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DEMYSTIFYING "POLICY DIALOGUE"
How Private Voluntary Organizations
Can Have an Impact
on Host Country Policies

Thomas W. Dichter

Thinking about
International
Development

T E C H N O S E R V E

Technoserve is a private, nonprofit organization. We provide training and technical assistance to enterprises comprised of large numbers of rural people. We call them "community-based enterprises."

These community-based enterprises principally relate to agriculture; our training helps them to increase productivity, improve their marketing, and enhance their overall management.

The results of this assistance include job creation, increased levels of income for needy people, and overall improvement in living conditions, without creating dependence on outside assistance.

Technoserve was founded in 1968. We work in Africa and Latin America. We currently have a staff of over 150 persons, made up primarily of highly-qualified citizens of the nine countries where we operate.

Technoserve is funded by church organizations, individuals, foundations, corporations, host country institutions, and the U.S. Agency for International Development.

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“POLICY DIALOGUE”:**

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DEMYSTIFYING “POLICY DIALOGUE”:

How Private Voluntary Organizations Can Have an Impact on Host Country Policies

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Because PVOs can get close to the workings of the economy at the grassroots, they can bring convincing empirical data to the policy dialogue.

INTRODUCTION

In the thirty years that international development has existed as a discreet field of endeavor, only rarely have the diverse sectors within the field been in general agreement on a major topic. This is one of those times, and policy reform or “policy dialogue” is the topic. At the moment, a large number of aid agencies all believe that finding ways to alter host country policies is crucial to effective development work in the Third World.

Citing Africa's current food crisis as, at least, the partial result of unwise national economic policies, all now recognize the need for development practitioners to exert a positive influence upon a nation's policies. Whether the agency is the United States Agency for International Development (USAID) or the World Bank, the message is the same: at USAID, policy dialogue is called one of the four pillars of development; and at the World Bank, policy reform is seen as the cornerstone of effective, sustained development in sub-Saharan Africa.¹

Private voluntary organizations (PVOs) also seem to agree. Reviewing statements made by PVOs on African development, the Working Group on Africa of InterAction—a national association of private voluntary organizations in development—found that ten of the sixteen saw policy reform as a priority, and three more implied its importance.

But, so far, PVO concurrence has not translated into much action, and it looks as if most PVOs will be content to pay policy reform no more than lip service. Neglect of policy reform, at a time when PVOs are devoting an ever greater share of their resources to third world development, is unfortunate. Indeed, if we can judge from our own experience at Technoserve, it is also misguided. PVOs need to become involved in policy reform even as they continue to work on the local level, a view that we intend to support, at the same time as we also try to uncover some of the sources, legitimate and otherwise, of PVO resistance.

WHY MANY PVOs SIDESTEP POLICY DIALOGUE

Experience has made many PVOs wary of policy dialogue and while PVOs sense that it may be very desirable, it is also seen as not very possible. Indeed, rating themselves in a major 1985 survey, also conducted by InterAction, most American PVOs insisted that although the need for an influence upon African policies, outlooks and programs was great, their own abilities were unequal to the job.

Claims that policy reform is beyond the PVOs' area of competence are common after many years spent in the field in less than ideal circumstances. With the frustrations of field service comes a certain amount of cynicism and, after awhile, development professionals acquire a litany of complaints: bureaucrats are seen as frantically pursuing too many goals, confusing national issues and personal ones, calling for "dash" and other incentives in order to operate, being too attached to tribal values to remain objective and on and on until, after awhile, the development practitioner disparages "the system." Though not quite analyzed, "the system" is now simply corrupt, nepotistic, inept.

Significantly, it is a short step from this attitude to the comfortable assumption that, should one get involved with "the system" (in the guise of its bureaucrats and officials), one will risk becoming part of the "corrupt one." From this vantage, policy dialogue is a rather unsavory endeavor, and "not the business of PVOs." PVOs, the sentiment goes, belong amidst the poorest of the poor on a people-to-people basis. To exchange—even supplement—the grassroots with

the government, is to forget one's main constituency and to "sell out" or, less drastically, risk being tainted by too much contact with the government officials who make policy.

Connected to this mind-set, also, is what we can only call a hangover from the sixties: the fear that policy reform in the hands of some donors can be policy coercion—the imperialist calling the tune for the native pipers to play. But even though this danger does exist and the fear is, therefore, a legitimate one, to focus upon possible dangers is to miss very real benefits. Despite the problems associated with policy dialogue, its importance for PVOs to the success of sustained development is irrefutable.

WHY PVOs SHOULD ENGAGE IN POLICY DIALOGUE

Development takes place within complex systems, and local grassroots activity is but one part of the whole. To work in a vacuum and raise corn (for example) when one's government has put all its money on potato subsidies doesn't make any sense. Instead, one must recognize and adopt a systems approach to development. With a systems approach, professionals can more clearly perceive, and act upon, the complex interrelationships that exist between a nation's programs, policies and institutions. They can, moreover, improve their ability to judge whether or not the will to support policy reform in a given sector exists on the government's part.

PVOs should then be involved in policy reform because there isn't any real choice. To some extent, successful development depends upon it, and also PVOs are, ironic-

An effective role in policy dialogue depends on working at both the "top" and the "bottom" in development.

DEMYSTIFYING "POLICY DIALOGUE"

ally, the very ones who can make a difference, since they are uniquely positioned for the task at hand.

Having spent long periods of time in the field, they have a stake in understanding what goes on out there and a chance to acquire data that others in development (including, surprisingly, a nation's own policy makers) do not have. This means that PVOs can bring to policy dialogue a very valuable, empirically derived, extensive data source.

The data should be put to work and lead PVOs to place a foot in both camps—the beneficiary camp at the grassroots and the world of governments and major donors at the top. But, before this happens, PVOs will have to shed their sense that policy dialogue is too awesome in practice and too morally questionable in theory. And to do this, an overhaul of some academic views, equally debilitating, is in order.

THE ACADEMIC VIEW OF THE CONSTRAINTS ON POLICY DIALOGUE

It is not only PVOs who find policy dialogue awesome. The fact is that the assumptions made by social and political scientists to account for the shortcomings of Third World bureaucracies are not so far removed from the ways PVOs explain their experiences. To be sure, the language is different, but the lament of the practitioner that "we can't do anything with these people" is matched by the academic world's three standard explanations for the shortcomings of the Third World bureaucrat and his/her policy making machinery.

The first explanation is a psychological one.² The Third World bureaucrat is seen as a split being, marginally placed between the traditional world that gave him birth



and the modern world that later schooled him. Caught between the two, the bureaucrat too often finds himself stymied, and he behaves in erratic, inconsistent, ineffective ways.

The second explanation is ecological.³ It transfers the burden of proof from the bureaucrat to his social environment, identifying the environment itself as "split." This view discovers in society a built-in "dysfunctionality" or, at least, a poor "integration" between the traditional and modernizing sides of Third World life.

The third explanation one might call the organizational. It finds fault, not so much with the bureaucrat or his environment, but with his organization and the level of skills to be found there. Either the skills needed to do the work are absent, or what skills people do have are lost because there is an inability to organize them in a concentrated way.

WHAT'S WRONG WITH THE STANDARD VIEW OF THE CONSTRAINTS ON POLICY DIALOGUE

All these views overlap and are ways to describe, if not influence, behavior. The anthropologist, for example, might translate "corruption" into the language of culture. He would then describe the bureaucrat who takes some form of "bribe" as having behaved "particularistically." This means that the bureaucrat is guided by personal relationships, rather than more generalized precepts of conduct.

When a high-level bureaucrat is unable to make decisions and forge a coherent policy, a political scientist might talk about the "functional load" carried by the bureaucrat. And another social scientist,

trying to explain the apparent unwillingness of a policy maker to follow up on an agreement, points out that the policy maker has learned the rhetoric of national interest, but still feels, and acts upon, the stronger pull of his own tribal allegiance.

The problem with these explanations is that they explain away, and leave us with no room in which to change. They are, if only unwittingly, defenders of what is. Whether we rely upon the field worker who called a bureaucrat "corrupt," or an anthropologist who claims the bureaucrat is showing characteristic "particularistic" behavior, the message is the same. There isn't much to be done about it.

These explanations are also somewhat beside the point because they look only at policy implementation and ignore the more central question of how the policy came into being in the first place. In this respect, also, the academic and the field worker are alike. Both hold dated views.

To stress policy implementation, rather than the making or remaking of policy, is a throwback to the nineteen sixties. In the sixties, it was common to hear high-level Third World bureaucrats candidly say: "We know what needs doing, the problem is how to get it done."

But now, after twenty to thirty years of independence for many "new states" (as, for example, they used to be called in Africa not so long ago), there is a track record that can be consulted.

It suggests that we were not entirely clear headed about "what needs doing," and that some Third World failures are failures of policy, and not simply implementation.

LESS JARGON, MORE COMMON SENSE, or, without useful data, "good guys can make bad policies"

Data which poorly reflects reality may be a more important cause of poor policy formation than any other.

The Third World just isn't what it used to be. The one fact we can count on (and yet, it is one we often ignore) is that the Third World continues to change. This alone would be strong reason to place less faith in academic talk of societal "dysfunction" and "marginal" beings. In even thirty years the tension between traditional and modern byways has softened; and, certainly, a degree of effective implementation has been learned by many bureaucrats.

Therefore, the time has come to adopt a more mundane and commonsensical view. Rather than remain mired within fatalistic explanations, we can simply acknowledge that the system is subject to the rather ordinary limitations of human beings. These beings are probably no more malevolent or power-hungry than the rest of us. It isn't, especially, their environment, their culture or their insecurities which bind them. Much of the time, they are simply misinformed or very poorly informed. Is it possible that, in the eighties, poor policy may be more a function of policy makers not having good data than of anything else?

To be sure, much data and "fact" gathering now takes place but, ever so, not enough useful data reaches the right people. In fact (and here we acknowledge a bias), it may well be that some of the usual sources of data—governments and large multilateral aid agencies with hefty budgets for data collection and analysis—are less valuable than the prestige attached to them would suggest. The prob-

lem with this kind of data is that it often relies upon secondary sources, rather than actual field research. Even when fact finding missions visit a country, the visits often do not last longer than six weeks, and tend to come up with more abstractions than empirical data.

Accurate data, however, depends upon first-hand experience, and it depends upon time. The humble PVO, which works in one place over a long period of time and takes care to document all its work and observations, has an enormous potential to build a highly reliable data resource.

RELIABLE DATA AND EFFECTIVE POLICY DIALOGUE—THREE INSTANCES

1. Henequen Fiber

In El Salvador, Technoserve worked with several community-based, agricultural co-ops whose activities centered on the growing of henequen, a fiber used mainly for sacks. Once the initial investment is made, henequen is relatively easy to maintain in a productive state because it will grow in soils that will not support other crops. But, in El Salvador, farmers had been unable to extract a market-ready fiber. Their machines were inefficient, and they had been forced to rely upon third parties for a contract fee.

Technoserve searched for ways to make it technically and financially feasible for the farmers to extract a market-ready fiber. After having made a business analysis, Technoserve helped design henequen processing equipment made from local materials. This enabled the farmers to do their own efficient processing of a marketable fiber—a critical move forward for them.

So far so good. But, although the project was a local success, at the national level, policy decisions were being made which seriously threatened the earnings of these newly commercialized farmers. The government began allowing the importation of substitute and synthetic fibers, and local sack manufacturers stopped buying from native producers.

Armed with an intimate knowledge of all aspects of the production and marketing of henequen fiber and its careful collection of financial and other data on the commodity, Technoserve helped reverse this policy. Seven henequen producing co-ops (including the three with whom we had been working) were encouraged to take concerted action. They formed a lobby which, together with Technoserve's own hard data and reputation for professional work, persuaded government officials to change the synthetic imports policy.

Note: Here, officials did not crumble under pressure from so-called interested parties. Instead,

once pertinent information was effectively made available to them, officials acted logically in the national self interest—something cynics think is impossible.

2. Savings and Credit

Recognition of the major role domestic savings can play in national development is now widespread⁴ and can be illustrated by Technoserve's experience in Kenya. After having provided management assistance to various savings and credit societies in Kenya for several years, Technoserve earned a reputation for producing results, and was asked to come to the assistance of the Kenya Union of Savings and Credit Societies (KUSSCO).

KUSSCO is the foremost association of savings and credit societies in Kenya and the largest such union in Africa. Working with KUSSCO, Technoserve standardized accounting systems for all savings and credit societies in Kenya. This, and prior work, involved direct contact with the Ministry of Cooperative Development, and led to



several major policy changes:

For one, the Ministry adopted the loan policy Technoserve had worked out with the Harambee Savings and Credit Society as the model for a standardized, nationwide Loans Policy. For another, the Ministry adopted standardized savings and credit society by-laws based upon the ones fashioned for Harambee, and (again using data supplied by Technoserve) it also revised Kenya's payroll system, making all Kenyan-linked savings and loans societies part of a central monthly payslip. This, in turn, helped the societies themselves reconcile monthly accounts, and led to more efficient detection of loan defaulters.

Change did not stop at banking. Given its understanding of the intricate details of savings and credit societies, as well as its grasp of Ministry dynamics, Technoserve was also able to influence tax policy in Kenya. Recognizing that Kenya's savings and credit societies were taxed on the interest earned from internal member loans, Technoserve and KUSSCO were able to persuade the government that such income, produced from mutual trading among co-op members, should not be taxable. The government of Kenya acknowledged this internationally accepted general principle of co-ops and, as a direct result, more money is now privately available for national development.

3. Cattle Ranching

Also, in Kenya, the work Technoserve had done with local ranching groups and the valuable data therein collected since 1975 have proved to be a continuing influence upon government ranching policies. Beginning with our management assist-

ance to five ranches which formed a cooperative, Technoserve's involvement in ranching projects has run the gamut from livestock production, range management, management training and accounting systems to livestock pricing, purchasing and marketing. We've collected data on ranching in semi-arid areas that is reliable and accurate. It is used by the Development Planning Division of the Ministry of Agriculture and Livestock Development in its annual review of milk, cattle and beef prices.

The Ministry also makes use of break-even analyses of different enterprise scenarios which Technoserve has developed. These scenarios are analytic, computerized models in which pricing assumptions vary, in order to determine the point where different kinds of producers will have the greatest incentive to produce. Scenarios are (again) not based upon abstractions, but upon empirical data constantly updated to reflect current local reality. They might include the example of a large-scale producer, assuming no expansion, and continuing production with an existing herd; the example of a small holder, selling milk through a cooperative to Kenya Cooperative Creameries with an 80% payout and loan servicing for stock purchases; and the example of a small holder selling most of his milk on the informal market.

HAVING THE DATA IS ONLY THE START

It may here be objected that having good data is not enough and that, as Oscar Wilde once said, "even what is true can be proven." Cannot data be used to serve the donor's own agenda and be (as we

The Third World Policy maker may be more hungry for solid data than we often think.

noted much earlier in describing PVO reluctance to take on policy reform), a form of quid pro quo, a "you want our aid, you change your policy"?

Rhetorical questions. Data can, of course, be distorted to serve an ideology and all policy dialogue is, in some sense, an attempt to influence. But, that does not mean that donor nations will distort, or that they too cannot allow sound data rather than their pocketbooks, to wield the influence.

The mistake is in making an "a priori" connection between donorship and leverage—a connection made in a major USAID-commissioned 1983 study, "Influence of Donors on Domestic Economic Policies." In a sub-section entitled "Influence, Leverage, Dialogue and Conditionality," authors Anne O. Krueger and Vernon W. Ruttan discuss "constructive" leverage, but never quite let go of the notion that there is a sizeable quid pro quo element to the exchange between donor and recipient.

Yet, as the examples from Technoserve show, it is possible to approach policy dialogue on the basis of professionalism and reliable data. These alone can move policy makers to change. Even Krueger and Ruttan, when they wish to pinpoint what makes for the effective exercise of constructive leverage, stress how essential it is that "both the donor and the recipient country bring substantial professional capacity and experience to the policy dialogue."

For us, that "substantial professional capacity" should—we repeat—include understanding and using a systems approach, and having the capacity to both collect reliable data and then to analyze it without prejudice.

Data cannot be prejudged and, of course, which facts one uses, how many of them, and when they are mustered are important too. If empirical data is bypassed in favor of an ideal macroeconomic theory, the results can backfire (as we think happened when the IMF put pressure on beneficiary nations to institute austerity programs—cf India's 1966 devaluation and Ghana's 1971 devaluation). And the same would be true if only local conditions were consulted.

Always, it is the entire system that must be taken into account, and not least in this system are the men and women whose policies are based, not so much on greed, malice and other evils, but on what they think and know at the time they are called upon to act.

Like the rest of us, these men and women are not omniscient. They can use help, and who influences them and with what information is key. The time when Africa, for example, depended unduly on the values of a few charismatic leaders seems to be over, and time is now ripe for PVOs to play an effective role in policy reform.

SOME KEYS TO EFFECTIVE PVO PARTICIPATION IN POLICY REFORM

Technoserve's experience makes clear that, despite barriers within the environment, PVOs can influence policy. But (need we say it?), they have to know what they are talking about. Without knowing a nation's players, the parts of its system and how they interrelate, policy reform or influence should not even be attempted.

The knowledge required doesn't come from books or interviews

For PVOs to influence policy, they must develop reputations as experts and professionals in their fields.

with local officials. It comes from being directly involved in a nation's development over time. For this experience there are no substitutes or shortcuts. With very rare exceptions, time and experience are the dues all effective PVOs pay.

If a professional commitment of this magnitude is made, there is every reason to believe that the data PVOs amass will command the attention and respect of policy makers, and that some beneficent changes in a nation's policies will take place.

But let us be very clear here. This will not happen unless two fundamental tendencies change. 1) PVOs must not bury their heads in the sand and leave policy to "those bureaucrats in the capitol." To the extent that we have had a "holier than thou" attitude about governments and those who work closely with them, we have been doing our constituents a disservice. 2) PVOs must begin to focus more; to deepen rather than broaden their reach. There are no shortcuts to the kind of authority that can change policy. To be listened to in a given field (be it primary health, enterprise development, education, population) requires a long term, full and professional commitment. Dabbling in a little of everything, taking up something "on the side," amateur status, good intentions, and even good contacts won't do anymore. If these tendencies change (and there are solid signs that they are) then PVOs will be uniquely situated to open and enter policy making doors.

These keys to the process, put in the form of a checklist, might be helpful:

- Gaining an image as a serious and professional development organization based upon successful experience.

- Having a comparative advantage in an area of technical expertise.

- Being around long enough to inspire trust. This can be achieved by commitment to indigenization of key staff members, or very long term assignments of expatriate staff (five or more years).

- Developing the capacity to collect, analyze and present data that carry authority—data which, for the most part, speak for themselves. This means a fundamental commitment to taking on staff who have "harder," more finely honed skills than those "generalist," human-resources type skills many PVOs now offer.

- Being unafraid to cultivate interlocutors in relevant national government ministries. Far from being ruled out, formalized partnerships at these levels should be encouraged.

- Becoming politically savvy—understanding and knowing the key players in a system.

- Possessing a true understanding of the opportunities and constraints surrounding a given program sphere; in short, a systems orientation to development.

¹See the World Bank's major 1984 position paper, "Towards Sustained Development in Sub-Saharan Africa."

²Pye, Lucian, *Politics, Personality and Nation Building: Burma's Search for Identity*. New Haven, Yale U. Press, 1962.

³Price, Robert M., *Society and Bureaucracy in Contemporary Ghana*. Berkeley, U. of Calif. Press, 1975.

⁴e.g., See Keith Marsden of The World Bank writing in *The Wall Street Journal*, 6/3/85.

REPLICATION & DISSEMINATION PROGRAM

Technoserve's Replication and Dissemination Program combines research with an effort to document our experience and apply the results in a number of new settings.

The fundamental thrust for R & D activities remains strongly consistent with that of the history of Technoserve to date—continued self-examination and learning so that our work of improving the lives of low-income people can become more effective.

The papers in our *FINDINGS '86* series as well as the *CASE STUDY* series are meant to share our experience and stimulate debate and dialogue with others who are concerned with Third World problems.

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Demystifying "Policy Dialogue"

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