

**MICRO-POLICY REFORM:**  
**THE ROLE OF PRIVATE VOLUNTARY DEVELOPMENT AGENCIES**

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## MICRO-POLICY REFORM:

### THE ROLE OF PRIVATE VOLUNTARY DEVELOPMENT AGENCIES

by David C. Korten 1

Current development thinking stresses the need for policy reforms supportive of more effective and sustainable outcomes from both central and local development initiative. To date donor agencies have looked to themselves as the primary actors in the promotion of such reforms--assuming that financial leverage is the key to the outcomes they seek. The idea that there might be a significant role for development oriented private voluntary organizations (FVOs) in advancing the policy reform agenda has hardly been considered. This paper argues that this is an important oversight and suggests how PVOs might substantially increase their development impact through positioning themselves as catalysts in support of those policy reforms which depend on development of new institutional capacities. Appendix A suggests guidelines for use by PVOs in carrying out strategic assessments of their existing programs.

#### Macro- versus Micro-Policy Reform

The argument for giving greater attention to PVO roles in policy reform is based on a seldom acknowledged distinction between what we might call macro-policy reform and micro-policy reform.

#### Macro-Policy Reform

A **macro-policy reform** is one which can be accomplished through **pre-emptive central action**--the stroke of an authoritative pen--with minimal requirement for the development of new institutional capacities as a condition for implementation. Usually it involves a fairly clearly defined and specific decision. Strong political interests which oppose the reform may make getting that decision extraordinarily difficult. But once the decision is formally made by the competent political authority, its implementation is a comparatively straightforward process. The decision to remove a subsidy from fertilizer imports tends to be of this nature, or a decision to move from subsidized to market level interest rates for agricultural credit. In the latter case the administrative mechanisms presumably are in place

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to administer agricultural loans. The primary change will be in the regulation which specifies the interest rate to be charged.

Many policies relating to pricing decisions, subsidies, and trade policies are of this nature. Two issues are normally prominent: What decision will obtain the desired outcome? And how can the necessary political support be mobilized to obtain that decision?

### Micro-Policy Reform

In contrast, a **micro-policy reform** is one which depends for its implementation on the accomplishment of sometimes highly complex and difficult **institutional changes**--commonly involving the development of significant new capacities and norms, and a redefinition of institutional roles. Needed reorientation of existing professional and managerial practice may depend on achieving changes in deeply held personal and professional values.

The introduction of a credit program for small farmers where none has before existed may be of this nature. Though credit institutions may already be in place, making their services accessible to small and often remote client populations will require capacities quite different from those involved in reaching larger, often more urban, clients--and very different values and instincts on the part of the bank managers.<sup>2</sup> Most complex of all are likely to be those micro-policy reforms calling for a sharing of power between national and local levels, and the development of self-reliant beneficiary organizations.<sup>3</sup> In micro-policy reform deciding on the **what** is often relatively simple compared to the job of creating the institutional conditions the **what** requires.

### Implications

The differing nature of macro- and micro-policy reforms has important implications. For example, **macro-policy** is the natural and appropriate realm of formal **policy analysis**--which offers a means of projecting the consequences of alternative policy choices to determine which will produce the most favorable outcome.<sup>4</sup> It is also a natural realm of large donors who can use their substantial financial resources to buy the necessary political support.

In dealing with macro-policy the presence of a strong authoritarian leader can offer significant advantage. Where such an individual has clear authority, the problem for the donor is to make it worth his or her while to accept the political costs of the decision. Here is where the substantial financial leverage of large donor organizations can be quite useful.

**Micro-policy** is quite a different matter. Here the policy analysts have relatively little to say. The day belongs instead to what John Friedmann calls the planners of the **social learning** school--who know something about facilitating the processes by which complex institutional changes occur.<sup>5</sup>

Performance in the micro-policy arena depends on the exercise of creative initiative by many individuals. A dictatorial regime--or a control oriented bureaucracy--is likely to stifle such initiative. Consequently both political leaders and the larger donors commonly find their more obvious sources of leverage to be of relatively little consequence in achieving micro-policy objects. While they can demand formal compliance, pre-emptive action on their part carries little or no real force unless backed by persistent action to achieve what must be essentially bottom-up processes of rebuilding institutional structures and supporting norms.

The substantial financial resources of the large donors may actually place them at a disadvantage in dealing with such matters. Demands to keep the money moving divert their attention from the careful coalition building and learning processes through which micro-policy reforms are worked through and institutionalized. For example:

- The conditions of a major irrigation loan can demand a role for water user associations, but unless the capacity to develop and support such associations already exists there is seldom any action. Faced with competing political interests within their own organizations, and having little time for the details of internal management, even the top administrators of the irrigation agency may face similar limitations in their ability to achieve desired changes--irrespective of the strength of their personal commitments.
- Agricultural extension projects can demand that the research extension system be responsive to farmer realities and inputs. But if existing structures are geared to enforcing farmer compliance with centrally mandated recommendations and there is no tradition of researchers seeking feedback from extension agents, such response is unlikely.
- Community health projects can call for the development of self-sustaining, self-financing village health committees to assume the leadership in local health matters. But if the health system is geared to centrally funded physician care, formally established local committees will be sustained only so long as central project funds are available.

The list could be extended to include most all people-oriented development activities.

### Catalyst Organizations and Micro-Policy Reform

Though authoritative support may be crucial, micro-policy reforms are achieved through the facilitation of social process more than through legal proclamation. Organizations prepared to take the lead in facilitating the coalition building and institutional learning through which these social processes are given force and direction can exert an influence far out of proportion to their financial resources or political authority.

The Ford Foundation as Catalyst in Southeast Asia

An important demonstration has been provided by the Southeast Asia Office of the Ford Foundation in its support of community based management of irrigation and forestry resources<sup>6</sup> in Indonesia, the Philippines, and Thailand. While each country and sector effort has its own distinctive features, they all use the same basic approach.<sup>7</sup>

Ford staff begin by identifying those agencies which dominate the policy and program environment with regard to the management of the resource of interest: irrigation water or forest lands. Then they identify key individuals within these agencies interested in community based approaches to resource management. Funds are provided to the focal agency through these concerned individuals to support studies, often carried out by local universities, which focus on the community's existing resource management practices and the impact of agency programs on those practices. As findings emerge, workshops are held at national and local levels at which researchers, agency officials, and representatives of interested private voluntary organizations (PVOs) examine the results and their implications.

Out of these events a number of individuals are identified who have demonstrated through their participation both a serious commitment to the problem and useful skills needed by the enterprise. These individuals are invited to form a working group--chaired by a senior official of the responsible agency--which assumes the leadership in analyzing the experience and planning appropriate actions.<sup>8</sup> In addition to agency staff and the responsible Ford Foundation Program Officer, a mature working group may include participants from four or five research and training institutions, plus one or more PVOs.

As understanding of the resource management problem increases and possible ways of dealing with it using community management approaches are identified, one or more pilot projects are established under agency auspices to serve as learning laboratories in the development of new approaches. These pilot efforts may involve one or more private voluntary development agencies assisting in the training and supervision of agency field staff--plus social scientists from one or more in-country institutions who develop site assessment methods and document implementation processes. The experimental field activities are intensively monitored by the working group, so that approaches may be modified and implications for the larger organization assessed. Through workshops, conferences, and training programs, the experience base and the number of persons engaged in the review of these experiences is expanded. Gradually, additional learning laboratories are established which build from the experience of the earlier efforts.<sup>9</sup>

Ford staff, serving as facilitators of the process, identify prospective working group members, support their involvement in relevant activities, and help them establish distinctive roles within the working group. At the same time they play a key role in agenda setting, and in helping resolve conflicts among working group participants. Flexible funding is provided in the form of small grants to the sponsoring agency for related experimental and research activities. Small

grants may also be made to other participating institutions which allow them to pursue related initiatives supportive of their own program interests. Occasionally Ford staff develop their own studies illuminating key program and policy issues as input to working group sponsored workshops.<sup>10</sup>

### Necessary Capacities

Relative to the need, there are at present all too few organizations with the commitment and capacity to perform this type of catalyst role in support of much needed micro-policy reforms. It requires experienced professional staff who combine in-depth country knowledge, professional credibility, and facilitation skills. Development of these qualifications among expatriate staff depends on stable country assignments in professional roles which leave them relatively free of routine administrative duties to concentrate their energies on problem-centered collegial interactions with counterparts. The organization must have a capacity to quickly and flexibly fund a range of activities through small grants and contracts as needs and opportunities arise.

Donor Constraints. Given the comparative success of Ford Foundation efforts in Southeast Asia, it would seem reasonable to expect that numerous other donors would seek to emulate its approach. There have in fact been expressions of interest among some donors. The USAID Missions in the Philippines and Thailand have made selective attempts at emulation. But the results have not been encouraging--due largely to internal constraints on staffing and the application of funds.<sup>11</sup> AID staff are limited to four year assignments in a given country and continuing cuts in staff and O&E funding force those who remain to focus their attention on matters of AID's internal administration--their time largely consumed by logistical and procedural concerns. The bulk of AID funding goes into large projects funded through formal government to government mechanisms, seriously limiting flexibility and creative initiative.

In addition to many of these same problems, the large development banks have at best only a token staff presence in country, and face intensive pressures to keep the money flowing in large technically designed projects. Their staff have little time for the thoughtful reflection, intensive interaction with counterparts, and careful adjustment in response to error and opportunity which are the heart of effective social learning.

Finally there is a fundamental conceptual problem. The large donor organizations were founded on the premise that financial resource transfers are the key to stimulating development. This is the purpose to which they are dedicated and to which their structures and operating procedures are geared. Many micro-policy interventions are based on a wholly different premise, i.e., that substantial improvements in development performance can be achieved with the physical and financial resources already available by changing the ways in which they are controlled and managed. Organizations which premise their existence on financial transfers are willing to pay lip service to this concept, but have demonstrated little willingness--or ability--to act on it. More suitable are organizations with modest financial resources which see people as the critical development resource.

PVO Potentials. If the need for institutional catalysts is to be met, it seems necessary to look beyond the traditional development donors. Organizations able to meet its requirements are more likely to be found among the thousands of development oriented private voluntary organizations (PVOs)--both international and domestic--working in Third World countries.<sup>12</sup> A number of these organizations have a natural interest in micro-policy reform, view development as primarily a people to people process, and lack the inherent structural constraints faced by the large donors. Yet, though the trends are promising, the full potentials of the private voluntary development community to be a major force for self-sustaining broadly based development remain only partially realized. Few have yet recognized their own potentials to become truly significant development actors and developed the range of new capacities required to be effective as catalyst organizations.<sup>13</sup>

### Three Generations of Private Voluntary Development Action

Private voluntary and humanitarian development assistance efforts directed to the relief of Third World poverty have undergone important changes over the years. As the PVO community has grown in its sophistication regarding the nature of development and the potentials of its own role there has been a tendency to pursue increasingly sophisticated and--from a policy perspective more powerful strategies. In general this has involved a lengthening of time perspectives, a broadening of the definition of the development problem, and a shift from more operational to more catalytic roles.

Rich in their diversity of purposes and experiences, PVO's defy attempts at precise classification. Even so, among those PVOs which deal in development it is possible to identify three distinctive orientations in programming strategies: (a) a relief and welfare orientation; (b) a local self-reliance orientation; and (c) a sustainable systems development orientation. While all three strategic orientations appropriately co-exist within the larger PVO community--even within a single PVO--the underlying direction of movement makes it appropriate to label these first, second, and third generation strategic orientations. [See Figure 1 for a summary.]

Generation 1: Relief and Welfare. Many of the larger international PVOs such as Catholic Relief Services, CARE, Save the Children, and World Vision began as charitable relief organizations, relying on private contributions to deliver welfare services to the poor and unfortunate throughout the world. Such efforts represented a **First Generation** of private voluntary development assistance. And, of course, relief efforts remain an essential and appropriate response to **emergency situations**--which demand immediate and effective humanitarian response. Such situations may forever be a part of the human experience. And there will always be individuals within any community whose circumstances are such that they necessarily depend on some form of welfare assistance. But as a development strategy, it is generally recognized that relief and welfare approaches offer little more than temporary alleviation of the symptoms of underdevelopment.<sup>14</sup>

**Generation 2: Small Scale Self-Reliant Local Development.** In the early and mid-70s, the PVOs came to recognize, as did other development organizations throughout the world, that the direct delivery of food, health care and shelter attacked only the symptoms of poverty, without addressing its causes. **Sustainable** improvements in the lives of the poor depend on increasing their capacity to meet their own needs with resources they control. In the late 1970s, many PVOs undertook development of program capabilities to promote and fund local development activities in areas such as preventive health, improved farming practices, local infrastructure, and other community development activities intended to promote local self-reliance. AID Development Program Grants--made available during the period of 1975-79--encouraged and assisted interested PVOs in developing the necessary capacity to launch a **Second Generation** of private development assistance.<sup>15</sup>

Some governments have attempted to discourage and/or control PVO efforts directed to the development of local self-reliance, seeing them as competitive with their own public development programs and fearing that independently created local organizations might represent competing political interests. Some PVOs, perceiving government as incompetent and hostile to their efforts, have sought to avoid or bypass it, even when claiming that their own activities are intended as models for emulation by public programs. Examples of effective cooperation between governments and PVOs which realize the comparative strengths of each do exist--but are all too rare.

**Generation 3: Sustainable Systems Development.** Currently, segments of the PVO community are again engaged in a re-examination of basic strategic issues relating to sustainability, breadth of impact, and recurrent cost recovery. At the heart of this re-examination is the realization that: 1) acting on their own they can never hope to benefit more than a few favored localities; and 2) self-reliant village development initiatives are likely to be sustained only to the extent that local public and private organizations are linked into a supportive national development system involving many different organizations--both public and private.<sup>16</sup> Sometimes government programs already command the resources required for broader impact, but use them ineffectively. And the institutional and policy setting may actively discourage the self-reliant local initiative which might result in the effective mobilization of local resources. For example, there may be no provision for independent local groups to obtain legal recognition or enforceable rights over productive resources. Or local income generating activities may be undermined by publicly subsidized corporations which are competing for control over productive resources and markets. Local initiative may even be discouraged and/or overshadowed by bureaucratically sponsored and administered service delivery programs which create local dependence on central subsidies and extend bureaucratic control to the lowest societal levels.

Efforts by PVOs to confront these realities in collaboration with government, and a wide range of other local and national institutions--both public and private--toward development of more supportive policies, programs, and institutions--represent a **Third Generation** of PVO development strategy.

Figure 1

THREE GENERATIONS OF PVO DEVELOPMENT PROGRAM STRATEGIES

	Generation		
	First	Second	Third
<b>Defining Features</b>	Relief & Welfare	Small-Scale Self-Reliant Local Development	Sustainable Systems Development
<b>Problem Defined in Terms of Need For:</b>	Goods and Services	+ Local Self-Reliance	+ Supportive Institutions and Policies
<b>Time Frame</b>	Immediate	Project Life	Indefinite Long-Term
<b>Spatial Scope</b>	Individual or Family	+ Neighborhood or Village	+ Region or Nation
<b>Significant Actors</b>	PVO	+ Beneficiary Organizations	+ Government + Private Enterprises + Universities + Other PVOs Etc.
<b>Capacities Required of PVO</b>	Logistics	+ Community Organizing + Project Management	+ Strategic Management backed by Social & Institutional Analysis + Facilitation + Coalition Building + Grant Making

As these are seldom precisely defined categories and are more appropriately applied to individual programs than to whole organizations, a given PVO may find that one of its programs is characterized by a Third Generation orientation, whereas others may be dominantly First or Second Generation--each appropriate to its circumstances.

In emergency relief situations and in providing welfare services to those unable to care for themselves a predominantly First Generation program strategy may be necessary. And certainly there is need for programs which strengthen community capacities to make demands on the larger system, and to control and manage local resources.

Yet in many instances First and Second Generation program efforts will ultimately prove futile in the absence of a Third Generation effort to achieve a policy and institutional setting consistent with their purposes. All three types of program might in a given instance be undertaken by a single PVO. But in any given setting it is most likely that these different needs will be met by different PVOs representing different purposes, constituencies, and competencies. And PVOs pursuing Third Generation program strategies will often need to give explicit attention to the development of capacities of collaborating PVOs to meet essential First and Second Generation needs as a part of their larger system development strategy.

An expanding awareness of such issues tends to impel generational advances within a given PVO. And indeed some PVOs have evolved through all three generations of strategic orientation. The Development of People's Foundation is one of numerous examples.

The Development of People's Foundation, Inc. (DPF), is based on the island of Mindanao in the Philippines. DPF was originally established by a local medical school to give its students practical experience in providing health care to residents of nearby villages--a First Generation orientation. But eventually its leadership began to realize that to deal with the real health needs of the villagers, greater community involvement would be needed. Thus it began organizing communities to define their own health needs and assume the initiative in addressing them--a second generation orientation. This led to recognition of a need to prepare government health care providers to respond to the resulting community demands for new types of service. Consequently, DPF turned its attention to working with government agencies at municipal, provincial and regional levels to create an enabling setting for local self-help initiatives in dealing with health needs. Since the concerns of the community groups were not limited to health, eventually it became necessary for DPF to assume a similar role in relation to a variety of local development needs. Now, by special invitation, a member of the DPF senior staff serves as a member of the government's regional development council--normally comprised exclusively of government officials.

The fact that there may be a need to increase the number of PVOs with capacities to undertake Third Generation program strategies in no way reduces the need for other organizations which have capacities to respond to the welfare needs of the community, to field emergency relief efforts, or to engage in direct community mobilization. Quite the contrary. Further development of capacities in each of these areas is necessary. But the nature of these needs and of the capacities required to meet them are reasonably well understood relative to the need for and capacities to pursue Third Generation program strategies--which are thus the focus of this paper.

### Historical Experience

Though not widely recognized by development donors--or even by many PVOs themselves--PVOs have a long history of taking the lead in supporting policy and institutional changes of considerable significance. For example, in the field of population private organizations such as Pathfinder Fund pioneered public education and service delivery programs several decades before governments began to take population growth seriously, preparing the way for a major shift in public attitudes and policies. In the late 1960s and early 70s, national affiliates of the International Planned Parenthood Federation throughout the world committed themselves to sophisticated strategies which in country after country resulted in important changes in public policy and achieved government commitment to the provision of family planning services. These efforts combined sponsorship of policy research, direct lobbying of policy makers by influential board members, public education campaigns, and service delivery programs which proved the extent of demand and served as models for government programs.<sup>17</sup>

### Contemporary Experience

Now in the mid-1980s a growing variety and number of PVOs, both large and small, are becoming aware of their potential to have similar influence in areas such as local development, health, and small enterprise. Some focus on helping government achieve more effective results from its service delivery programs. Others focus on the creation of enabling settings for community management, as illustrated by the example of the Ford Foundation's Southeast Asia Office described earlier.

Heien Keller International (HKI), with the support of AID, collaborated with the Indonesian Ministry of Health from 1976 to 1979 in a national survey of xerophthalmia which established that 50,000 children were blinded each year due to preventable Vitamin A deficiency. Subsequent collaboration with government in developing effective approaches to targeting and delivering Vitamin A supplements led to the discovery that it may be possible to reduce infant mortality by as much as 20% to 30% through village level distribution of Vitamin A capsules backed by nutrition education. Now HKI is working with the Indonesian government on development of a national program intended to virtually eliminate Vitamin A deficiency.

- In Thailand, Meals for Millions staff coordinate the applied nutrition program activities of provincial departments of health, education, agriculture and community development, as well as several private agencies to encourage collaboration in achieving comprehensive and efficient coverage of the target population. A similar approach has been taken by Meals for Millions in Honduras.<sup>18</sup>
- In Bolivia, staff of Project Concern are housed in a Regional Ministry of Health Office of Planning and Supervision from which they are helping to set up a coordinated health and nutrition planning system involving a dozen government agencies, private groups, and indigenous healers.<sup>19</sup>
- The Institute for Social and Economic Research, Education & Information (LP3ES), an indigenous Indonesian PVO, is collaborating with the Indonesian Ministry of Public Works, the Ford Foundation, and USAID to strengthen water user associations and their role in irrigation system construction and rehabilitation. In addition to an operational role in the training and supervision of community organizers, LP3ES assists the Ministry in assessing and revising its own operating procedures in ways supportive of a stronger community role. It is also undertaking studies on a number of related policy issues in collaboration with the Ministry.
- Philippine Business for Social Progress (PBSP), the ILAW Foundation, and the International Institute for Rural Reconstruction (IIRR) are collaborating with the Philippine National Economic Development Authority and AID in the Local Resource Management Project.<sup>20</sup> These PVOs organize community resource management groups, while simultaneously helping to strengthen local government capacities to support self-help local development efforts. They also participate in periodic review workshops with public officials at provincial, regional, and national levels to assess implications of the community level experience for actions needed at each of their respective levels to strengthen local development action.
- In late 1985, Philippine Business for Social Progress initiated a program funded by the Ford Foundation intended to develop independent Provincial Development Foundations in selected provinces of the Philippines. These foundations will be encouraged to assume catalytic roles in mobilizing a wide range of public and private resources in support of poverty oriented provincial development strategies.
- The Bangladesh Rural Advancement Committee (BRAC) will establish a Bangladesh Center for Rural Management to help strengthen the capacity of local government officials to work in an effective and responsive manner with local beneficiary organizations representing landless and other deprived segments. The Center will work simultaneously with managers from local government, PVOs, and rural banks in

a mode intended to encourage effective teamwork in local problem solving. Initially the new Institute will concentrate on the health sector, working closely with the Ministry of Health on the development of more effective community based approaches to primary health care.

- Partnership for Productivity and Technoserve, two U.S. PVOs specializing in the development of small and medium enterprise, are giving increasing attention to working in collaboration with government, as well as the corporate enterprise sector, to improve the climate for small and medium enterprise in the Third World countries where they work.
- CARE/Indonesia is carrying out a thorough review of its program portfolio with the intent to move beyond the current emphasis on individual water, dry land agriculture, and primary health care projects in selected villages to an emphasis on developing strengthening systems of both public and private institutions able to sustain improved performance in each of these sectors over significant areas of Indonesia.

Most of the initiatives identified above are still in their infancy, presenting demands on the PVOs involved to achieve a clearer definition of their own purposes and distinctive competence, while simultaneously developing the range of new capacities required.

### New Types and Levels of Competence

During the late 1970's many PVOs with predominantly First Generation orientations and experience, sought to realign their organizations and staffing to meet the requirements of new program strategies. It was often a difficult --even traumatic--experience. Development of the capacities required by Third Generation strategies is likely to prove even more challenging.

Moving from an exclusively operational to more of a catalyst role involves basic changes in operating style. The PVO will find itself working less as a service delivery agency and more in the manner of a foundation, directing its attention to facilitating development by other organizations, both public and private, of the capacities, linkages, and commitments required to address designated needs on a sustained basis. It will be able only to influence--not control--the systems with which it works, and it will be doing this with resources that may seem inconsequential relative to those of the systems being influenced.

Success will depend on skillfully positioning itself in relation to the target system--a health system, a particular agricultural production and marketing system, a small enterprise credit system, etc--in such a way as to facilitate accelerated learning by the institutions which comprise that system. To do so it will need to act on in-depth knowledge of the actors and organizations which define and regulate the systems being addressed.

Both technical and strategic competence are required.

### Technical Competence

Commitment is essential to effective performance in a catalyst role, but it is no substitute for technical competence. Only when the two are combined are results likely to match intentions. PVOs working on a small scale in a few villages with people who have few options may not be questioned regarding their technical competence, and their technical failures will attract little publicity beyond the village that suffers the consequences. But when PVOs position themselves to be systems catalysts, their technical weaknesses are more difficult to hide. Some of the most important of the organizations with which they work will be large, influential, and staffed by highly credentialed professionals. Needless to say, the PVO which presumes to help such organizations become more effective must be guided by more than good intentions. Having the technical capacity to obtain the respect of those who control the relevant technologies --whether they be doctors, engineers, lawyers, politicians, administrators, or village leaders is basic. And not being able to buy access to key officials purely on the basis of the financial resources they can offer, they must win access through the perception that they offer a useful technical and political resource.

This is not to argue for the staffing of PVOs with narrow disciplinary specialists, as might be appropriate if they were assuming conventional technical assistance functions. Their technical competence must be balanced with social, political, and managerial skills. The means of developing this competence include: 1) recruitment; 2) training of existing staff, and 3) the development of relationships with respected centers of technical excellence.

### Strategic Competence

Strategic competence is a measure of the organization's ability to position its resources to achieve its objectives.

First and Second Generation strategies have demanded little in the way of strategic competence. Positioning the organization's resources for a First Generation intervention requires mainly the ability to identify a population of people who lack the goods or services the PVO is prepared to offer--not a particularly difficult or sophisticated task in many countries. Similarly, positioning a PVO for a Second Generation intervention requires mainly the identification of a number of villages which are willing to extend their active cooperation in return for the assistance received.<sup>21</sup> Third Generation strategies are quite another matter.

*The ability to position its resources to achieve leverage on larger systems becomes one of the central concerns of the organization--at all levels.*

Bureaucratic versus Strategic Organizations. PVOs have seldom been noted for their attention to development of management systems and capacities.<sup>22</sup> Indeed some PVOs have acquired an ideological disdain for management, placing it in a class with exploitation, oppression, and racism. In part this results from a limited awareness of alternative management approaches and their contributions to releasing creative human potentials. Often the distrust of management comes from associating it with centralized control-oriented **bureaucratic** forms of **organization** which many PVO staffers have chosen careers in the private voluntary sector specifically to avoid. What is being advocated here is a much different kind of management consistent with the requirements of the **strategic organization**--which represents highly advanced management concepts and possesses a well developed strategic competence.

Centralized organizations which depend on bureaucratic controls to channel the behavior of their members into well defined routines generally have a low level of strategic competence. Such organizations seldom respond to needs and opportunities in terms of inherent requirements, preferring the ways which fit their own convenience. Rather than making appropriate adjustments in their approach to use of existing resources, new needs and opportunities are taken as a rational for adding staff and increasing budgets--usually leading to costly and partial responses.

Unlike the conventional bureaucratic organization, the strategic organization maintains its direction not through the tight control of operations, but through an organizational culture which supports high levels of commitment and disciplined self-assessment among its members in support of agreed upon organizational goals.<sup>23</sup> This allows it to make strategic adjustments at all levels and across all functions--continuously deepening its definition of the problem and adjusting its response. Well developed information systems provide intensive and continuous feedback to support self-assessment and rapid self-correction of errors.

The PVO as a Strategic Organization. The institutional systems to which Third Generation strategies are directed are commonly complex in their structure and dynamic in their functioning. Their complexity means that a reasonably complete understanding of their nature can be developed only over time as experience is gained in working with them. Their dynamic nature means that the original problem definition must be continually tested and refined in light of new developments, resulting in corresponding adjustments in the positioning of the PVO's resources consistent with the complex, illusive, and changing relationships of the social, economic and political terrain in which it has chosen to work.

Such adjustments may be required at many levels--from the central to the local. At the central level it may involve significant adjustments in the definition of the organization's program and area commitments. [See the Appendix for further discussion.] At the same time, on going adjustments will be required in individual program strategies on a country, province, district, or even village basis. This calls for capacities in social, institutional, and economic analysis uncommon among PVOs. While it cannot be expected that every staff member

will be a professionally qualified social analyst, basic skills in social analysis will need to be widely distributed throughout the organization. This analytical capacity must in turn be backed with skills in process facilitation and coalition building at all levels.

Since quick results cannot be anticipated, the PVO undertaking a Third Generation strategy must have the staying power to remain at the task for ten or even twenty years if necessary. And it must be able to withstand the challenges of critics who believe that contributions to development progress are measured only in buildings constructed, immunizations given, and food packages delivered. Capable leaders who combine a long term vision with highly developed professional management skills are essential.

For more than a decade the training of development managers has emphasized the concepts and methods of project management which encourage a myopic perspective on the nature of development and an unimaginative control oriented approach to its management. Partly in response to pressures from donors, who find projects convenient instruments for packaging their funding, some PVOs have become highly project oriented and have slipped into the pattern of assuming that they manage development by managing projects. Where this has occurred, their managers will need to take appropriate steps to achieve an expanded vision of the nature of development management and develop skills in a more strategic approach to managing their organizations.

There are many steps which can be taken toward development of the strategic capacity required by PVOs that aspire to Third Generation roles. These include: 1) sending key senior staff for advanced management training at top ranked management schools; 2) developing collaborative relationships with groups which have advanced capabilities in relevant social and policy analysis and its application; 3) recruiting staff with advanced qualifications in social analysis, management, and process facilitation; 4) documenting and critically assessing early Third Generation experiences as a means of strengthening internal learning; 5) conducting strategic assessment workshops for senior staff; and 6) participating in experience exchange with other PVOs which have similar commitments.

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The need for innovative thinking leading to expanded roles for private development agencies is becoming particularly evident in those Asian countries which are finding that financial realities preclude continued reliance on expensive and wasteful centrally funded and directed public development projects and programs as the key to development. For many of these countries, a greater reliance on broadly based local private initiative may be essential. And while it is important that governments recognize and give effective support to such initiatives, much of the leadership will need to come from the private sector itself.

NOTES

1. Many individuals have contributed to development of the ideas presented in this paper. Tom Franklin and Carolyn Stremiau were instrumental in directing my attention to the need to strengthen the development roles and performance of PVOs. Jerry Silverman posed questions which led to an explicit articulation of the distinction between macro- and micro-policy reform. Frances Korten helped me push this distinction to greater levels of refinement which further highlighted the implications. Tom Drahan provided reassurance that the concepts had a practical validity and utility. James J. O'Connor contributed to my thinking about the nature of the capacity building task, and in particular the need for strengthening technical competence. Jay Jackson and the staff of CARE/Indonesia helped me think through the frameworks for strategy definition. Beryl Levinger made key inputs to refining the summary table, and suggested that defining the strategic position in terms of continua might be more useful in PVO strategic self-assessments than constraining the assessment to only three discrete categories. Bob Pooley, Richard Ryan and Ross Coggins stressed the importance of recognizing the legitimacy of all three generations of strategic orientation. Ross Bigalow helped provide historical perspective.
2. John C. Ickis, "Structural Responses to New Rural Development Strategies," in David C. Korten and Felipe B. Alfonso, Bureaucracy and the Poor: Closing the Gap (West Hartford, Conn.: Kumarian Press, 1983), pp. 4-32.
3. David C. Korten and Norman Uphoff, "Bureaucratic Reorientation for Participatory Rural Development," NASPAA Working Paper No. 1 (Washington, D. C.: NASPAA, November 1981).
4. This fit between macro-policy and the concerns and methods of policy analysis, and the corresponding fit (as noted below) between micro-policy and the concerns and methods of social learning have been identified and elaborated by Frances F. Korten, "Making Research Relevant to Action: A Social Learning Perspective," Paper presented at the Workshop on Public Intervention in Farmer Managed Irrigation, International Institute for Irrigation Management (Sri Lanka), held in Kathmandu, Nepal, August 4-6, 1986. This analysis builds in part on the distinctions made by John Friedmann, From Knowledge to Action: the Dialectics of Planning (Princeton: Princeton University Press, forthcoming) between four historical schools of planning--each of which builds from quite different assumptions. Our concern here is only with two of his four schools: policy analysis and social learning. While often viewed as competing, each may also be viewed as being relevant to its own specific circumstances. The trick is in being able to achieve a match between method and circumstances as demonstrated in the present analysis.
5. See Friedmann, ibid.
6. Known more briefly as "community management," the emphasis is on the development of resource management systems which feature community level control over basic land and water resources and their use. See David C. Korten (ed.), Community Management: Asian Experience and Perspectives (West Hartford, Conn.: Kumarian

Press, forthcoming in 1987).

7. Explicit use is made of a learning process approach. See David C. Korten, "Community Organization and Rural Development: A Learning Process Approach," Public Administration Review, Vol. 40, No. 5, Sept-October 1980, 480-511. At the present time this approach is distinctive and exclusive to the Southeast Asia Office of the Ford Foundation. While other Ford Offices have expressed interest, none has yet undertaken to replicate it.
8. For an examination of the working group concept and its application in the Ford Foundation's work with the Philippine National Irrigation Administration see David C. Korten and George Carner, "Reorienting Bureaucracies to Serve People: Two Experiences from the Philippines," Canadian Journal of Development Studies, Vol. V, No. 1, 1984, pp. 7-24.
9. For a case study detailing this process and its supporting methods in relation to communal irrigation in the Philippines see Benjamin U. Bagadion and Frances F. Korten, "Developing Irrigators' Organizations: A Learning Process Approach" in Michael Cernea (ed.), Putting People First: Sociological Variables in Rural Development (London: Oxford University Press for the World Bank, 1985).
10. Frances F. Korten, "The Policy Framework for Community Management," in Korten, Community Management, op. cit., is an example of one such contribution. The original analysis was presented at a seminar in which the issues were jointly examined by a number of Indonesian government officials, as well as representatives of private voluntary organizations. This led to a more intensive study of the issues in specific relation to Indonesia by LP3ES, a major Indonesian PVO with extensive experience in irrigation development.
11. See David C. Korten, "Learning from USAID Field Experience: Institutional Development and the Dynamics of the Project Process," NASPAA Working Paper No. 7 (Washington, D. C.: National Association of Schools of Public Affairs and Administration (NASPAA)), June 1983.
12. The present paper is a direct result of more than six years of effort to achieve expanded application of learning process approaches to bureaucratic reorientation with large donor agencies serving in the catalyst role. The limited success of these efforts combined with the increasing strategic sophistication of selected PVOs has resulted in the present focus on the development of PVO capacities to perform in the catalyst role as learning process facilitators. An early error was made in placing the Ford Foundation Southeast Asia Office in the category of donor agency and looking to other donors as the instruments of replication. In fact the Ford Foundation may also be classified as a PVO, putting it in a class with other organizations with considerably greater prospect of replicating its methods.
13. According to Judith Tendler's study of seventy-five PVO project evaluations in 1981, the claims of PVOs to be more effective than government agencies in reaching the poor with innovative development assistance could not be substantiated with the evidence at hand. Often their programs and services were not qualitatively different from those offered by government. Judith Tendler, Turning Private Voluntary

- Organizations into Development Agencies: Questions for Evaluation, Program Evaluation Discussion Paper No. 12, (Washington, D. C.: AID, 1982). Brian Smith sums up the data with the conclusion that PVO are clearly more efficient than government in their use of resources, but their claim to being more innovative and to be setting the program agenda is not substantiated. Brian H. Smith, "U.S. and Canadian PVOs as Transnational Development Institutions, in Robert F. Gorman (ed.) Private Voluntary Organizations as Agents of Development (Boulder: Westview Press, 1984), pp. 115-164. See also Ralph Kramer, Voluntary Agencies in the Welfare State (Berkeley: University of California Press, 1981). A study prepared by AID for the House Appropriations Committee concludes that "PVO projects often are implemented individually, not as part of a broader programming strategy." Development Effectiveness of Private Voluntary Organizations (PVOs), Submitted by the Agency for International Development, February 1986. These studies confirm that the failure of PVOs to realize their potentials is all too common. And some critics question whether this potential exists at all. Elliott Morss and Victoria Morss, U.S. Foreign Aid (Boulder, Colorado: Westview Press, 1982).
14. This realization notwithstanding, Brian Smith observes that the bulk of the resources of U.S. PVOs is still devoted to delivery of food, clothing, and medicine to alleviate immediate suffering. Op. cit., pp. 118-122.
  15. The issues and their implications are developed in John G. Sommer, Beyond Charity: U.S. Voluntary Aid for a Changing World (Washington, D. C.: Overseas Development Council, 1977).
  16. Milton J. Esman and Norman Uphoff, Local Organizations: Intermediaries in Rural Development, (Ithaca: Cornell University Press, 1984). See also Norman Uphoff, "Analyzing Options for Local Institutional Development," Special Series on Local Institutional Development No. 1, Rural Development Committee, Cornell University, Ithaca, 1984).
  17. A doctoral dissertation on this experience titled "Private Voluntary Organizations as Catalysts of Policy Reform: A Case Study of IPPF" is being written by Dolores Foley at the University of Southern California.
  18. Reported in Development Effectiveness of Private Voluntary Organizations (PVOs), Washington, D. C.: Agency for International Development, February 1986.
  19. Ibid., pp. 21 & 23.
  20. The University of the Philippines at Los Banos is also participating in a similar role. It is, however, a public university, rather than a PVO.
  21. Wortman observes that not only have few PVOs reached the strategic management stage of development, many have not even reached the strategic planning stages in vogue twenty years ago. Max Wortman, "A Radical Shift from Bureaucracy to Strategic Management in Voluntary Organizations," Journal of Voluntary Action Research, 10 (1), January/March, 1981: 62-81. David Brown and Jane Covey, two leading advocates of strengthening the strategic processes in PVO management, identify four distinctive attributes of development oriented PVOs (DOPVOs) which make it particularly difficult

for them to engage in strategic planning: a) missions that require bridging diverse constituencies; b) strong commitments to democratic values, equity, and social change; c) conflict at interfaces between DOPVO departments and between DOPVOs and external agencies; and d) self-inflicted increases in external turbulence and conflict as a consequence of empowering previously quiescent groups. L. David Brown and Jane G. Covey, "Strategic Planning in Development-Oriented Private Voluntary Organizations," Institute for Development Research, 710 Commonwealth Ave., Boston, Massachusetts 02215 (undated and unpublished). For case studies of aspects of the internal organizational culture of PVOs which inhibit the development of strategic competence see L. David Brown and Jane Covey Brown, "Organizational Microcosms and Ideological Negotiation," in M. H. Bazerman and R. J. Lewicki, Negotiating in Organizations (Beverly Hills, CA: Sage, 1983). Even so, Leslie E. Grayson and Curtis J. Tompkins, Management of Public Sector and Nonprofit Organizations (Reston, Virginia: Reston Publishing Company, 1984) observe a current movement in some voluntary agencies away from a reactive tactical and toward a more proactive strategic approach.

22. C. Stark Biddle, "The Management Needs of Private Voluntary Organizations." A report prepared for the Office of Private Voluntary Cooperation, Agency for International Development, Washington D. C., May 2, 1984; and Richard W. Ryan, "An Examination of Administrative Issues Affecting US Private Voluntary Organizations in International Development," San Diego State University, July 1986 (unpublished manuscript).
23. The concept of strategic competence, and the distinction between bureaucratic and strategic organizational forms is developed further in David C. Korten, "Strategic Organization for People-Centered Development," Public Administration Review, Vol. 44, No. 4, July/August 1984, pp. 341-352.

## Appendix A

### GUIDELINES FOR A STRATEGIC ASSESSMENT

While the three Generational categories provide a useful shorthand for defining critical strategic issues and options, a serious strategic assessment of a PVO and its various programs will require more refined frameworks. This Appendix offers some suggestions. The reader should bear in mind that these suggested frameworks are still in a preliminary stage of development.

#### Defining the Overall Strategy

Considerable care should be taken by any PVO in making the three choices which define its overall strategy: 1) **What** are we going to do?; 2) **Where?**; and 3) **How?** The answers to these three questions provide the basis for defining the types of technical competence that it must develop to support the strategy.

#### Defining Programs: What we will do

The **what** is best defined in terms of the programs which the PVO commits itself to develop and implement. Programs are normally of indefinite duration, involve repeated activities and are defined in terms of the need which they address, the technologies involved, and the institutions that determine how the need will be met within any given community. A given program might focus on any one of a considerable number of themes, such as: primary health care, dry land agricultural development, potable water supply, small enterprise credit, dairy development, village planning, village infrastructure development, etc. A program commitment implies a commitment to developing a thorough understanding of the nature of the need, a distinctive competence in the technologies and organizational issues involved, and effective working relationships with the relevant institutions. Three principles should guide the definition of program commitments.

**Fit.** The concept of "fit" is basic to carrying out a strategic assessment. Put very simply there must be a fit between the nature of the problem or need the PVO chooses to address, the features of the program it develops to address that problem or need, and what it has the capacity to do. A PVO staffed by health professionals with a long history of providing health services in rural areas might become interested in income generation and decide to promote the development of a system of dairy cooperatives. But if it has no staff experience or experience with dairy operation, the care of dairy animals, or business in general, a dairy cooperatives development program does not fit its existing capabilities. To achieve such fit the PVO might either undertake to develop the necessary expertise--likely a major retooling effort which would benefit little from the organization's existing capacity--or it might redefine its prospective program commitment--for example undertaking to help existing cooperatives develop health programs responsive to member needs.

**Excluded Activities.** In the course of defining what an organization intends to do with its resources, a properly defined strategy also, at least by implication, indicates what the organizations intends not to do. For many organizations making a clear commitment to not doing something is more difficult than deciding what it will do. Cognizant of the seemingly infinite needs of the people in the countries in which they work, there is a natural tendency to feel that no need can be ignored--leading in many instances to fragmented and poorly planned activities which reach few villages and accomplish little. It is important to bear in mind that the needs of even the smallest developing country are likely to be staggering relative to the resources of any given PVO. Just because a need exists is no reason a PVO should feel compelled to address it. Trying to do so will only fragment its efforts and limit its effectiveness in any given undertaking. Effectiveness depends on concentrating attention on something the PVO can learn to do well over time to the benefit of many people, encouraging others to do what it chooses not to do itself.

**Definable Task.** Finally program commitments should be of sufficiently narrow scope that their task requirements can be clearly identified. A program commitment to helping rural communities meet their need for potable water can be so defined. Outcomes, tasks, technologies, and skill requirements can all be defined in a way that provides a realistic basis for developing the expertise required to support program implementation on a significant scale. The key institutions will be reasonably easy to identify--an essential concern if a Third Generation strategic orientation is being applied--and hopefully will be few enough in number that collaborative relationships can be developed.

By contrast, a program commitment to income generation--a popular theme currently--provides little if any discernable focus around which distinctive competence can be developed. It can involve most any aspect of small manufacturing, trade, agriculture production, fee for service health care, etc. Each given income generating activity has its own set of technical, marketing, and financial requirements.

The fact is that the poor of most Third World countries are quick to recognize and act on promising income producing activities and are much more likely to be aware of the relevant opportunities and constraints than is the inexperienced outsider. If they have not already taken up a given activity there is probably a good reason and the PVO field worker who chooses to promote the activity had better know the reasons and have a well grounded idea of how to deal with them. Consider for example pig raising and handicraft production, perennial favorites of PVOs newly embarking on income generation promotion.

Proposals for pig raising projects seems invariably to promise astonishing returns based on the miracles of compound growth through rapid reproduction. But if it were so simple surely the villages of the Third World would already be over run with pigs. Success depends on knowing something about pig breeding, housing, nutrition, and diseases. If they are to generate income rather than simply supplement family diets, attention will also be needed to marketing--possibly in highly competitive markets. If the scheme calls for each family receiving a

free pig to give an offspring to a neighbor, the mechanisms for insuring that this happens must be developed. If the necessary feed is not freely available, attention may need to be given to credit availability.

Handicraft production also seems a natural. It commonly builds on skills which already exist in the village. And everyone has seen the shops in the U.S. and elsewhere where such items are sold for prices many times that for which they are locally available. In fact handicraft items in the markets of industrial countries are luxury goods, the demand for which is subject to fads, styles, and changing economic conditions. Their production and marketing requires substantial expertise and well developed commercial connections. Quality must be maintained, and most foreign distributors willing to bear the burdens of negotiating the bureaucratic maze of import-export want to deal in quantities that may exceed local capacity. As payments from overseas may be slow while workers expect payment on completion of the work, credit arrangements may be necessary. Export oriented handicraft production can be a good income source, but it is not to be undertaken lightly by the inexperienced. It is a tough business requiring well developed business skills which the interested PVO can develop only with considerable time and effort.

Income generation is an example of a theme which comprises many possible program efforts, each of which requires development of distinctive expertise, but does not itself define a realistic or adequately focused program definition. While pig raising, handicraft production, or even small producer credit might each allow for program definitions which in turn define the specific types of expertise required to support them--income generation does not.

#### Defining Geographical Areas: Where we will do it

The where question normally is best answered in terms of administrative and political jurisdictions such as a nation, province, district or village. This coincidence with political-administrative units is likely to be particularly important to a Third Generation strategy which proposes to work with or through one or more governmental agencies. And while that strategy will commonly involve a presumption that the ultimate program concern is to support the development of effective policies and institutions on a national scale, early piloting activities to develop and demonstrate methods and approaches consistent with local conditions and institutional capabilities are likely to be concentrated in a few smaller sub-units.

The rationale for geographical specialization is similar to that for program specialization. Effective performance will depend on investments in developing geographical competence, in addition to technical program competence, which are not to be undertaken lightly. Geographical competence involves knowledge of local languages, as well as social, economic, and political structures. It involves the cost of establishing an office and staff support facilities.

It also involves development of effective working relationships with key persons and institutions. This is important for Second Generation strategies and even more so for Third Generation. Some of these relationships will be program specific--for example a primary health care program may result in development of close working relationships with key medical personnel which may not be directly useful in a program of small producer credit. But other contacts may well prove useful. If the work under the primary health program has been perceived as responsive to local needs, the PVO will likely have developed a visibility and credibility among persons from a variety of sectors, and of course with the people in the villages with which it has been associated. This credibility represents an important resource to other program initiatives introduced in that particular area, which is not readily transferred to a different location.

Defining the geographical area of commitment takes on some special features under a Third Generation strategy. Here the PVO may not be establishing any operational activities of its own and there may be no question of establishing an independent office. Even so it will be concerned with operational pilot activities carried out by the agencies with which it is collaborating. Locations for such activities need to be carefully chosen, in part on the basis of reasonably representative physical, economic, and social conditions; and in part on the basis of the receptivity to collaboration of local officials. Once concepts and methods have been proven it will be easier to work with less receptive collaborators.

Defining the Approach: How we will do it

Defining the **how** is partly a matter of choosing between: 1) a First Generation strategy of providing directly the needed goods and services; 2) a Second Generation strategy directed to building capacities in individual communities to meet their needs through self-reliant action; or 3) a Third Generation strategy which concentrates on reorienting supportive systems and policies such that they strengthen the capacity of many communities to address identified needs. Each approach has different implications for the type of capacities required. Each requires distinctive technical capacities for effective performance.

Assessment of Program Strategies: Key Variables

While the overall PVO strategy will be defined in part in terms of program commitments, each program requires its own program strategy as well. Indeed it is at the program level that the Third Generation strategic orientation becomes most important. While it may be useful as an initial approximation to roughly classify each program as First, Second, or Third Generation in orientation, a refined strategic assessment will require a more detailed look at the nature of the problem and how the PVO has positioned itself to deal with it. A simple scheme for such an initial assessment involves six basic steps is outlined below.

1. Define the nature of the problem to be addressed against three variables: a) underlying cause; b) geographic scope; and c) existing institutional capacities. [See Table A-1 for details.]
2. Define the characteristics of the existing or planned PVO program against three similar variables: a) nature of role; b) geographical scope; and c) length of involvement. [See Table A-2 for details.]
3. Compare program and problem characteristics to determine degree of fit.
4. Identify adjustments in program characteristics required to achieve a better fit with the need.
5. Determine the fit between the proposed program adjustments and existing capacities of the PVO. If there is not a reasonably close fit, determine what new capacities will be required and assess whether it is realistic to undertake their development.
6. Specify the changes that will be made in the program and the actions to be taken to develop the necessary supporting capacities.

The scales in Tables A-1 and A-2 provide a means of breaking down the problem to allow for a more systematic assessment of the degree of fit between the problem and the program strategy. From there the assessment of fit is a matter of exercising critical judgement. The narrative in the tables provides some guidance. The more the need is of an episodic nature the more appropriate a short-term relief operation. The more systemic the problem the more essential that the catalyst role be considered. Some problems cannot be resolved on a locality specific basis. If the problem is of this nature an expanded scope of intervention may be the only sensible course. Also if the program is truly being effective, presumably some important things have been learned about the need and how to address it. If the need is general to other areas, a major opportunity may be missed if attention is not given to making broader use of this learning. Whether the PVO should introduce a given program into a given geographical area, and whether as operator or catalyst, will depend very much on the extent of the institutional capacity already in place within that area.

The third program variable, "Length of Involvement" merits special attention. Where the PVO is of local origin, accountable to the community, and is addressing a need of a permanent nature it is appropriate that it view itself as being a permanent member of the community and seek to institutionalize itself--giving attention to developing reliable sources of sustained financing. This would seldom be appropriate for a foreign PVO, however. Generally the foreign PVO should always view its role as temporary in relation to any given need and adjust the nature of its involvement accordingly--except where dealing with a short term emergency situation--assuming a relatively more catalytic role.

Some situations, however, become particularly complex, as for example the case of the PVO engaged in drought relief in Africa. Needs are immediate, but the underlying causes are of a long term systemic nature and are of national--even continental--scope. PVOs which are dealing with long term systemic problems, but which see their own roles as temporary, should, as a general principle, avoid operational involvements which will not be sustained. Yet in the case of African drought relief, alternative local institutions simply do not exist to meet that need. Consequently, the PVO can hardly avoid assuming an operational role--even while recognizing the need to build local capacity to replace itself. In this instance it may begin with a predominantly or even exclusive operational role, while gradually assuming more facilitative functions. Thus it may take a long-term perspective geared to regional, national, or even trans-national outcomes, while remaining highly conscious of the temporary--though hardly short-term--nature of its own role.

The PVO which applies the above framework should keep in mind that in defining its strategy it is necessarily making important decisions--whether explicit or not--regarding its own position within a system of institutional relationships. The soundness of its own strategy will be in part a function of the extent to which it defines a distinctive role for itself within this system. The PVO fashioning a Third Generation strategy may find itself helping other PVOs within that system think more systematically regarding their own roles and strategies as well.

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TABLE A-1

KEY VARIABLES FOR PROBLEM ASSESSMENT

Variable 1: Underlying Cause

Episodic <-----> Systemic

At one extreme the underlying cause of the problem may be a temporary and non-recurring event--such as the devastation of a freak typhoon in an area that has not experienced one in the past twenty years--or at the other extreme the problem might be deeply imbedded in economic, social, and political structures--such as is the plight of the sugar workers on Negros Island in the Philippines--in large measure a function of land tenure and monopolistic marketing arrangements. A quick one time relief operation should be adequate in the former case, but would be wholly inadequate in the latter.

Variable 2: Geographical Scope

Local <-----> National

At the one extreme the need addressed is specific to an individual locality, while at the other it is reasonably characteristic of needs found throughout a much larger national or even multi-national area. An example of the former might be an illness or land tenure problem specific to a small tribal group in an isolated mountain area. An example of the latter might be erosion of uplands areas throughout the country due to overpopulation and inappropriate farming practices. Obviously if the need is local in nature a unique local solution may be appropriate. If of larger scope, then the PVO must question whether it is content to benefit only a small group or wishes to look for approaches which use the expertise gained through its more localized involvement to benefit a larger population facing similar needs. It must also ask whether a localized solution has a reasonable prospect of being sustained. For example it may be possible to deal with vitamin A deficiency on a localized basis, but the same may not be true for malaria.

Variable 3: Institutional Capacity

Absent <-----> Highly Developed

Existing institutional capacities for dealing with the need may range from absent to highly developed. To the extent they are highly developed there may be no need for the PVOs involvement. To the extent they are absent, it is likely that any involvement--at least in initial stages will necessarily have a substantial operational component. Playing a catalytic role depends on the presence of some institutional capacity which has the potential for development and/or reorientation.

TABLE A-2

KEY PROGRAM VARIABLES

Variable 1: Nature of Role

Operational <-----> Catalyst

The program is limited to the direct delivery of goods and services at the one extreme. At the other it is committed exclusively to facilitating changes in the systems which determine whether needs are met on a longer term basis. The former produces direct outputs, while the latter achieves results only through influencing the behavior or performance of other individuals and organizations. The two may be mixed in varying proportions, the ratio determining where the program will be placed on this continuum.

Variable 2: Geographical Scope

Local <-----> National

This defines the distinction between focusing attention on individual localities and working on a national or regional scale. Operational activities geared to alleviation of immediate needs--such as relief operations--can range from local to national scope, as can activities geared to system change. It is also possible for a PVO to concentrate its own operational activities in defined localities, while using this experience in a systematic way to achieve regional or even national outcomes. Where a program is working in a catalyst role and clearly positioned to have national impact, the program would be rated toward the right end of the scale.

Variable 3: Length of Involvement

Transient <-----> On Going

This variable distinguishes between the program which presumes only a brief, perhaps transient presence, and one which it is presumed will be addressing the targeted need indefinitely. A position on the far left would be appropriate to a temporary emergency relief situation. A position on the far right would be appropriate where the program is being sponsored by a community based PVO which is organized to provide a particular service on an ongoing basis. Where the PVO positions itself as a catalyst to achieve institutionalized changes in the system which will not depend on its own continued presence its involvement may span several years, but is assumed to be of finite duration. It would thus fall at something of a mid-point on the scale.

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