate's books and is in charge of the deposits and withdrawals in the organization's bank account in Kanye. The members meet bi-monthly and more frequently for emergencies. In the three years of the syndicate's existence, there have been three presidents and two treasurers.

TABLE B-6

BOTSWANA
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS

DIPHAWANA CATTLEMEN'S SYNDICATE

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	2
b. Resources are allocated according to predetermined and established criteria.	2
c. Resources are distributed efficiently and in a timely fashion.	2
d. System(s) exists for mediation in conflicts over distribution of resources.	2

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	3
b. Supply is being distributed efficiently.	3

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	1
b. Diversification has not overextended the IO.	2
c. Expansion of service delivery has not overextended the IO.	1

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	3
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	1
c. IO has authority to hire, fire, and remunerate staff.	3
d. IO has training program for its staff. (formal, informal, regular, etc.)	0

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	3
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	2

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	1
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	2
c. Evaluations have been used to assist in the planning process.	0

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	3
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	2

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	0
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	1
b. IO able to mobilize resources required/desired by its constituency from other sources.	1

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	2
b. IO has control over resources.	2
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	2
d. IO mobilizes resources from its members/constituency.	3

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	3
b. IO has satisfactorily responded to client group demands.	3
c. IO accounts to constituency for their financial participation.	3

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	2

13. Demonstration Effect

a. IO has served as a mode for replication.	3

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a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

The syndicate's only paid employee is the pump attendant, whose job is to operate the pump to keep sufficient water in the holding tank and to funnel the water from the tanks to the drinking troughs. The attendant also shovels the dung from the dung container into the compressor and operates the compressor that produces the sludge and the gas.

Other tasks are undertaken by the members of the syndicate on a volunteer basis. The most important of these tasks include the collection of the dung and the repair and maintenance of the drinking troughs and fences. The members who are to perform these tasks are selected at the bi-monthly meetings, which virtually all members of the syndicate attend. The repair and maintenance tasks had to be performed even before the bio-gas digestor was installed, but the dung collection was new. The apparent willingness of the members to undertake this task testifies to the flexibility and vitality of the syndicate.

The supply of water from the borehole has been more than adequate to meet demand. As a result, the syndicate has allowed the facility to be used by cattle whose owners are not members. The syndicate simply charges the non-members an annual user fee of 2 pula per head of cattle (rather than 1 pula for members).

At present, the syndicate is organized only to provide drinking water for cattle. However, with the economies realized from the conversion to bio-gas, it has begun to plan for other group activities. These include the construction of a cattle dip and the distribution and use of the slurry for fertilizing horticultural plots.

With respect to organizational linkages, the syndicate has forged formal or informal links with outside authorities, but has had some difficulty in mobilizing resources from them. Like all cattlemen's syndicates, the Diphawana syndicate is registered with central and district government authorities. It has excellent working relationships with RIIC, which continues to monitor the bio-gas operations. The syndicate's main problems have come in its relations with the government's Water Affairs Department, which is in charge of the initial installation of the pump and, critically, its repair. The pump has broken three times in the last two years. Each time the pump breaks, the syndicate calls on Water Affairs, which charges a fee for its repair services but, typically, does not respond to a request for assistance for three to four weeks. During this time, the cattle owners have to trek their cattle long distances to find alternative sources of water. The cattle owners also suspect that Water Affairs agents spend more time than necessary on the repairs to collect extra per diem. To date, the syndicate members are not sure of what they can do to elicit more efficient performance from Water Affairs or to ensure the repair of their pump in other ways.

Development Impact

The impact of the installation of the bio-gas digestor has mainly been in terms of the economies realized from conversion from diesel to bio-gas. For the Diphawana syndicate, it is estimated that the annual savings come to approximately 1,100 pula, or $825 per year. This substitution also represents a foreign exchange savings for the country since all diesel is imported. The Diphawana experiment is being replicated in four other sites.

The immediate benefits of the use of this renewable energy go directly to the members of the cattlemen's syndicate. In other parts of Botswana, this could result in the benefits going to a relatively wealthy elite. According to RIIC, however, the members of the Diphawana syndicate all have relatively small herds.

Explanatory Variables

Neither IVS in Botswana nor RIIC, the institution that employs the IVS bio-gas technician volunteer, is involved in any direct way with the organization or management of the Diphawana Cattlemen's Syndicate. The syndicate, as well as most of its management and operational systems, existed prior to the volunteer's contact with it. The installation of the bio-gas digestor has required certain operational adaptations by the organization, mainly with respect to the tasks of the pump attendant and in the need for volunteer labor for dung collection. The volunteer explained the need for these adaptations to the syndicate, but they all came about through the organization's internal processes. The group's healthy treasury that has resulted from the savings on diesel will permit diversification of the group's activities. However, neither IVS nor RIIC will be involved in planning or implementing these activities.

IVS's recruitment of the RIIC volunteer was somewhat anomalous with respect to normal IVS procedures because the volunteer, who is Tanzanian, was already employed by RIIC at the time of his recruitment by IVS. IVS simply agreed to a request by RIIC to pick up the funding for his positon, which had run out from a previous source. The volunteer is an engineer who has now been employed by RIIC for several years to assist in the research and development of alternative energy technologies. It was not part of the volunteer's job description to assist the cattlemen's syndicates in their organization or management. However, the assistance to the group provided by the volunteer has strengthened it financially and laid the basis for expansion or diversification of its activities.

The more important factors that explain the group's success lie in the nature of its activities and in the economic and government policy environment of Botswana. The cattle industry

is by far the most important of Botswana's rural industries, providing the largest source of income for Batswana farmers and a large amount of foreign exchange for the government. For these reasons, and particularly because of the drought that has afflicted Botswana in recent years, the government has placed a high priority on the provision of drinking water for cattle.

The government has a policy of working with farmers only through some group or organization. Thus, the government required the organization of a syndicate before drilling the borehole. The cattlemen have recognized that, because a borehole provides water for a large number of cattle, an organization that can administer the production and distribution of this resource is absolutely necessary. The importance of the endeavor has, apparently, overcome whatever barriers existed as a result of the absence of highly developed traditional organizations among Batswana farmers. The incentive to maintain a reliable source of water has also contributed to the efficient functioning of the group.

NOTES

1 See Christopher Colclough and Stephen McCarthy, The Political Economy of Botswana, (Oxford: Oxford University Press, 1980.)

2 "Batswana" is the plural of "Motswana," which means a citizen of Botswana.

3 A.B.J. Willett, Agricultural Group Development in Botswana, Vol. I, A report for AID, four vols., 1981, page 37.

4 Willett, Agricultural Group Development, page 36.

5 See Chris Brown, et al., Rural Local Institutions in Botswana: Four Village Surveys and Analysis for Kgatleng District (Ithaca, N.Y.: Cornell University, Rural Development Committee, 1982).

6 In July 1984, the government had foreign exchange reserves to cover nine months of essential imports and debt servicing.

7 "Lands" is the term used for the land used for arable farming.

8 IVS Annual Plan for Botswana, 1984, p. 18.

9 Remote area dwellers is the currently preferred name for Bushmen.

10 Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institutional Development No. 1 (Ithaca, N.Y.: Cornell University, October 1984).

11 The volunteer determined that approximately 45 hectares would be necessary to satisfy the village demand for mokola palm leaves.

12 Brown, Rural Local Institutions, 1982.

13 1.26 pula = $1.00.

14 The best source of information on the origins and early development of the brigade movement in Botswana is Patrick Van Rensburg, Report from Swaneng Hill: Education and Employment in an African Country (Uppsala, Sweden: Dag Hammarskjold Foundation. A later reflection is provided in Patrick Van Rensburg, "The Serowe Brigades: Seeds of an Alternative Education," in Report of Conference on and Workshop on Non-Formal Education and the Rural Poor, edited by Richard O. Niehoff and Kenneth L. Neff, Michigan State University, 1977, pages 132-141.

15 Another case in point is FIVDB in Bangladesh. See the FIVDB case study in Annex A.

16 The Friedrich Ebert Foundation is a political foundation with headquarters in Bonn and affiliated with the Social Democratic party.

17 Rural Industries Promotions, Report, 1983.

18 See the KRDA case study.

19 George Honadle, David Gow, and Jerry Silverman, "Technical Assistance Alternatives for Rural Development: Beyond the Bypass Model," Canadian Journal of Development Studies 4:2 (1983): 221-239.

20 At present, the OSSCA store in Molepolole is losing money. See the KRDA case study.

ANNEX C

ECUADOR

ANNEX C

ECUADOR

OVERVIEW

Development Context

The Economy

In the late 1960s and 1970s, the discovery and subsequent development of potentially large petroleum resources stimulated a great deal of economic development in Ecuador and permitted expansion of government social programs as well as large investments in infrastructure. By the early 1980s, however, falling worldwide oil prices, combined with reduced domestic production levels, severely limited the financial resources available to support these programs. An erosion of public confidence due to declining oil revenues, together with austerity measures resulting from government reforms, contributed to a large contraction in private investment. This situation has resulted in an almost 300 percent devaluation in the sucre since 1981.

Politics and Government

In 1980, Ecuador held its first democratic elections after 15 years of military government. The civilian government of President Roldos came into power on the crest of the oil-induced prosperity, promising sweeping economic and social reforms such as integrated rural development, adult literacy, and rural health programs. Although many of these reforms were decreed, a lesser number were implemented as a result of opposition control of the Congress. Two years into his term, Roldos was killed in a plane crash and was replaced by the vice-president, Osvaldo Hurtado. Although from a different party, the new president attempted to continue many reforms begun under his predecessor. Nevertheless, by early 1982 the recession was in full swing and many government activities had to be curtailed as austerity measures were introduced. A certain level of civil disobedience was sparked by these measures.

In April 1984, Leon Febres Cordero, a conservative businessman from Guayaquil, the country's largest city, was elected President by a plurality of 50,000 votes and took office in August 1984. Febres Cordero campaigned on a platform of encouraging increased activity in the private sector and reorientation toward increased productivity, especially in agriculture, with a de-emphasis on social programs. The possible impact of

this on developmental efforts is not known at this time, especially since Febres Cordero also faces an opposition Congress.

Environmental

All three of the projects visited in Ecuador are located in the central sierra of the Andes, between 9,000 and 11,000 feet above sea level. Although the natural environment is not a factor in the case of COOPRINTEX, the Gatazo Hospital and Pindilig/Rivera projects are definitely limited by it. The high altitude, rugged terrain, uncertain rainfall, shallow soils, and micro-climatic variations of the central sierra severely reduce the number of agricultural options available under present technology. Since both projects depend on utilizing the productive base of agriculture, developmental activities must be carefully designed and adapted to meet these often adverse conditions.

Social Issues

The social/organizational issues relevant to this analysis concern the Indian versus mestizo dichotomy, the organizational traditions of the beneficiary populations, and the involvement of women in development programs. In the case of COOPRINTEX, all members are urban mestizos, a mixture of Indian and Spanish decent. Ethnic issues were therefore not an element of concern. In contrast to their situation in mestizo society, women make up almost one-half of the work force of COOPRINTEX and receive equal pay with the men.

In the case of both Gatazo Hospital and Pindilig/Rivera, the beneficiaries are either pure or predominantly Indian. This often impedes their access to government services, most of which are provided by mestizos. However, this may provide them with a predisposition toward group activity within their home community, if not between communities. The active participation of women in these groups is also far more significant when compared with the mestizo population in general. In both projects, women were active members of the organizations studied, with the same rights and level of participation as male members.

Description of IVS Activities

The general focus of the Ecuadoran IVS program is directed toward strengthening grassroots organizations and thereby enabling their members to overcome constraints to development. Although the field activities of volunteers are principally directed toward the rural sector, all projects focus on the generation of increased income, the improvement of agricultural practices through technologies suited to local conditions, and the development of organizational skills that will facilitate the sustainability of development activities once volunteers depart.

The IVS projects that the team visited were COOPRINTEX, OPACH (Gatazo Hospital), and Promocion Humana (Pindilig/Rivera).

COOPRINTEX

COOPRINTEX is a production cooperative dealing mainly with the weaving of sweaters and related products. It was formed in 1969 by a group of textile workers who had been dismissed from their jobs for attempting to initiate union activity. It currently provides employment to 31 workers, including 14 of the original founders. It has received assistance from the Inter-American Foundation for the purchase of two industrial-type looms and a truck, as well as for working capital. An IVS volunteer is providing technical assistance in the areas of planning, quality control, personnel systems, and cash-flow management.

OPACH (Gatazo Hospital)

OPACH (Oficina Provincial de Alfabetizacion de Chimborazo) is a division of the Ministry of Education; it combines adult literacy training with community and organizational development programs. In 1982, IVS assigned a cooperatives/business administration volunteer to work with OPACH in the Gatazo region of the province. The area already contained one relatively successful agricultural cooperative and many other indigenous community organizations. Although the volunteer provided business management support to the cooperative and attempted to promote income-generating activities among several of the other local organizations, as well as teach cooperative and accounting principles in OPACH-sponsored courses, few institutional development activities took place during the first year. This was mainly due to an OPACH bias against cooperative forms of organization, as well as a general reluctance on the part of the institution to consider the volunteer as a potential resource and fellow co-worker.

This situation changed by the second year partly as a result of the IVS field director's interceding on the volunteer's behalf and partly from the realization by OPACH staff that the volunteer had something to contribute. This allowed the volunteer to teach more OPACH-sponsored courses as well as to work more closely with several indigenous organizations that have most recently begun to seek him out for his technical and organizational skills. Through an Inter-American Foundation grant to OPACH that was independent of the IVS assistance, several of these local organizations have established local bakeries and communal stores, and are also working toward group purchase of agricultural inputs and the sale of their agricultural products.

Promocion Humana (Pindilig/Rivera)

Promocion Humana, a social action agency sponsored by the Catholic church, operates in Canar Province. Its operational strategy is the creation of grassroots rural organizations to resolve local problems. In 1981, IVS placed two volunteers with Promocion Humana to work as extension agronomists in the Pindilig/Rivera area. The volunteers were to have worked with the local priest who was to provide for the social, organizational, and spiritual needs of the people in the area while the volunteers provided for their technical agricultural needs in an integrated program. During the first two years, the volunteers established a small demonstration farm on church land that included fruit trees, vegetables, and small animals. They also participated in general agricultural extension activities involving numerous small groups.

From the beginning, relations with the priest were strained and many of the volunteers' activities were thwarted as relations deteriorated. Events finally culminated in the priest's transfer to a neighboring parish and his replacement by a younger priest more sympathetic to the volunteers' objectives. In the last year, two fledgling farmer groups have been formed, one in Pindilig and the other in Rivera, through the assistance of the volunteers and their counterparts from Promocion Humana. These organizations have been involved in group farming using improved technologies, group purchasing of inputs, and group marketing of produce on a limited scale. In contrast to the earlier groups, these were formed primarily to engage in economic activities.

COOPRINTEX

Background

COOPRINTEX is a knitwear production cooperative located 20 kilometers from Quito. The cooperative was created in 1969 by a group of textile workers who had been fired by a textile factory because they had formed a union and were subsequently prevented from finding work elsewhere through blacklisting. The original equity in the cooperative was the $140,000 of severance pay pooled by the 25 founding members. Everyone who now works in the factory is a member of the cooperative and thus a part owner. As such, the productive assets of the members -- the textile factory and its installations -- are owned by the cooperative, which is both a business and a social enterprise. Since its inception, the cooperative has paid both management and workers the same wages.

In 1972, the cooperative purchased its own land and constructed its own plant with funds and labor donated by the members. That same year, COOPRINTEX borrowed $14,000 to purchase three used automatic looms to increase production. This loan was repaid in full five years later. By that time, the worker-owners of COOPRINTEX were able to earn enough to pay themselves the Ecuadoran minimum wage.

In 1971, COOPRINTEX received instruction in accounting two days a week for six months from a Peace Corps volunteer. Over the years, the cooperative has received short-term technical assistance from various Ecuadoran institutions, such as the Centro de Capacitacion Profesional (CECAP), the Instituto de Cooperativas Ecuatorianas (ICE), and the Centro Nacional de Produccion e Industria Artesanal (CENAPIA).

The IVS Intervention

In 1979, the Inter-American Foundation made a grant of $145,000 to COOPRINTEX for the purchase of two new automatic looms and a pickup truck for marketing. By 1981, the cooperative had doubled its annual sales to approximately $140,000 and was producing 2,500 sweaters a month. A year later, however, production capability began to surpass market absorption and current management capability. Hence, the COOPRINTEX leadership decided to ask IVS for assistance, specifically, in cooperative administration, improved production techniques, and marketing.

In essence, IVS was asked to provide specialized assistance to a viable institution that had already been functioning -- virtually independent of outside assistance -- for more than 13 years. In addition, when the application was made the institution had only 28 members (by 1984, it had 31). Nevertheless,

when the volunteer and his family arrived, the economic situation of COOPRINTEX, and thereby its viability as a sustainable institution, was in jeopardy.

Institutional Development Indicators

Complete rankings for COOPRINTEX on the DAI Cornell institutional development indicators are presented in Table C-1. Among the indicators six appeared to be the most salient.

- Resource management;
- Diversification;
- Human resources;
- Leadership and management style;
- Planning, monitoring, and evaluation; and
- Accountability and responsiveness.

Regarding resource management, COOPRINTEX has done poorly. One example of this was a decision to use existing resources to purchase 15 hectares of land. Ostensibly, the land was to be used to build houses for members. Once the land was purchased, however, board members decided to use it to generate income for COOPRINTEX. However, the board quickly realized that the scheme was too expensive. To pay for the land, the board had to borrow from the bank as well as dig deeply into the cooperative's operating capital. When the volunteer arrived approximately one year later, the land had become a heavy burden, by that time running up debts of over $80,000. One major preoccupation of both the volunteer and his counterparts has been to find a buyer for this land.

Had the volunteer not arrived when he did, COOPRINTEX might by now have gone bankrupt. One of the volunteer's principal activities has been to teach management to use its existing information better, to pay more attention to working out what production costs are, and to plan how to allocate its limited resources more effectively. The volunteer was instrumental in persuading the COOPRINTEX board to sell the land as quickly as possible.

The land purchase can also be viewed as a form of diversification. However, there have been other attempts, particularly in marketing, to diversify and broaden the clientele. The traditional outlet for COOPRINTEX products has been market towns and rural areas in the highlands, and the styles and colors of the knitwear produced have reflected this market. Several new styles have been introduced in the hope that they will appeal to a more urban population, particularly that of Quito. But this market has been slow to develop.

TABLE C-1

ECUADOR
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

COOPRINTEX

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	3
b. Resources are allocated according to predetermined and established criteria.	1
c. Resources are distributed efficiently and in a timely fashion.	2
d. System(s) exists for mediation in conflicts over distribution of resources.	2

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	1
b. Supply is being distributed efficiently.	3

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	3
b. Diversification has not overextended the IO.	1
c. Expansion of service delivery has not overextended the IO.	1

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	3
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	0
c. IO has authority to hire, fire, and remunerate staff.	3
d. IO has training program for its staff. (formal, informal, regular, etc.)	1

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	3
b. Decisions are made on the basis of consultation (open or closed management style).	2
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	1

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	2
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	3
c. Evaluations have been used to assist in the planning process.	3

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	3
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	2

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	2
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	3
b. IO able to mobilize resources required/desired by its constituency from other sources.	3

C. Categories Common to Organizational Capacity and Organizaional Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	3
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	1
d. IO mobilizes resources from its members/constituency.	3

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and	3
b. IO has satisfactorily responded to client group demands.	3
c. IO accounts to constituency for their financial participation.	3

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	2

13. Demonstration Effect

a. IO has served as a mode for replication.	NA

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a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

The additional salesperson hired to market the new lines -- not only in Quito but also throughout the highlands -- found new clients to whom he sold on credit. Unfortunately, the clients were not known to COOPRINTEX, and now the cooperative has problems collecting its bills. Partly as a result of this experience, the volunteer has been pushing management to concentrate on expanding existing markets.

In theory, COOPRINTEX should have scored high on human resources. The members have a generally high level of education and experience. However, there are no tangible incentives for either high performance (on the part of management) or high production (on the part of factory workers). Also, there was no training for COOPRINTEX staff until the volunteer arrived.

The volunteer is assisting the cooperative to address both of these issues: first, by introducing a piece-work system of payment for factory workers and, second, by introducing training programs, particularly for the board of directors and the audit committee. These programs are designed to help these elected officials become aware of their duties and responsibilities. On a more practical level, training has also been provided in accounting and in the basics of financial management so that employees can better understand the operations of their cooperative, which is, first and foremost, a business enterprise.

Similarly, leadership and management style have left something to be desired. Although decision making has been relatively open, it is clear that some decisions have been made on the basis of insufficient information, for example, the land purchase and the attempt to diversify into new markets. It is also apparent -- and this became particularly obvious during group interviews -- that the cooperative has a core group of well-qualified, experienced leaders, perhaps 20 percent of the members. These members have not always agreed in the past and sometimes appear to have pushed decisions through more on the strength of their personalities than on the strength of the particular argument being offered.

One problem that the volunteer discovered was that within the factory the lines of authority were blurred and responsibilities were unclear. To remedy this situation, questionnaires were submitted to both management and workers asking them what they thought their responsibilities were and to whom they were immediately answerable. On the basis of the responses received, management -- with the assistance of the volunteer -- will prepare job descriptions for all those involved in the cooperative.

Much of the volunteer's work centers on assisting management to improve its capacity to plan. On his arrival, he found that good information was already being collected but that management did not really know how to make full use of it. The volunteer was able to take much of this information and reconstruct

production figures and costs for previous years so that management would have some base-line data against which to compare current performance.

Furthermore, the volunteer has been teaching management how to make realistic plans for each component of the production process -- from purchasing inputs to streamlining marketing -- with verifiable objectives that can be measured on a regular basis.

Regarding accountability and responsiveness, COOPRINTEX ranks high. This is to be expected from a group that has demonstrated such strong solidarity for 15 years. Without this solidarity and commitment, it is hard to imagine that the cooperative would have survived, particularly given the fact that everyone was paid the same -- minimum wages or less. Most impressive is the commitment the founders of COOPRINTEX brought from their union-organizing days; this has not only endured but also been passed on to a new generation of cooperative members.

Development Impact Indicators

The impact of COOPRINTEX on the lives of its members over the years is not something that can be either easily measured or quantified. An increase in both assets and production of the cooperative has not necessarily translated into immediate economic gains for the members. Being a member of COOPRINTEX has provided some job security as well as the potential for some economic gain should a member decide to leave. Those who have left have all been paid the accumulated value of their shares in cash.

The cooperative's impartial treatment of its members has obviously helped build group solidarity over the years. A significant number of women are members, and the newly elected board of directors, with the exception of the president, is entirely female. There have also been some social effects for members. Each month a small amount is deducted from each member's pay. One-half goes to a sports fund, and the other half to a social fund that is used by the social affairs committee to help members when there is some pressing need, for example, illness or death within the immediate family.

Explanatory Factors

The most important factors explaning the success of COOPRINTEX are the quality and dedication of the institution's leadership. These factors are effectively captured by COOPRINTEX's current manager in the following quote:

> Then the moment arrive when we had to ask ourselves: 'What are we going to do about a manager?' A friend and I put together a list of people who might be able to advise us. I was told, 'If someone comes in from the outside, he's just going to squeeze you and take whatever you earn for himself. Put your own house in order. Take the reins in your own hands.'[1]

Organizational Characteristics

According to Cornell's typology of local institutions, COOPRINTEX is a cooperative, that is, a local organization based on the principle of membership direction and control.[2] Equally important, it is also a viable business enterprise in which the worker-members also own the means of production. There are now 31 members. Of the 25 founding members, 14 are still active. New members are selected by the board; have to serve a trial period; and must demonstrate the capacity and willingness to pay the membership fee of approximately $340, payable in installments. Salaries average about $70 per month.

The cooperative has a board of directors, a manager who is also a member, an oversight committee, an education committee, and a social affairs committee. The board and the oversight committee are elected, whereas the other two committees are selected. The members all live in and around the textile factory.

PVO Objectives and Beneficiary Selection

According to IVS's 1983 Annual Report:

> The IVS Program assists local indigenous groups and institutions to develop and strenghen their capacity to identify and resolve problems which inihibit the abilities of the rural poor to attain social and economic equality.[3]

Although IVS objectives in working with COOPRINTEX are primarily concentrated on institutional development, the beneficiaries are neither rural nor particularly poor. But the potential for institutional development may be all that much greater, precisely because the membership is urban, well educated, and not poor.

Technical Assistance Strategy

In the past, IVS was in the business of placing technicians, a type of volunteer "body shop." That strategy has changed. Now IVS attempts to find a technician to fill an identified need, rather than the other way around. Once the host institution and the IVS field director have identified the type of technician

required, IVS/Washington starts the search. In this case, a list of candidates was drawn up, interviewed, and the results sent to Ecuador. COOPRINTEX then chose the candidate that it felt would best meet its needs.

On the basis of the COOPRINTEX experience -- and this also is the case for OPACH and Promocion Humana -- it is safe to conclude that IVS has an effective recruitment strategy. The COOPRINTEX volunteer has a background in Latin American studies as well as a Master of Business Administration degree. In addition, he had previously worked with cooperatives and the private sector in Canada.

In providing technical assistance, the IVS volunteer functions as an adviser or partner rather than as a performer. A key factor in this approach is the local counterpart, who is expected to be the recipient of the advice. In the case of COOPRINTEX, the board and management -- particularly the president, the manager, and the accountant -- have played the roles of counterpart. This was a deliberate decision taken by IVS and the volunteer. In the first year, he was to concentrate on working with the board and management and in the second year with the rank-and-file membership. The success of this model of technical assistance is defined as the transfer of skills to the counterparts.[4]

IVS Intervention Appproach

The interaction of the IVS volunteer with COOPRINTEX falls into what has been called the assistance mode, where the local institution has an established ability to plan and implement certain activities but can use outside assistance to improve or expand these activities.[5] The volunteer sees his role as teaching his counterparts in the cooperative an approach, a different way of doing things through a better understanding of what they have and what they can do.

Project Development Approach

In the case of COOPRINTEX, IVS has been dealing with a well-developed institution that was aware it had serious problems and attempted to find outside assistance to resolve them. With assistance from IVS, COOPRINTEX was able to specify in more detail what these problems were and how they could be remedied. Between the time COOPRINTEX approached IVS and the arrival of the volunteer, however, the situation changed dramatically and the volunteer was obliged to adopt a more flexible, adaptive, learning-oriented or process approach to implementation.

One issue that changed the focus of the volunteer's activities and, in the process, his approach has been wages. For 15 years, the members of COOPRINTEX have all been paid the same salary. The only variation is that those who have been there

longer receive longevity pay. To date no dividends have been paid. Profits have been used to pay interest on members' shares, and the balance has been distributed to members on the basis of hours worked during the previous year. But the distribution is made on paper, and members receive certificates crediting them with additional shares. As a result, the financial benefits for members have been small. The fact that alternative employment is available in other textile factories nearby at higher wages has exacerbated COOPRINTEX's problems.

The issue of low wages crystallized shortly after the volunteer arrived. He had little choice but to address it and has continued to do so. To counter the mounting criticism against the low pay, the volunteer, together with COOPRINTEX management, has been collecting the necessary data to introduce a piece-work system of payment on an experimental basis.

Conclusions and Lessons Learned

COOPRINTEX was the only IVS-assisted project studied in Ecuador where the IVS Stages and Phases of Institutional Development had been utilized (see Table C-2). The other two projects reviewed here were designed and approved before the stages and phases became obligatory. This checklist was submitted two years ago with the original IVS application. At that time, COOPRINTEX was not yet involved with the land purchase. When shown the stages and phases, the volunteer said that he had never seen a copy before. When asked to identify the areas where he was providing assistance, he specified the following three:

- Design viable plans;
- Organize and administer; and
- Implement and grow.

According to the checklist, COOPRINTEX was weak in planning and growth but strong in organization and administration. Thus, to a certain extent, this list did serve to identify the points where IVS could provide assistance and apply leverage.

In the case of COOPRINTEX, IVS became involved with an institution that had already been functioning for 13 years; had already found some assistance on its own; and was now seeking some relatively specialized technical assistance to help resolve certain pressing problems with management, administration, production, and marketing.

In this case, unlike the other two studied in Ecuador, all the institutional development categories were relevant. But do they necessarily explain all that contributed to making COOPRINTEX a viable institution? One factor that is immediately apparent is the enthusiasm and commitment of both management and

TABLE C-2

STAGES AND PHASES OF COOPRINTEX

STAGE MEASURES	INCREMENTAL PROCESS INDICATORS	
1. Needs Assessment	a. determine felt needs	XX
	b. rank and set priorities	X
2. Understands Cause/ Consequence	a. establish symptoms and causes	X
	b. identify trends and patterns	X
	c. analyze tradeoffs	0
3. Design Viable Plans	a. analyze options/alternatives	XX
	b. assess resources within context	X
	c. estimate cost/time and benefits	0
4. Organize/Administrate	a. set management goals	XX
	b. foster participation	XX
	c. accountable to constituency	XXX
	d. flexibility	XXX
5. Financial Management	a. bookkeeping	XX
	b. access to credit	XX
	c. positive cash flow	XX
	d. recapitalization	X
6. Implement/Grow	a. cost effective operation	X
	b. pace/scale (how fact/how much)	X
	c. networking and linkages	XX
	d. replication/expansion	X
	e. education (formal & non-formal)	
7. Monitor/Evaluate	a. feedback & communication	XX
	b. accurate reporting	XX
	c. how to measure	XX
	d. assess impact	X
8. Learning	a. analyze & synthesize	XXX
	b. internalize	
	c. disseminate	0
	d. review and revise (policies visions and values)	X

Scale: 0 = Non-existent
X = Low
XX = Adequate
XXX = Well

members, which goes beyond simple pride of ownership. In an earlier DAI study, this combination of pride, commitment, and enthusiasm was referred to as "mistica":

> One aspect of [integrated rural development in Colombia] that immediately strikes the observer is the extent to which the program has been able to attract and keep well-trained, well-motivated professionals . . . . The Colombians call this type of professional behavior mistica. . . .[6]

Mistica can be found at all levels of society. In the case of COOPRINTEX this commitment has been reinforced by the small size of the institution, together with the common history of the founding members and their fierce independence, which has worked to their advantage. They have not been too proud to seek assistance when opportunity beckoned -- whether from the Inter-American Foundation or from IVS.

To some extent, IVS can be criticized for providing such intensive assistance to only 30 people. The original plan for the technical assistance called for the volunteer to use COOPRINTEX as a base for working with a neighboring credit union with over 1,000 members. The COOPRINTEX founders were also active in its creation. Because of COOPRINTEX's pressing problems, however, the volunteer has confined his activities to the cooperative -- and justifiably so. Although somewhat unusual, COOPRINTEX is not a fluke. It can serve both as an inspiration and as a source of on-the-job training for other groups and institutions that wish to learn from the COOPRINTEX experience. The members are proud of their institution and delighted to show it to outsiders. As a founding member expressed it, "COOPRINTEX is showing the capitalists what the cooperatives are doing!"

What distinguishes COOPRINTEX as a non-governmental institution is the fact that its resources belong to the members. As a result, there is a very marked feeling of ownership, which translates into dedication and commitment. What distinguishes IVS assistance to COOPRINTEX, compared with that offered through government channels, is its quality and its duration.

OPACH/GATAZO HOSPITAL

The Organizations

The original intent of IVS involvement with OPACH was the provision of technical assistance capability in cooperative organization and administration, thereby contributing to OPACH's overall institutional development. Upon arrival in 1982, however, the IVS volunteer was assigned to work with a small, but relatively successful, agricultural cooperative --Gatazo Hospital -- as well as with other organizations in the vicinity.[7] As a result, the institutional development focus was redirected from OPACH to the cooperative. No measurable institutional development activities were therefore undertaken at the secondary level; instead, all efforts were at the primary level.

As the volunteer entered his second year, he expanded the scope of his activities beyond the confines of Gatazo Hospital. With the encouragement and assistance of OPACH, he organized several training courses on various aspects of cooperatives for both OPACH personnel and selected representatives of local organizations. In this capacity, he also served as a role model for his colleagues in terms of his relationships with the small farmers and in his dedication to his work. These courses were given in a training center for small famers that was located in the same community as Gatazo Hospital.

As course participants became interested in cooperative activities and word spread about the volunteer, he began to receive requests from various communities to assist them in the formation of pre-cooperative groups. By July 1984, 62 communities had submitted requests and the volunteer had begun work with approximately 10 of them. The IVS intervention mode was one of assistance, while the technical assistance mode was one of partner/adviser.

The IVS Intervention

What is intriguing about the intervention of IVS in OPACH is the strong indication that the initiative came from the former field director of IVS and not from OPACH. Why IVS should have offered this assistance is unclear, but one thing is certain: in terms of literacy training OPACH is regarded as a success and much of the credit is due to its dynamic director.

OPACH had already established an effective working relationship with one foreign institution, in this case the Inter-American Foundation, and one more person on a staff of over 1,000 could not make much difference. Hence, it was easier to accept rather than to refuse the offer of assistance. The relative

anonymity of the volunteer in the large OPACH staff helps explain why the IVS volunteer was virtually ignored during his first year there.

During interviews with OPACH personnel, the strong impression was given that several well-placed staff members were opposed to cooperatives on principle, often as a result of painful personal experience. When the volunteer arrived, OPACH left him to sink or swim. A resourceful, committed individual, the volunteer proved to be a good swimmer and OPACH encouraged him to expand his activities during the second year.

Efforts to extend the volunteer's involvement longer than two years were rebuffed by the director of OPACH. When questioned, he responded that it was unfair to extend the volunteer's contract until the fate of OPACH under the new administration was known. Because of the director's close links to the previous administration and OPACH's reputation as an activist agency, rumors were rife that OPACH -- as a government entity -- would be radically restructured and its present director removed.

Institutional Development Indicators

Complete rankings on the DAI-Cornell institutional development indicators for Gatazo Hospital are presented in Table C-3. The following indicators proved to be the most helpful in explaining the cooperative's strengths and weaknesses:

- Resource management;
- Diversification;
- Human resource performance;
- Leadership;
- Planning;
- Forging links;
- Resource mobilization; and
- Accountability.

The Gatazo Hospital cooperative has done a relatively efficient job of managing, allocating, and distributing its resources, which consist primarily of land and the labor of its members. As a result of the agrarian reform in the early 1960s, many rural communities could receive land if they allowed themselves to be organized into cooperatives and agreed to accept a long-term debt for the payment of their land. The members of Gatazo Hospital agreed to do this and have since totally paid off their debt for the land.

TABLE C-3

INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

OPACH/GATAZO HOSPITAL

A. Organizational Capacity Building Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	3
b. Resources are allocated according to predetermined and established criteria.	3
c. Resources are distributed efficiently and in a timely fashion.	NA
d. System(s) exists for mediation in conflicts over distribution of resources.	3

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	3
b. Supply is being distributed efficiently.	3

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	3
b. Diversification has not overextended the IO.	3
c. Expansion of service delivery has not overextended the IO.	NA

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	2
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	0
c. IO has authority to hire, fire, and remunerate staff.	3
d. IO has training program for its staff. (formal, informal, regular, etc.)	0

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	3
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	NA

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	2
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	2
c. Evaluations have been used to assist in the planning process.	1

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	NA
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	3

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	3
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	3
b. IO able to mobilize resources required/desired by its constituency from other sources.	3

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	3
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	1
d. IO mobilizes resources from its members/constituency.	2

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	3
b. IO has satisfactorily responded to client group demands.	3
c. IO accounts to constituency for their financial participation.	3

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	3

13. Demonstration Effect

a. IO has served as a mode for replication.	NA

---

a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

The cooperative has no paid employees but rather relies on member labor, either paid or voluntary. To date, this has not caused any major problems in terms of overall planning and management of the cooperative's affairs, although deficiencies can be noted in accounting and other record-keeping activities. Although the volunteer has worked with several interested members on this issue for two years, many of them expressed doubt that they could carry on without him in the future. Several members can perform daily entries and even do simple balances, but they do not understand the accounting process and the cooperative's need for information.

Also of importance is the fact that, although many of the volunteer's activities have been involved in planning, monitoring, and evaluation activities to enable better decision making, it is doubtful that these activities will be carried out once the volunteer leaves. It appears, at least in this case, that two years has not been enough time for these types of ideas to be transferred, in spite of the good efforts of the volunteer.

The cooperative has achieved a high level of external legitimacy, as evidenced by the support received from both government institutions and foreign donors. Although the cooperative has been able to attract resources from OPACH, FODORUMA, IVS, and IAF, it refuses to accept assistance from the Ministry of Agriculture or the National Agricultural Research Institute, citing unresponsiveness and the availability of adequate technical information from input distributors in the private sector. The strong leadership undoubtedly has played a role in attaining legitimacy, although one cannot help but wonder if it is not the donors and national institutions that, in search of successful organizations, have sought out the Gatazo Hospital cooperative.

Development Impact Indicators

The economic gains, social benefits, and equity effects of the Gatazo Hospital cooperative 15 years after its formation are substantial on an institutional level. The reasons for this include strong leadership over the life of the cooperative as well as the legal requirement that the land neither be sold nor subdivided. This tended to keep the group together by ensuring members' access to land.

Also of note is that the membership has agreed to accept below minimum wages for work on the cooperative's communal land and that all cooperative profits have been plowed back into working capital. This practice has tended to minimize the economic impact of the cooperative on the membership, leaving secure employment -- as in the case of COOPRINTEX -- as the only tangible economic benefit.

Although title to the land is in the name of the cooperative and cannot be sold by individual members, farming patterns include a combination of both communal and individual plots. The land is efficiently and equitably divided between communal land for mutual benefit of the group and individual plots for each member's family needs. Labor tasks on the communal land are performed in common, with men performing some tasks and women others.

The members have purchased several tractors, built an irrigation canal, and partially financed a housing project with the profits from the sale of agricultural commodities produced on the land. Remarkably, they have no debts and turn back all profits into working capital for the cooperative.

Management of the financial resources of the cooperative is performed through a simple and efficient mechanism. The proceeds from the sale of all communally produced crops are deposited in a common checking account in the cooperative's name. When funds are required to purchase inputs or capital items, a decision is taken by the group to withdraw the required money from the account. No distribution of profits has ever been made. Since the land was paid for several years ago and all other transactions are conducted on a cash basis, including the purchase of tractors and other capital equipment, no debt management is necessary.

Much of the decision making, planning, and mediation is performed by the elected leadership in conjunction with a great deal of discussion in groups with members of the cooperative. Over the years, there has been a steady turnover of elected officials, thereby providing the cooperative with a relatively broad leadership base. Nevertheless, behind this mantle of adequate, elected leadership stands a traditional leader whose opinion is sought out and respected by the entire membership. A founder of the cooperative and a past president himself, he now prefers to direct from the sidelines. Honest and charismatic, he has for several years held the unofficial position of field boss for the communal agricultural lands. The indications are that many decisions concerning production and labor allocation still orginate with him.

Although Gatazo Hospital began as an agricultural production cooperative, it has diversified into several other activities such as a consumer store and bakery (with assistance from OPACH), the construction of an irrigation canal (with financial assistance from the Inter-American Foundation), and the construction of a housing development for members (with assistance from FODORUMA, the development arm of the Central Bank of Ecuador). Given the fairly conservative nature of cooperative management, none of these activities has overextended the cooperative since all were undertaken in a programmatic way as capabilities developed and resources became available.

Explanatory Factors

The fact that OPACH is a government institution with its own legitimacy provided the volunteer with an organizational framework and a rationale to approach Gatazo Hospital and the other communities with which he worked. Additionally, this linkage has served to provide the target beneficiaries with a conduit for claiming or, at least, requesting certain government services. Given the Indian-mestizo division that prevails highland Ecuador, OPACH has worked with Indian communities to enable them to obtain a larger share of governmental resources. As such, both the volunteer and OPACH have served as brokers between the two groups.

In previous administrations, government policy was generally one of attempting to incorporate the highland Indian population into the mainstream of economic and political life. For this reason, the OPACH methodology was encouraged and expanded throughout the country. Whatever changes may come about as a result of the new government will most likely not affect Gatazo Hospital since the members do completely own their land. The cooperative is independent of government services, and the members proudly state that they can get along well without outside help except, of course, for that provided by the IVS volunteer whose services they value highly.

The overall objectives and strategy of OPACH were in place long before the arrival of the volunteer. Nevertheless, IVS objectives and strategies were very similar, and the fit between the two appears to have been compatible, at least in theory. In essence, both organizations aim at institutional development through the creation of grassroots organizations. The tool used by OPACH has been adult literacy training as the galvanizing force for group organization, whereas for IVS it has been cooperative development.

The assistance approach of both OPACH and IVS is similar and consists of two simple axioms: first, teaching and advising rather than performing and, second, promoting what can be done rather than what should be done. The first concerns the the field staff of both OPACH and IVS who gradually withdraw from their role as the beneficiaries take over their functions. The second concerns the application of local ideas, technologies, and practices to the resolution of local problems, rather than relying on imported ideas.

Conclusions and Lessons Learned

One problem involved in studying this particular intervention was deciding on the unit of analysis. There were three possibilities. The first was OPACH itself, but this was quickly ruled. Although OPACH is only one sub-division among several in the provincial Ministry of Education, it does have over 1,000 employees on the payroll. Is it realistic to claim that a single volunteer could have any impact at all at this level? One indicator of the volunteer's lack of influence at OPACH was that he was not even assigned an office.

The second possibility was the training center in Gatazo Hospital where the volunteer had done much of his work. The center, however, consists only of a cluster of buildings. When a course had to be organized, OPACH makes the necessary funds and personnel available. When there are no courses under way, the center is deserted.

Did the volunteer contribute to the institutional development of the center? During his second year, he did since the evidence indicates that he was the driving force behind many courses taught there. At the time this research was conducted, the volunteer was just completing his two-year assignment. It was therefore impossible to gauge if the training activities started by him would continue, because various well-placed OPACH staffers had expressed doubts concerning the value of cooperative education. In addition, as a result of the change in administration, the future of OPACH as a whole was in jeopardy.

This left the third possibility, the Gatazo Hospital cooperative, which had functioned successfully for many years before the volunteer arrived and will no doubt continue to do so in the future. There is little indication that the volunteer had much practical impact -- either positive or negative -- on the cooperative.

Yet is would be unfair to say that this intervention was a failure. The volunteer was well qualified, experienced, and highly motivated. Toward the end of his tour he had gained some acceptance, particularly by the local population, as demonstrated by the number of communities that were requesting his assistance.

From the preceding discussion, three lessons clearly stand out:

- First, this was a poorly designed project and little thought was given to how it could be realistically implemented;

- Second, it is presumptious to think that a single technician could have much impact on an institution with over 1,000 employees; and

- Given the nature of social relations in the highlands of Ecuador, two years was too short a period of time in which to expect much impact.

Although IVS was keen to extend the volunteer's contract, this should have been considered earlier so that alternative institutional arrangements could have been explored.

PROMOCION HUMANA

PINDILIG/RIVERA

The Organizations

The units of analysis for this case study are two fledgling organizations, Esperanza de Pindilig and Grupo Organizado para el Trabajo Agricola in Rivera. They are both located in Canar Province near the city of Cuenca in the central highlands of Ecuador. For the past year, they have received technical assistance, from IVS volunteers and Promocion Humana. In the discussion, they will be considered together since they are both at the same level of institutional development and are both involved in the same activities. Pindilig has 30 members and Rivera 20; both have been in existence for approximately one year. No analysis of the impact variables will be provided because of the embryonic nature of these groups. As with Gatazo Hospital, these two groups are involved in agricultural development -- primarily the cultivation of a communal plot.

Promocion Humana is the social service arm of the Catholic diocese of Canar Province. It is under the supervision of the diocesan bishop and has a staff of approximately 15 'promoters' including two IVS volunteers. It receives funding from several national and international sources and has existed for over 10 years. Its philosophy is one of group organization for mutual support to resolve local problems.

History of IVS Involvement

The original idea came from the bishop of Canar who wished to broaden the social and organizational assistance already being provided by Promocion Humana to include the provision of technical agricultural skills. In an agreement established between Promocion Humana and IVS, two agronomists were to be provided for an initial period of two years. The volunteers were to have received managerial, institutional, and organizational support from Promocion Humana, as well as living quarters and the use of a small parcel of church land for a demonstration farm in the town of Pindilig. In addition to working with the people of Pindilig, the volunteers were also to be assigned to work in the two nearby towns of Taday and Rivera.

As originally designed, the volunteer activities had three objectives:

- The transfer of specific technical skills to individuals to improve their quality of life;
- The consolidation of group activity around particular production and marketing activities; and

- The training of Promocion Humana staff in organizational and management skills, thereby creating the institutional capacity to carry on these activities after the volunteers' departure.

Financial support in the amount of US$37,500 from CARITAS/Australia was arranged by a combination of efforts between the bishop and the volunteers prior to their departure from Australia. This money was to be used to pay counterpart salaries, purchase a vehicle for use by the volunteers, establish the demonstration farm, and purchase miscellaneous tools and equipment.

The volunteers arrived in Pindilig in February 1981. An additional two-year extension was granted in early 1983, with the volunteers scheduled to depart in early 1985; a second extension is being contemplated. Because the two organizations -- Pindilig and Rivera -- are nascent, the IVS intervention was one of promotion. The volunteers' technical assistance mode was at first the performer model, later that of partner/adviser.

Institutional Development Indicators

Because of the short time that the two organizations have existed, many institutional variables are not yet applicable. However, an attempt has been made to forecast a potential scoring of the indicators. This potential influence is based on the evaluators' judgments concerning what was observed, the methodology and strategy used by the volunteers, and the quality of the local leadership. The point values for these indicators are presented in Table C-4. To be discussed below are the more salient indicators of resource allocation, diversification, human resource performance, leadership, planning, and linkages.

At present, group activities have centered on the communal planting of high-yielding potatoes. These activities have occurred on a very small scale (less then 1 hectare for each group), but they have sparked a great deal of group cohesion and interest in future activities. Activities planned for the immediate future include group farming in additional crops, and the gradual taking over of the two input supply stores and the demonstration farm by the members. The stores are now run by Promocion Humana, and the demonstration farm is run by the volunteers.

At present, neither organization has any measurable resources of its own, nor do they have many resources from outside sources. The groups have served mainly as a vehicle for the volunteers and their counterparts groups to teach improved agricultural technologies. The incentive to join the group is the ability to receive technical assistance that is not normally available to individuals. In both cases, a new improved potato variety with greatly increased yields has been used to stimulate

TABLE C-4

INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

PINDLIG/RIVERA

A. Internal Capacity Building Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	0
b. Resources are allocated according to predetermined and established criteria.	2
c. Resources are distributed efficiently and in a timely fashion.	2
d. System(s) exists for mediation in conflicts over distribution of resources.	3

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	2
b. Supply is being distributed efficiently.	1

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	1
b. Diversification has not overextended the IO.	NA
c. Expansion of service delivery has not overextended the IO.	NA

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	1
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	0
c. IO has authority to hire, fire, and remunerate staff.	3
d. IO has training program for its staff. (formal, informal, regular, etc.)	0

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	3
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	NA

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	3
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	1
c. Evaluations have been used to assist in the planning process.	0

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	0
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	3

B. External Legitimacy Building Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	1
b. IO has received official recognition from public, private, or international authorities.	1

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	1
b. IO able to mobilize resources required/desired by its constituency from other sources.	1

C. Categories Common to Internal Capacity Building and External Legitimacy Building

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	1
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	1
d. IO mobilizes resources from its members/constituency.	1

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	3
b. IO has satisfactorily responded to client group demands.	3
c. IO accounts to constituency for their financial participation.	1

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	3

13. Demonstration Effect

a. IO has served as a mode for replication.	NA

---

a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

farmer interest. A combination of both communal and individual production has been encouraged, with the volunteers providing the seed potatoes and the technical advice. Because the first year's yields, utilizing minimal external inputs, were impressive, the groups have become interested in experimenting with other crops and small animals. Through the efforts of the volunteers, INIAP (the National Agricultural Research Institute) has begun to establish experimental plots of corn and wheat on members' lands.

As an additional support activity, Promocion Humana and the volunteers have established agricultural input supply stores in both communities. Both stores are profitable, and the services they provide are appreciated by the members, who receive a discount on their purchases. Until now, however, they have operated out of church-donated facilities and been run by the volunteers and their counterparts. At the time of the study, a few members in each group were being trained in simple bookkeeping and store management practices, aided by the volunteer from the OPACH project. Nevertheless, the general consensus was that it would be some time before the groups could take over the operation of these stores.

In a situation similar to that of the stores, the volunteers have managed an experimental farm on church land for the last three years. The farm serves as a laboratory to demonstrate agricultural and animal-raising techniques and also as a source of improved varieties of piglets, chickens, and rabbits. Since the farm is located in Pindilig, it is hoped that the group there will eventually take over its operation. To this end, one member of the group has been learning about management and agricultural techniques.

An additional activity proposed for the group was the marketing of its crops, whether individually or communally produced. The volunteers attempted to organize a group-marketing effort of the communally produced potatoes, b this has not been successful. This experience did, however, ovide the groups with a valuable learning situation that they are attempting to apply.

To address the issue of human resource performance in the two groups is premature since not enough activity has been undertaken to make an assessment. Nevertheless, it appears that the strategy of the volunteers in training the counterparts and then having the counterparts train the leaders and members does work and has great potential.

Similarly, it is also premature to assess the quality of leadership and management style. However, leadership selection and decision making in general appear to be undertaken democratically and in consultation with the entire membership.

At present, there is a considerable amount of planning, monitoring, and evaluation performed by the volunteers, both for their own needs and for training their counterparts. To the extent possible, group members are included in these exercises and their opinions are solicited. Planning and evaluation exercises are considered central to all volunteer activities.

Aside from the linkages to Promocion Humana, the volunteers are attempting to arrange for a formal agreement between the two local groups and INIAP for the provision of technical services. Although the volunteers are making progress toward training their counterparts in the necessary agricultural techniques, the counterparts do not feel that they will be able to take over fully the technical assistance responsibilities by the end of the volunteers' tour. It should be pointed out, however, that the volunteers have had counterparts to work with for a little over a year.

Promocion Humana funding for one counterpart is scheduled to terminate within the year, whereas the other is funded for three additional years. An idea proposed to INIAP is that the Pindilig/Rivera area be included in a nationwide plan for agricultural experimentation. The members would donate portions of their land for INIAP experimentation in exchange for the provision of technical assistance to the group. INIAP has yet to respond to this proposal.

Explanatory Variables

Environmental Variables

In contrast to the OPACH/Gatazo Hospital cooperative, Pindilig/Rivera is relatively isolated from the intrusions of government. The area is remote, and has never received much in government services. Unlike OPACH, it will therefore not be affected by the change in government or the anticipated change in government policy.

Traditionally, this area was one of large haciendas dating back to colonial times. With the demise of the "huasipungo" system in the early 1950s, in which the Indians had to provide the landowners with free labor in return for access to land, the landlords lost their free labor. As a result, the haciendas switched from crop cultivation to extensive cattle ranching.

With the arrival of the agrarian reform in the 1960s, many of these ranches were divided up and parceled out to individual small farmers. The result was that, although they derive their livelihood from the land, these farmers are not true farmers in the sense of having a long agricultural tradition. As one farmer put it: "We do not know what the alternatives are!"

PVO Strategy Variables

The original project as designed did not evolve as planned. Promocion Humana did not provide the managerial, organizational, or institutional support required by the volunteers during their first two years. Aside from allowing them to reside in an abandoned parish building and to set up their demonstration farm on church land, Promocion Humana provided little orientation or interaction. Promocion Humana saw the local priest, whose parish covered the three towns as the volunteers' counterpart, responsible for providing the social and organizational skills while the volunteers provided the technical knowledge. By the same token, it appears that Promocion Humana had never contemplated the idea of counterpart training or the transfer of skills to either a counterpart or to Promocion Humana itself. Rather, it saw the volunteers as merely additional technicians who would provide for services for two years.

In addition, the parish priest did not get along well with the bishop and viewed the volunteers as intruders and as potential spies for the bishop. To complicate matters, the priest had been strongly influenced by liberation theology and saw the volunteers as representing a political ideology different from his own.

Soon after the volunteers arrived, they set up the demonstration farm and began visiting the surrounding communities in an attempt to organize groups and work with existing groups around the demonstration and practice of new agricultural techniques. These activities progressed well for several months until the volunteers realized that group interest was falling off dramatically. Through friends they had made in the community, they discovered that the parish priest had been preaching against them and against any involvement with them. One night near the end of the first two years, approximately 200 local residents, at the provocation of the priest, threatened the volunteers with violence if they did not leave the community. This situation was ultimately resolved by the bishop, who transferred the priest to a neighboring parish, and by the IVS field director, who insisted that the volunteers move their residence from Pindilig.

By the end of the first two years, enough positive work had been accomplished by the volunteers to merit a two-year extension of their project, with different objectives and conditions placed on Promocion Humana. These new conditions included more clearly defined responsibilities for both the volunteers and Promocion Humana; the provision of two counterparts to work in agricultural extension and group formation; and a reduction in the geographic coverage of the project to include only those areas immediately surrounding Pindilig and Rivera, instead of the more than 30 communities with which the volunteers had originally attempted to work.

Conclusion and Lessons Learned

As with OPACH, one problem involved in studying this particular intervention was deciding on the unit of analysis. Was the institutional development directed at Promocion Humana, the demonstration farm, or the two fledgling local organizations? Reading the existing documentation did not clarify the matter. For example, the 1983 IVS Annual Report contains a case study of Promocion Humana ranking the project on the stages and phases indicators. This case study was prepared in Washington and the ranking based on information gleaned from quarterly field reports. Even with a careful reading, it is unclear which level of analysis is being dealt with.

What did become clear in a meeting with the bishop was that his enthusiasm for agriculture had diminished and that he now regards agricultural assistance as the responsibility of the government. As the bishop has been and still is a the key actor in this particular IVS intervention, questions were addressed to him concerning what would happen once the volunteers terminate in early 1985 -- particularly with the counterparts and the demonstration farm. He was non-committal and would respond only that they would wait and see.

All this has not been lost on the volunteers, who have been exploring the possibility of having INIAP take over much of the responsibility for the activities they started. But the question still remains: why did the bishop lose his enthusiasm for agriculture, or was he just using the volunteers as a foil in his ongoing battle with the local priest who refused to toe the bishop's line?

From the preceding analyses, the following lessons can be drawn:

- This was a poorly designed project, in particular, IVS did not fully appreciate the local political situation and the role of the bishopric;
- There is no necessary relationship between agricultural and institutional development;
- The fact that there were no counterparts for two years and that the lives of the counterparts were threatened raises profound questions about the initial IVS strategy; and
- The fact that the strategy was modified is to be commended, but to what end?

NOTES

1 Cressida Mckean, "Helping worker self-managed enterprises work," Grassroots Development 6:1 (1982): 31.

2 Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institutional Development No. 1 (Ithaca, N.Y.: Cornell University, October 1984).

3 International Voluntary Services, Report to AID: January 1, 1983 - December 31, 1983 (Washington, D.C.: IVS, 1984), p. 1.

4 George Honadle, David Gow, and Jerry Silverman, "Technical Assistance Alternatives for Rural Development: Beyond the Bypass Model," Canadian Journal of Development Studies 4:2 (1983): 228-229.

5 Uphoff, "Analyzing Options," pp. 20-22.

6 Donald R. Jackson et al., IRD in Colombia: Making It Work, IRD Working Paper No. 7 (Washington, D.C.: Development Alternatives, Inc., 1981) pp. 21-22.

7 Gatazo is the name of the old hacienda, which the cooperative now owns. The central offices of the cooperative are located in the center of the old hacienda where a hospital did once exist.

ANNEX D

COSTA RICA:
THE INSTITUTE FOR INTERNATIONAL DEVELOPMENT, INC

ANNEX D

COSTA RICA:
THE INSTITUTE FOR INTERNATIONAL DEVELOPMENT, INC

OVERVIEW

Development Context

Costa Rica, the oldest democracy in Central and South America, has some characteristics that facilitate development efforts. First, it has no standing army and thus only a small percentage of the national budget is allocated to security and defense. Second, it has a well-developed system of publicly financed social services, for which Costa Ricans are heavily taxed. One consequence of this taxation is that the income inequalities so often found in neighboring countries are not nearly so prevalent in Costa Rica. Third, Costa Rica tolerates a wide variety, of opinions, points of view, and beliefs. Protestantism, for example, is a growing force; informed observers estimate that more than 25 percent of the population of Costa Rica, in what is ostensibly a Roman Catholic country, may belong to Protestant denominations.

But Costa Rica also shares certain problems with its neighbors: an economy that is based primarily on the export of agricultural commodities and, to a lesser extent, manufactured goods, particularly within Central America; heavy debt obligations to U.S. banks; and drastic devaluation (the currency has been devalued 500 percent over the past three years). In spite of these problems, Costa Rica is still viewed by many as a shining example to its neighbors to the north -- particularly Nicaragua, El Salvador, and Guatemala. In the early years of the Sandinistas, Costa Rica was very supportive, both morally and otherwise. More recently, relations at the official level have cooled somewhat -- primarily as a result of what Costa Rica regards as the unnecessary and undemocratic restrictions imposed by the ruling junta.

The Institute for International Development, Inc.

Since the founding of The Institute for International Development, Inc. (IIDI) in 1971, its basic objectives have been to create jobs and increase the income levels of the poor majority in the Third World through small business development. To accomplish this objective, IIDI's strategy has evolved over time. From 1971 to 1976, IIDI tried to create new jobs through loans to or equity investments in developing country businesses.

But this approach foundered because of inadequate monitoring of ongoing projects, a lack of projects that were adapted to local circumstances, and insufficient overseas experience on the part of U.S. investors.

In 1977, IIDI developed an investment loan fund of its own and began to work through in-country affiliates to find businesses opportunities and monitor these businesses once loans had been made.[1] Two years later, the objectives of IIDI evolved even further. As summarized by IIDI in a self-evaluation conducted at that time:

> . . . We have recognized and defined the evolutionary change through which IIDI has been progressing: we have moved from an organization directly focused on Third World small business and job creation to one concerned with developing host country agencies whose purpose is to generate employment opportunities among the poor (using enterprises as the means). We have recognized a unique strength in the utilization of a Christian network which yields potential clients abroad and contributors at home.[2]

Thus, IIDI's objectives are twofold: first, to develop private institutions in host countries capable of implementing a small enterprise development program and, second, to create new job opportunities for the poor in developing countries.

According to IIDI, its beneficiaries are the individuals who get new jobs created by an IIDI loan, as well as those who receive loans. Neither IIDI nor its host country affiliates has any say in who gets new jobs, but both are responsible for selecting those who will receive the loan. Both borrowers and recipients of new jobs are expected to belong to the poor majority in host countries.

The funding for IIDI activities comes from various sources. Table D-1 shows income by source for the period 1983-1984.

TABLE D-1

INCOME BY SOURCE FOR CALENDAR YEAR 1983

Private contributions	545,000	693,000	51.3
Foundations and corporations	85,000	103,000	7.6
AID	435,000	435,000	32.2
OPIC	-	100,000	7.4
IDB	100,000	20,000	1.5
Total	1,165,000	1,351,000	100%

Source: Annual Report, 1983-1984.

IIDI has worked in Costa Rica for four years -- informally since 1980 and formally since 1982. In 1982, IIDI formed la Asociacion de Ayuda al Pequeno Trabajador y Empresario (ADAPTE) to provide credit and technical assistance to small-scale entrepreneurs, both men and women, primarily within the capital, San Jose, and surrounding areas. Currently, ADAPTE works with 89 borrowers who have received credits worth a total of $163,500. The activities supported are primarily in manufacturing and the provision of services.

In creating ADAPTE, IIDI followed a strategy developed from previous experience in founding affiliates. IIDI assistance to ADAPTE has been of four types:

- A grant of $200,000 to establish a revolving fund;
- Provision of funds to pay ADAPTE's operating expenses for three years;
- Provision of long-term technical assistance for two years; and
- Provision of short-term technical assistance over a three-year period and perhaps beyond.

At the time of this study, ADAPTE was two years old, a long-term expatriate technician had just departed, and the institution was entering its third and final year of direct support from IIDI.

IIDI's short-term assistance has been provided by a technician who was instrumental in establishing and managing an identical institution in Honduras, El Instituto de Desarrollo Hondureno. This technician has been involved in ADAPTE on a regular short-term basis since the beginning of the project. The long-term technician, who was recruited in the United States, was a person with no overseas experience and no development experience, but a willingness to work and to pay at least part of his own way.

All individuals selected for loans are required to take an intensive course in basic business administration, with particular emphasis on costing and accounting. The follow-up consists of monthly visits from ADAPTE personnel who look at the books, inquire about production, and try to alleviate any problems that may have come up. Such follow-up assistance is combined with the administrative aspects of the enterprise. There is no assistance provided for technical problems or broader issues such as markets and product diversification.

Two elements in particular distinguish the IIDI program from other enterprise development programs. One is that the new institution is expected to be self-supporting after three years. The other is that IIDI affiliates depend heavily on local church networks in their host countries. In Costa Rica all 13 members of ADAPTE are Protestants as are the four permanent staff members, the majority of borrowers, and many workers who fill the new jobs created by the loans.

INSTITUTIONAL DEVELOPMENT INDICATORS

The complete rankings for ADAPTE on the DAI-Cornell institutional development indicators are presented in Table D-2. The most salient indicators proved to be the following:

- Resource management;
- Diversification;
- Planning, monitoring, and evaluation;
- Learning;
- Forging links;
- Resource mobilization;
- Accountability and responsiveness; and
- Conflict management.

TABLE D-2

COSTA RICA
INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

ADAPTE

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

a. IO possesses and maintains adequate financial resources, facilities, and equipment.	3
b. Resources are allocated according to predetermined and established criteria.	1
c. Resources are distributed efficiently and in a timely fashion.	3
d. System(s) exists for mediation in conflicts over distribution of resources.	NA

2. Service Delivery

a. Services or products are of the type and quality required to meet the needs of beneficiaries and constituents.	1
b. Supply is being distributed efficiently.	3

3. Diversification (ability to innovate and be flexible)

a. Programs/solutions have been undertaken to meet additional beneficiary demands.	NA
b. Diversification has not overextended the IO.	1
c. Expansion of service delivery has not overextended the IO.	NA

4. Human Resources, Administrative Performance/Incentives

a. IO has adequate number of internal human resources to perform key functions.	3
b. Appropriate incentives exist to motivate staff. (compensation, benefits, per diem, bonuses, rewards for high performance, etc.)	NA
c. IO has authority to hire, fire, and remunerate staff.	3
d. IO has training program for its staff. (formal, informal, regular, etc.)	2

5. Leadership and Management Style

a. Leaders are selected in ways that are perceived as legitimate by staff/members.	3
b. Decisions are made on the basis of consultation (open or closed management style).	3
c. Divisions of responsibility reflect IO's tasks and complexity and are clearly understood by IO staff.	3

6. Planning, Monitoring, and Evaluation

a. There is a planning process that is documented, perceived as useful, and utilized by IO.	1
b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).	1
c. Evaluations have been used to assist in the planning process.	1

7. Learning

a. IO has made deliberate modifications of its objectives and programs on basis of experience/evidence.	1
b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.	2

B. Organizational Linkage Categories

8. Forging Links (horizontal and vertical)

a. IO has entered into formal/informal agreements to exchange services, resources, or information.	2
b. IO has received official recognition from public, private, or international authorities.	3

9. Claim-making (leverage and advocacy)

a. IO represents interests of its constituency with the government, local elites, and other authorities.	NA
b. IO able to mobilize resources required/desired by its constituency from other sources.	3

C. Categories Common to Organizational Capacity and Organizational Linkage

10. Resource Mobilization/Income Generation

a. IO has access to resources required to do the job.	3
b. IO has control over resources.	3
c. IO has specific awareness of future resources needed and realistic idea of where they will come from.	3
d. IO mobilizes resources from its members/constituency.	2

11. Accountability/Responsiveness

a. Specific procedures exist for client group input and influence over IO.	3
b. IO has satisfactorily responded to client group demands.	NA
c. IO accounts to constituency for their financial participation.	NA

12. Conflict Management (resolution/mediation)

a. IO mediates conflicting interests among constituency or members.	NA

13. Demonstration Effect

a. IO has served as a mode for replication.	NA

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a Indigenous Organization = IO

RATINGS SCHEDULE:

NA = Not applicable
0 = Very low
1 = Low
2 = Adequate
3 = Well

In the category of resource management, ADAPTE scored well on two of the four indicators -- possession and maintenance of adequate facilities and equipment and distribution of resources in an efficient and timely fashion. ADAPTE has received adequate resources and has managed them well, thanks to the experience and dedication of its staff. Regarding diversification, ADAPTE draws a virtual blank -- for three reasons: it is only two years old, it follows a standard approach, and, most important, it pursues only one activity -- that is, operating a supervised credit program for small businesses.

Regarding planning, monitoring, and evaluation, ADAPTE is weak on all three indicators. Planning is not systematic and is not based on available information. Although information on progress toward meeting objectives is collected, it is neither consolidated nor readily available. There are virtually no evaluation activities. For both IIDI and ADAPTE, the number of jobs created by each loan, where applicable, is important. Yet the figures used in the annual reports are the estimates presented in the original loan proposal. It is anticipated, however, that IIDI and ADAPTE will carry out an evaluation of the job creation effects of the program in 1985.

ADAPTE also scored low on the learning factor, as would be expected from a low score on planning, monitoring, and evaluation. But ADAPTE did score high on forging links: a reflection of the board composition.

To function at all as an association, ADAPTE, once it was created, first had to obtain legal recognition. In this way, it could accept financial support from IIDI as well as look for support elsewhere. The members were recruited on the basis not only of their religous affiliation, but also for their expertise. Since the Protestant churches in Costa Rica have only a limited leadership pool, there tends to be considerable overlap between the ADAPTE board and boards of similar institutions. This is the case with the Clinica Publica, a health clinic to which ADAPTE has been able to direct some of its borrowers when in need. Board members are also well connected; one board member, for example, was director of an important adult training institute under the previous government. ADAPTE has been able to utilize this connection to help some of its clients. ADAPTE also handles emergency funds donated by church groups for people in dire straits. These funds are kept separate from regular funds.

Resource mobilization is one strength of ADAPTE and the area in which it has received the greatest assistance. Its successes in resource mobilization have involved the IIDI grant of $200,000 to be used as a revolving fund; IIDI's payment of ADAPTE's operating expenses for the first three years; and IIDI's assistance in helping ADAPTE to obtain an additional $200,00 grant from the Coalicion Costariquense de Initiativas de Desarrollo (CINDE), a financial entity formed under the Caribbean

Basin Initiative. Given these sources of outside funding, ADAPTE has focused little attention on mobilizing resources from its members since it does not currently need additional funding.

Regarding accountability and responsiveness, ADAPTE fares poorly since no mechanisms now exist for borrowers to influence ADAPTE or for ADAPTE to be accountable to borrowers. Such a low score is to be expected since ADAPTE is a service organization that is in the business of stimulating small enterprise development on an individual basis.

The conflict management category was not applicable. There is now no evidence of conflicting interests among ADAPTE's constituents or between ADAPTE and other organizations. Several possible factors can explain this harmony. First, ADAPTE's board and staff members have been carefully selected. Both board and staff members appear to be scrupulous in handling funds, thus helping avoid one common cause of conflict -- financial corruption. Second, borrowers are carefully picked. Finally, since ADAPTE works with clients on an individual basis, it is difficult for them to present a unified complaint even if they wanted to. In fact, neither IIDI nor ADAPTE appears interested in group formation or group lending primarily for administrative reasons.

DEVELOPMENT IMPACT

When compared with many lending institutions that provide credit to small entrepreneurs in developing coutnries, ADAPTE has performed well. Over a period of two years, it has approved 89 loans, with an average loan size of just over $1,800 and a default rate of 12 percent. The final payments on the first loans are now falling due. Three borrowers are so far behind in payments that legal action has been instigated.

Of the 89 businesses ADAPTE has helped, all but two still function. Although it is ADAPTE policy to assist already functioning businesses as well as to help form new ones, the institution prefers to work with those individuals who have some business experience. In practice, this preference means that only 20 percent of the loans go to new businesses.

ADAPTE has no available data on the impact of its loans to individual borrowers. From its perspective, the bottom line is job creation. ADAPTE calculates that each $1,200 lent should create one job.

To obtain some indication of job creation, the sub-team interviewed eight ADAPTE loan recipients. The eight loan recipients were selected by ADAPTE's executive director, who was

asked to provide as representative a sample as possible: new/old, male/female, large/small, successful/unsuccessful. The findings from interviews with these beneficiaries are presented in Table D-3.

What stands out from these interviews is that there is little relationship between the number of new jobs expected and the number of new jobs created. The cost per job created is $2,574, more than twice the amount that was programmed.[3]

TABLE D-3

JOBS CREATED BY EIGHT ADAPTE LOANS

Type of Business	New Jobs Expected	New Jobs Created	ADAPTE Loan
1. Clothing factory	5	0	$ 8,187
2. Ceramic shop	1	0	$ 1,192
3. Shoemaker	1	0	$ 934
4. Seamstress	3	3	$ 2,385
5. Shoe repairer	2	0	$ 1,111
6. Furniture shop	2	2	$ 2,335
7. Mechanics/welding	2	1	$ 2,222
8. Mechanics/auto	3	2	$ 2,222
Total	19	8	$20,588

To put this finding into perspective, it should be noted that the emphasis that small-scale business programs place on job creation has recently been criticized on several grounds. First, little is said about what "job creation" actually means -- whether jobs created actually increase the amount of income available in an area or merely redistribute existing income. Second, concern has been expressed about the quality of jobs created in the small-scale enterprise sector since they may turn out to be lower paying than jobs in larger-scale enterprises and provide fewer of the extra benefits of this type of employment.[4] There is little indication that either IIDI or ADAPTE has addressed these concerns.

For most borrowers, the impact of the ADAPTE loan has been financial. Although ADAPTE has also provided technical assistance to accompany these loans, there is little indication that the monthly visits from ADAPTE personnel did much to improve business performance, a finding supported by a review of recent evaluations of small-scale enterprise programs.[5] An impressionistic summary of the economic impact on ADAPTE borrowers is summarized in Table D-4. (The numbers across the top refer to the individual businesses included in Table D-3.)

TABLE D-4

ECONOMIC IMPACT OF ADAPTE LOANS ON INDIVIDUAL BORROWERS (N=8)

Type of Benefit	Borrowers							
	1	2	3	4	5	6	7	8
Immediate	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Sustainable	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Multiplicative	Yes	No	No	Yes	No	No	Yes	Yes
Unanticipated	No	No	Yes	No	Yes	Yes	No	Yes

The borrowers in this sample ranged from those involved in glorified hobbies or cottage industries (nos. 2 and 5) to those involved in full-blown small enterprises that showed much potential (nos. 1, 5, and 7). The only really bad loan was to no. 6, and the only unanticipated result was that the borrower had managed to survive so long, given his previous history of success and failure. In the case of no. 3, the unanticipated result was that the apprentice hired with the ADAPTE loan started up his own business after six months. In the case of no. 5, the justification for taking out the ADAPTE loan had been to develop the shoe repair business into a full-time occupation, but there was little indication that this would happen. In the final example, no. 8, the owner of the business had at first tried to give the new jobs created to fellow Protestants, a practice he found highly unsatisfactory since the new employees tried to exploit the Protestant connection by demanding special treatment.

EXPLANATORY VARIABLES

Environmental Factors

The most important external factor that has aided ADAPTE is the social and cultural environment within which the institution operates. Brief mention was made of this factor in the introduction, particularly the well-developed social services that exist in Costa Rica and a more equitable distribution of resources than is found elsewhere in Central and South America. Positive efforts have been made by both the private and the public sector to alleviate poverty and to address social problems. From this environment, IIDI saw the potential for finding well-trained, experienced professionals who would be interested in working to create ADAPTE.

Organizational Characteristics

With respect to Cornell's typology of local institutions, ADAPTE comes closest to being a local service organization, an organization formed primarily to help people other than members.[6] The association has 13 members, all drawn from ADAPTE's church network. These 13 members select the 7-person board of directors, which sets policy guidelines and meets every month with the director.

The board chooses the four-person credit committee, which is headed by the director and is responsible for approving loan requests that fall between $1,200 and $3,500. Requests below $1,200 are approved by the president of the board and the director, and requests above $3,500 are approved by the whole board. The average loan is about $1,800, repayable in 24 monthly installments at 20 percent, slightly below going market rates.

The board selects the executive director, who has a staff of three -- a secretary and two advisers, one of whom doubles as the ADAPTE accountant. Like the board members, the staff are all selected from within the Protestants church network. At the time of this study, both advisers had just been replaced: one had just left to start his own business (not with an ADAPTE loan), and the other had been fired.

PVO Strategy Variables

With reference to technical assistance style, IIDI's short-term technical assistance to ADAPTE has evolved over time from mobilizer to partner/adviser. The long-term technical assistance falls into none of these categories since IIDI regards it as on-the-job-training for the technician -- of more benefit to him personally and to IIDI as an institution than of benefit to

ADAPTE. According to ADAPTE, one of the technician's principal activities was translating documents from Spanish into English for the benefit of the IIDI home office in Washington, D.C.

With respect to intervention mode, over the four years that IIDI has been involved with ADAPTE, IIDI's intervention has evolved from promotion, through facilitation, to the current mode -- assistance -- as the institutional capabilities of ADAPTE have developed. During the first two years, the short-term adviser was busy creating interest in the business community. Contact was made by working through the existing networks of the Protestant churches in San Jose.

Once ADAPTE was legally established, a third year was spent establishing its operating procedures and a fourth year facilitating the process. This fifth year of involvement, but third year of ADAPTE, will be the acid test of its institutional strength and development.

Project Development Approach

The IIDI approach to institutional development is based on a standard procedure that consists of five stages:

- Feasibility study. This study determines the factors that may influence the success of the proposed institution, identifies prospective board members, and analyzes the demand for proposed services;

- Board recruitment. According to one individual who was employed by IIDI at the time of the study, a principal criterion for board membership is that the candidate should have good relationships in the local Protestant church network and "should accept Jesus Christ as their personal Savior."[7] In addition, board members should demonstrate potential as fund raisers and also have some expertise that may prove useful to the affiliate;

- Staff selection. The first employee hired is the executive director, who in turn works with the board and the IIDI technician in hiring additional staff;

- Staff training. The executive director assumes this responsibility. An experienced IIDI representative, if available, is assigned to the institution to train its personnel, the executive director in particular. His primary task is to transfer technical understanding to those in the institution; and

- Transition of control. In this final stage, all direct support from IIDI is phased out. ADAPTE is now going through this stage.[8]

In the case of ADAPTE, the first stage was ignored since the IIDI technician responsible for the initial activities already knew Costa Rica well. Stages two and three were followed to the letter. But stage four, as discussed earlier, was carried out only by the short-term adviser.

Like IIDI's implementation approach to ADAPTE, the approach of ADAPTE to its borrowers is standardized but not particularly rigid, since it is a single-purpose organization offering a specific service to a carefully selected group of clients. Implementation relies heavily on word of mouth since ADAPTE does not advertise its services.

Word is spread through the church network, and anyone interested seeks out ADAPTE since the organization does not recruit clients. If ADAPTE decides that the potential borrower is a good risk, that person is asked to submit a formal application together with the names of two references -- one of whom is almost invariably the local pastor. The applications are reviewed by the director, who estimates that he rejects 30 percent of them. The remaining 70 percent are usually all approved by the director, the committee, the board where relevant, and IIDI in Washington. The process takes about one month.

CONCLUSIONS AND LESSONS LEARNED

Given that ADAPTE has operated for only two years, its performance to date and its degree of institutional development are satisfactory. This apparent success can be partially explained by a number of factors:

- One of IIDI's basic objectives is institutional development;
- ADAPTE's basic objectives are simple and straightforward: provision of supervised credit for small-scale enterprise development;
- ADAPTE's strategy of working through local church networks has facilitated ADAPTE's development at the membership level, the staff level, and the borrower level;
- ADAPTE has plentiful financial resources; and
- The executive director's solid background in both banking and financial institutions has helped instill a rather conservative banker's attitude toward expansion of ADAPTE's loan portfolio. Thus, the institution is learning to walk, and to walk well. There is no interest expressed in learning to run since there is no need to be hasty.

Another factor that has played a very important role in ADAPTE's institutional development has been the commitment of both the ADAPTE members and the staff. This commitment is rooted in their religious faith and also in the belief held by some members of the board that transforming Costa Rica into a country of small property owners is its best defense against communism. Whatever the basis of such a commitment may be, any visitor cannot fail to be impressed by both the dedication and the sincerity of the board and staff in making ADAPTE a success.

Many of the indicators developed to measure the status of ADAPTE's institutional development proved to be valid and could in fact be measured. Nevertheless, there are two important factors missing from this list. One is the element of time, which would detail just how long ADAPTE has been in existence as an institution. This information is important, particularly given that the IIDI approach to building a viable institution in a period of three years disputes much of the current thinking on institution building, which claims that the process usually takes a minimum of 10 years.

At the beginning of this study, no effort was made to place the categories of institutional development in any sort of order or even to cluster them in some sort of logical sequence. On the basis of the ADAPTE experience, two findings emerge: that resource management and resource mobilization are, not surprisingly, closely related. Of more interest is the indication that diversification, planning, and learning are closely related. If planning, monitoring, and evaluation activities are under way, one would expect to find some learning going on. Diversification is unlikely unless some learning has occurred and some lessons learned from earlier activities.

What distinguishes ADAPTE as a non-governmental organization is that it fills a niche left untouched by government institutions. Many of the people it helps are unable to get loans of the type offered by ADAPTE through regular commercial channels. Commercial banks do not usually deal with such small loans; generally demand collateral, which ADAPTE does not do; and take much longer to approve loans -- an average of five months compared with ADAPTE's one.

Finally, what distinguishes ADAPTE's approach from that of other institutions, governmental and otherwise, engaged in the same type of work is the dedication and commitment of its staff. It is not clear, however, whether the basis for this strong dedication and commitment can be transferred to other PVOs. This is because the dedication and commitment of ADAPTE staff appear to be largely attributable to the religious faith that they share with ADAPTE's beneficiaries.

NOTES

1 Institute for International Development (IIDI), Annual Report (July 1, 1983 -- June 30, 1984) (Vienna, V.A.: IIDI, 1984) pp. 1-2.

2 IIDI, A Strategic (Self-)Evaluation, (Vienna, V.A.: IIDI, 1980) p.1.

3 It is possible that the total job creation effect of these loans has not yet occurred. However, it is more likely that most of the jobs that will be created by the loans have already been created since all the money in the loans has already been disbursed to, and presumably spent by, the borrowers.

4 Robert W. Hunt, Voluntary Agencies and the Promotion of Enterprise and Employment (Washington, D.C.: AID Office for Private and Voluntary Cooperation, Bureau for Peace and Voluntary Assistance, 1983), pp. 21-24.

5 Peter Kilby and David D'Zmura, Searching for Benefits (Middletown, C.T.: Wesleyan University, 1983) pp. 29-32 (preliminary draft).

6 Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Report on Local Institutional Development No. 1 (Ithaca, N.Y.: Cornell University, October 1984) pp. 28-33.

7 In reacting to the draft of this document, IIDI stated that the quoted remarks do not accurately reflect IIDI policy. The staff member who is quoted is no longer employed by IIDI.

8 These steps are laid out in a two-page IIDI document entitled "IIDI Institution-Building Procedure."

ANNEX E

DAI-CORNELL INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS

ANNEX E

DAI-CORNELL INSTITUTIONAL DEVELOPMENT CATEGORIES AND INDICATORS[a]

(as used in the field before post-field work revision)

A. Organizational Capacity Categories

1. Resource Management (allocation, distribution, and mediation)

   a. IO possesses and maintains adequate facilities and equipment.
   b. Resources are allocated according to predetermined and established criteria.
   c. Resources are distributed efficiently and in a timely fashion.
   d. System(s) exists for mediation in conflicts of distribution of resources.

2. Service Delivery

   a. Services are of the type and quality required to meet the needs of beneficiaries/constituents.
   b. Supply is efficiently meeting demand.

3. Diversification (ability to innovate and be flexible)

   a. Additional activities have been undertaken.
   b. Innovative programs/solutions are sought to meet additional beneficiary demands.
   c. Diversification has not overextended the IO.

4. Staff/Administrative Performance/Incentives

   a. IO has adequate staff to perform key functions.
   b. Staff understands roles/tasks and is able/trained to perform them.
   c. Appropriate incentives exist to motivate staff (compensation, benefits, per diem, bonuses, rewards for high performance, etc.).
   d. IO has authority to hire, fire, and remunerate staff.
   e. IO has training program for its staff. (formal,

5. Leadership and Management Style

   a. Leaders are selected in ways that are perceived as legitimate by staff/members.
   b. Decisions are made on the basis of consultation (open or closed management style).
   c. Divisions of responsbility reflect IO's tasks and complexity and are clearly understood by IO staff.

6. Planning, Monitoring, and Evaluation

   a. There is a planning process that is documented, perceived as useful, and utilized by IO staff.
   b. Information is gathered and records are kept that permit assessment of progress toward meeting objectives (expenses, activities, performance, outputs, problems).
   c. Evaluations take place and are used to assist in the planning process.

7. Learning

   a. IO has modified its objectives/programs on basis of experience/evidence.
   b. Evidence of regular interchange of information among IO staff, with constituency groups, and interested organizations.

B. <u>Organizational Linkage Categories</u>

8. Forging Links (horizontal and vertical)

   a. IO has entered into formal/informal agreements to exchange services, resources, or information.
   b. IO has received official recognition from public, private, or international authorities.

9. Claim-making (leverage and advocacy)

   a. IO represents interests of its constituency with the bureaucracy, local elites, and other authorities.
   b. IO able to mobilize resources required/desired by its constituency from other sources.

C. <u>Categories Common to Organizational Capacity and Organizational Linkage</u>

10. Resource Mobilization/Income Generation

   a. IO has access to resources.
   b. IO has control over resources.
   c. IO has specific awareness of future resources needed and idea of where they will come from.
   d. IO mobilizes resource from its members/constituency.

11. Accountability/Responsiveness

    a. IO perceived as valuable by its constitutency.
    b. Evidence of specific procedures for client group input and influence over IO.
    c. IO accounts to constitutency for their financial contribution.

12. Conflict Management (resolution/mediation)

    a. IO mediates conflicting interests among constituency or members.
    b. IO manages conflicts between members/constituency or itself and external authority and other organizations.

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a Indigenous Organization = IO

ANNEX F

IVS INSTITUTIONAL DEVELOPMENT INDICATORS

ANNEX F

IVS INSTITUTIONAL DEVELOPMENT INDICATORS

Stages Measures	Incremental Process Indicators
1. Needs Assessment	a. determine felt needs b. rank and set priorities
2. Understands Cause/ Consequence	a. establish symptoms and causes b. identify trends and patterns c. analyze tradeoffs
3. Design Viable Plans	a. analyze options/alternatives b. assess resources within context c. estimate cost/time and benefits
4. Organize/ Administer	a. set management goals b. foster participation c. accountable to constituency d. flexibility
5. Financial Management	a. bookkeeping b. access to credit c. positive cash flow d. recapitalization
6. Implement/Grow	a. cost-effective operation b. pace/scale (how fast/how much) c. networking and linkages d. replication/expansion e. education (formal & non-formal)
7. Monitor/Evaluate	a. feedback & communication b. accurate reporting c. how to measure d. assess impact
8. Learning	a. analyze & sythesize b. internalize c. disseminate d. review and revise (policies-visions and values)

ANNEX G

STUDY TEAM MEMBERS

ANNEX G

STUDY TEAM MEMBERS

Name	Affiliation	Sub-Team Assignment
Field Team		
Peter Doan	Cornell	Botswana
David Gow	DAI	Ecuador and Costa Rica
Donald Jackson	DAI	Ecuador and Costa Rica
Ken Koehn	DAI	Bangladesh
Craig Olson*	DAI	Botswana
Ruth Ammerman-Yabes	Cornell	Bangladesh
Consultants		
Russell Betts	DAI	
George Honadle	DAI	
Normam Uphoff	Cornell	
Jerry Van Sant	DAI	

* Team Leader