

**Opportunities and Risks for U.S.
Private Voluntary Organizations
as Agents of LDC Policy Change**

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I. Introduction

The international development community is taking increased interest in how the policy environment of a host country influences the effectiveness of local development programs. Particular attention focuses on Africa where food shortages are attributed, at least in part, to unwise economic policies. But the role of public policy in supporting or constraining the delivery of services to the poor is relevant in any development context. Recognition of the need for development practitioners to address policy concerns is now widespread among donor agencies. Policy dialogue has been established as one of the "four pillars" of AID development assistance. "The policy framework required for sustained growth" is the theme of the World Bank's 1986 *World Development Report*.

It is not surprising, therefore, that members of the PVO community are exploring appropriate roles for themselves in LDC policy change. There is general consensus that key decisions in the public policy arena establish parameters for virtually any development initiative, large or small, national or local. PVO projects, like others, can become intertwined with the public sector in myriad and complex ways. What government is doing, therefore, is highly relevant to the outcomes of PVO projects, contributing to their success as well as to their failure (Tendler, 1982:76). Thus, as argued by one PVO official, "Neglect of policy reform, at a time when PVOs are devoting an ever greater share of their resources to Third World Development, is unfortunate (and) misguided. PVOs need to become involved in policy reform even as they continue to work on the local level" (Dichter, 1986:1).

Policy, of course, can cover many different things from a country's national security priorities to the operational focus of service delivery agencies acting at the community level. This paper will focus on a range of policy concerns between these two extremes. Specifically, it will explore opportunities and risks for PVO's that elect to inform themselves and/or intervene at the level of national or regional policy determination in such development-related spheres as agricultural and food policy, trade policy, health policy, and micro-enterprise policy. By and large these policies, once determined, are under the direct control of a host country government

The paper does not address issues of domestic policy advocacy nor of what has been called "micro policy reform." The domestic side of PVO policy interest involves such U.S.-based activities as constituency education, Congressional lobbying, and PVO networking. Micro policy reform addresses host country institutional roles and norms and the potential catalytic role of PVOs in facilitating changes in organizational behavior. These are valid and, to varying degree, ongoing PVO concerns but involve different issues that are outside the scope of this discussion.

Subsequent sections of the paper provide a brief overview of PVO involvement in policy-related activities and explore several key issues regarding, conditions, strategies, and risks associated with policy interventions. A concluding section suggests important issues for further consideration by both PVOs and AID.

II. Overview of PVO Involvement in Policy-related Activities

Background of PVO Interest In Macro Policy

Traditionally, U.S. PVOs have focused on support of small-scale activities at the village level, often beginning with welfare and relief services and later moving to a focus on self-help projects perceived to have broader and longer-term developmental impact. Increasingly, however, PVOs are exploring new roles as facilitators or catalysts of broader development efforts, often in cooperation with host country institutions. As efforts and influence expand, however, the PVO often confronts policy-related obstacles beyond its control or requires resources and technical inputs beyond its capacities (Annis, 1987:18). For example,

- o Price ceilings on food staples purchased by urban consumers may kill the incentive for farmers to adopt agricultural innovations.
- o Import tariffs or quotas on capital goods may interfere with efforts to develop local-level manufacturing capacity for implements used by small farmers.
- o Restrictive monetary policies may close off lending activities by financial institutions in the rural areas, denying credit opportunities to small-scale entrepreneurs and farmers.

- o Efforts to phase in government support for recurrent costs of programs initiated by PVOs may be frustrated by national budgetary policies.
- o A formal policy commitment to free primary health care, without the financial resources to provide it, may interfere with PVO initiatives to develop sustainable services financed by user fees.
- o The low priority accorded rural development in policy decisions may lead to negligible administrative or technical support for grass roots project activities.
- o Resources originally allocated for local programs that complement certain PVO initiatives may later be reallocated to achieve more pressing political goals (Grindle, 1980:31-32).
- o Policies regarding the work of international organizations in general may affect a PVO's working environment and, therefore, its potential effectiveness.

Many PVOs perceive that their understanding of the influence of policies such as these on local activities places them in a good position and gives them legitimacy in expressing concern about policy impact on their program beneficiaries.

Successful examples of PVO involvement in public policy tend to share the following characteristics (see also Section III below):

- o The policy intervention is focused on subjects in which the PVO has recognized expertise and credibility;
- o The PVO addresses issues where it has been involved in demonstration work and feasibility studies for an extensive period of time;
- o The scale of PVO activities is relatively large in the particular jurisdiction where policy influence is attempted (i.e. national influence in Tuvalu, provincial influence in Indonesia);

- o The existing policy environment and donor attitudes are already relatively favorable and the PVO is not forced into a militant adversarial role; and
- o The PVO has established institutional alliances in the relevant policy sector with key government officials, host country researchers, or influential private sector interests.

Examples of PVO Involvement in Public Policy

The following examples illustrate the wide range of organizational, sectoral, and geographic involvement of a cross-section of PVO's in the policy arena. In some cases, the result of policy dialogue is a change in host country public policy; in others it is an adjustment in the PVO program to reflect its own improved understanding of the policy environment.

Health Care

- o Save the Children in Tuvalu helped research and design the National Primary Health Care Plan with an increased emphasis on community health. This plan is now being implemented by the Tuvalu government.
- o The Unitarian Universalist Service Committee (UUSC) in St. Kitts worked with the Ministry of Youth and the Ministry of Health on a program helping pregnant teenagers. After the positive effects of the project were demonstrated, the Government developed an approach to the problem based on the lessons learned by the UUSC's experience.
- o Helen Keller International (HKI) collaborated with the Indonesian Ministry of Health in a national survey of Vitamin A deficiency. This led to the development of programs that have substantially reduced this often fatal illness through the local distribution of Vitamin A capsules. The program is now becoming a part of the national health strategy.

Energy and Environment

- o VITA in Mali, working with the National Women's Group, completed a project on fuelwood conservation that enlisted metalworkers in the production of more efficient wood-burning stoves. As a result the Government developed a policy encouraging conservation through use of the new stoves.
- o The World Wildlife Federation and the African Wildlife Federation have played important roles in assisting African nations to develop policies and action programs for conservation, particularly in the areas of national park development and wildlife protection and management.

Rural Development

- o Save the Children in Indonesia demonstrated their Community-Based Integrated Rural Development approach in several villages in the province of Aceh, leading to provincial adoption of this approach in its agricultural extension work.
- o CRS in Lesotho and in Rwanda switched the emphasis of its P.L. 480 commodity distribution from emergency food aid to food for work as a result of policy discussions with national officials.
- o Technoserve in El Salvador worked with several local agricultural co-ops whose activities centered on fiber production. Production and marketing gains were threatened by national import of substitute fibers, a policy which was reversed after the co-ops, armed with data gathered by Technoserve, lobbied for the change.

These examples illustrate ways in which some PVOs are acting on their awareness of the links between policy, programs, and institutions to enter the public policy arena. By doing so they aspire to expand the quality and scope of their program impact.

III. Issues and Analysis

Conditions Affecting PVO Policy Influence

A critical factor for any external agency that wishes to influence the policy of a host government at the national or sub-national level is **leverage**. This leverage may take several forms and be applied in a variety of ways.

Traditionally, the concept of leverage has been linked by both donors and recipient governments to potential funding support. Conditions precedent to the release of funds can be used to push governments to address or, at least, investigate, donor-perceived macro level constraints. Predictably, more policy leverage -- especially in areas of structural reform -- has been exerted by large multilateral donors such as the World Bank or the International Monetary fund than by bilateral donors such as AID. For PVOs, funding levels of themselves rarely provide any significant leverage over host government policies.

Perceiving themselves to have limited influence over policy decisions and little access to top-level policy makers, PVOs traditionally have focused on alleviation of the **symptoms** of policy problems, especially at the local or project level. Some have made a virtue of necessity by seeking to avoid or bypass government altogether. Indeed, the relative invisibility of some PVO programs sometimes is cited as an advantage since it allows these PVOs a degree of flexibility and local access denied to large, politically visible, donor agencies. While this may be true, invisibility also can become a serious impediment to the aggressive pursuit of higher levels of PVO relevancy (VanSant, 1986:5). Thus is the crux of the dilemma facing those PVOs that are enticed by the possibility or, as some are arguing, necessity of entering the policy arena.

In this context, some PVOs are exploring non-financial sources of leverage as a means for increase policy influence. Potentially effective sources include

- o Special competence in a particular development sector (historically evident most often in the health sector); and

- o The capacity to collect, analyze, and present reliable field level data that are relevant to key policy decisions.

Using either competence or data for purposes of policy influence presupposes access to and cultivation of key actors and institutions in the relevant policy arena and an understanding of how the decision making system works. Factors that usually are present include a program versus project-by-project PVO country emphasis, deliberate efforts at coalition-building, a long-term country presence, and experienced staff with strong country knowledge and local professional credibility.

PVOs that are effective in the policy arena balance alliances both with policy makers and with other intervening institutions that have their own sources of influence or leverage. Clearly this requires a high degree of political savvy. Rarely can a PVO depend only on its own connections with government officials to bring its information leverage to bear effectively.

Potential Strategies for Policy Influence

Although documented experience in the area of PVO policy leverage is limited, four broad strategies emerge: demonstration, catalysis, information, and direct influence. In the first three cases, the PVO builds on its traditional grassroots connections to become an advocate for the interests of the poor; in the fourth case, the PVO deliberately co-opts powerful interests in the host country to seek changes in government policy. In practice, many successful PVO initiatives in the policy domain involve a combination of these strategies.

Demonstration

The demonstration approach presupposes that the PVO's broad development objectives and priorities are consistent with those of the host government and follows this progression:

1. The PVO demonstrates over time its capacity to deliver effective services to a targeted population at an attractive cost. As such it reduces the risk to government of embarking on a new program.

2. The PVO uses its institutional linkages to transfer its proven technology and approach to a supportive agency with broader impact potential, usually a unit of government.
3. Having established credibility, the PVO moves into relevant policy advocacy buttressed by experience, expertise, and a constituency consisting of both local popular support and the allied agency (Garilao, 1987:13-14).

Several PVOs in the health sector, for example, have moved from demonstrating systems for community based health care to the direct provision of long-term, day-to-day assistance within ministries of health to ensure that new approaches are implemented and sustained over time (Danforth, 1986:30). Often a part of this ongoing assistance is training, by which a PVO can exercise a significant influence on the perspectives of present and future government leaders.

Demonstration effect usually is enhanced if the PVO has built an evaluation component into its activities that provides documentation of how policy factors constrain goal achievement.

Catalysis

The catalyst approach is similar to the demonstration but depends more on networking and facilitation and less on visible program results. The sequence is as follows:

1. The PVO identifies those agencies that dominate the policy and program environment for a particular development concern such as irrigation, food production, or health.
2. The PVO identifies key individuals within these agencies that share the PVO's policy-related concerns and are willing to work internally for change.
3. Funds are provided to the focal agency through the identified change agents to support relevant studies and research that illuminate the policy issue in question.

4. The PVO facilitates the examination of findings and the development of support for needed policy change through forums that bring together key government, research, and other actors (Korten, 1986:4).

This approach is based on the premise that solid research will enhance PVO bargaining power and accomplishes that research by means of PVO collaboration with competent research institutions that are dealing with relevant policy issues.

Information

The information approach also employs research but emphasizes the PVO's unique capacity to provide relevant information from its own experience base. It draws on the premise that poor policy is a function of policy makers lacking good data. Accurate data about the needs of local people depends on first hand experience built over an extensive period of time. The PVO that works in one place over a long period of time and carefully documents its observations has the potential to build a valuable and persuasive data resource (Dichter, 1986:5).

Using this information for policy leverage follows a progression similar to that described for the demonstration approach. Here too the PVO's established reputation in the host country for sectoral expertise and development professionalism is a key factor giving credibility to the policy implications that it draws from its research. As with each approach to policy leverage, the existence of established linkages to key institutions in the policy arena is critical. Without these linkages, a PVO is unlikely to find a serious audience for its proposals, however meritorious and well researched.

Direct Influence

In contrast to the other three, this approach calls for a targeted effort to enlist one or more individuals from the host country elite to sponsor and publicize efforts directed at changing policy. The most effective sponsors tend to be people whose influence and popular appeal transcend politics, and who have no official role within the host government structure: for example, the wife of the head of state or a key religious leader.

PVOs may be well positioned to secure this type of support when they have a relatively high profile due, for example, to wide geographic coverage in their country program or a record of delivering emergency assistance to areas in need. Such visibility generally provides an entree to a potential sponsor; the leadership of the PVO may then be able to obtain valuable backing on specific policy concerns influencing the effectiveness of its program. In some cases, the personal charisma of the PVO representative plays an important role in converting visibility to influence.

When the PVO's own performance record attracts this type of high-level sponsorship, it is generally beneficial and free of risks. The PVO's decision to use such support instrumentally, however, differs from a strategy highlighting its role as an advocate for the poor and dispossessed. In some policy environments it may be possible to harmonize the two strategies because there is no inherent conflict between the sponsor's role and interests and those of the poor. Often, however, the strategies will be incompatible.

Risks and Costs of PVO Involvement in the Policy Arena

The current focus of many PVOs on expanding the impact and sustainability of its programs is timely and appropriate. Related strategies of networking, building institutional capacity, and broadening access to financial and information resources represent valid approaches to the task of increasing PVO influence.

It is not surprising, therefore, when some PVOs and their advocates in the donor and academic communities embrace the merit of PVO engagement in the public policy arena. Much of the limited literature on the subject -- whether analytical or anecdotal -- applauds and encourages PVO entry into this sphere. The potential risks or tradeoffs of this involvement, however, are not frequently explored. Yet the reality is that there are clear opportunity costs for the PVO that endeavors to influence public policy; these costs are particularly acute in the macro policy area that is the subject of this paper. Two major considerations include:

Investment in learning versus investment in doing

PVOs possess a deserved reputation for effective grass roots action, for "getting the job done." The flip side of this action focus often is an absence of strong capability to engage in reflection or to document learning. This weakness can derive from a lack of resources, difficulty in assessing intangibles such as changes in attitudes, or perceived risks that explicit attempts to collect these data may undermine trust between PVOs and recipient groups and institutions (Smith, 1984:134).

As argued above, PVO entry into policy dialogue requires the capacity for carefully documenting policy impacts or the results of demonstration activities or both. This, in turn dictates a significant investment of time and resources that will have to be drawn from other priorities. A PVO in the field is unlikely to escape this tradeoff. The necessary choice should be made with eyes open to the opportunity costs of the decision and within the context of the organization's overall strategic priorities. There could be a direct financial cost to agencies that are dependent on public fund raising which place increased emphasis on research capability. Experience demonstrates the difficulty of "selling" professionalism of this sort, at least through mass media appeals.

Insulation versus influence

The community focus of much PVO activity has provided a useful degree of insulation from political and bureaucratic interference. Most PVO's aggressively defend their independence from both donor agencies such as AID and from host governments, especially governments whose policies in such areas as human rights or social equity they view with distaste

In this context, some PVO's are rushing into public policy dialogue that, by its nature, assumes a shared purpose between the PVO and the government whose permission is required for the PVO to operate in that country. But increased visibility and association with government will extract a cost to the flexibility and innovation that derives, in part, from PVO independence and relative invisibility. The stronger the association with government, the more likely that the PVO must surrender operational autonomy in such matters as financial reporting, personnel policies vis a vis expatriate volunteers, and so forth. Stronger government links also may compromise the U.S. PVOs

opportunity to work with local NGOs or associations that see their purpose as representing the interests of the poor against government authority.

In a similar vein, PVO independence may be threatened if agencies respond uncritically to the siren call of large donors or others urging them to enter public policy dialogue. Most of these external advocates, including AID, have strong policy agendas of their own. These agendas may not fit comfortably with PVO priorities, with the interests of PVO host country institutional partners, or with the interests of PVO financial supporters.

Potential Roles of Host Country Intermediaries

Many U.S. PVOs have emphasized a strategy of institutional linkage with host country institutions for their work in developing countries. These host country partners may be churches, local non-governmental organizations, cooperatives, community associations, or other private sector organizations. Some have long term indigenous roots; others are formed and nurtured by a sponsoring U.S. PVO. Increasingly, however, U.S. PVOs have the luxury of selecting potential counterparts from existing organizations in the Third World. This increases the importance for PVOs of developing institutional knowledge of the countries they are working in (Fisher, 1987:23).

As developing country organizations grow in competence and confidence, they are demanding a larger role in both setting development priorities and in controlling the programs in which they are involved. One result, for example, is a trend toward the use of host country rather than expatriate staff, even by foreign PVOs.

More significantly, local intermediary organizations are playing an increasing role in the linkage between foreign donors, including PVOs, with local people, local resources, and local expertise. They play this role, however, with widely varying sets of interests, constituencies, and practices. By and large, they do not wish to be subordinated to the policy or program agendas of others. Thus, while local intermediaries have played and can continue to play an important strategic role as partners of U.S. PVOs, this role may fit PVO grass roots development objectives more comfortably than it fits PVO policy change agendas.

Nonetheless, in those cases where the policy interest of the local NGO and its overseas PVO partner mesh, the NGO may be well situated to accomplish the kind of research and coalition-building that are key to policy dialogue. The partnership can help the PVO deal with the tradeoffs described above as the local NGO takes the more visible policy advocacy role and provides staff resources for needed research and documentation tasks.

IV. Issues for Further Discussion

Who Defines the Policy Agenda

Much of the current advocacy for enlarged PVO roles in policy reform comes from donor agencies that have clearly defined policy agendas. To the extent that a donor provides major funding to a given PVO, the potential for influence on that PVO's policy dialogue strategy is large. Other encouragement may come from researchers in the academic world, who have their own agendas, for which PVO programs provide attractive and flexible vehicles. Some PVOs may be flattered by the courtship.

These external voices, along with advocates within the PVO community, all emphasize the importance of PVO alliances or networks with institutions in the host-country policy arena, most importantly those agencies of government responsible for policy determination. These agencies, of course, have their own policy agendas which may or may not accord with the interests of the PVO's beneficiary constituents.

In this context, many host-country NGO's, some with links to U.S. PVOs and some operating independently, are arguing that it is they who should define the policy agenda in their countries, not Western PVOs and certainly not Western donor agencies.

Rarely will all these policy agendas be in accord. Nor will they represent the same constituency interests. Nor will they embrace "reform" in the same terms.

Policy Awareness Versus Policy Influence

Much of the current discussion about policy dialogue pays inadequate attention to the options available to a PVO that has achieved a significant degree of knowledge about the policy environment and its impact on the PVO's programs. The implied assumption that such knowledge should lead inevitably to an influence role ignores other possible uses of the information that may be more appropriate in some circumstances or for some PVOs.

The range of options includes:

1. attempt to change the policy constraints;
2. accept the constraints and design the activity or alter the implementation strategy to avoid them; or
3. determine that the recognized constraints are fixed and fatal and abandon the proposed project idea (VanSant and Crawford, 1985:16)

The choice is often difficult and may be forced by circumstances after problems emerge. But in many, if not most, situations option 2 or 3 is most appropriate. The greatest risk of disillusionment and failure occurs when program managers ignore those constraints that are beyond their own control, hoping that things will turn out for the best. Recognizing policy constraints and deciding how to address them, through one or another of these options, smoothes the path to successful implementation.

For most, if not all, PVOs, better awareness and understanding of policy issues represents an important agenda. It may be that the next step -- the attempt to change the policy environment -- should be on the agenda of only a few PVOs who understand the opportunity costs associated with preparing for and carrying out that role.

Building Strategic Capabilities

PVO's that elect to take a more active role in the policy arena -- whether through awareness or through action -- will need to reconsider their own staffing and professional development strategies. Neither policy analysis skills nor mastery of data collection and

analysis techniques have ranked high on most PVO agendas. These "hard" skills plus development of "mobilizer" technical assistance roles that depend on expertise in advocacy, facilitation, and coalition-building should be high on the agendas of PVO's engaging in active policy dialogue. Greater focus on specialized sectoral expertise also may be required, especially for effective performance of data collection and analysis work.

These requirements will affect how PVOs recruit their professional staff, how they train and retrain existing staff, the relationships they establish with collaborating research institutions, and the kind of experience interchange they engage in with other PVOs. Creating new capability to collect and analyze data, to draw out policy-related findings, and to package the information in a way that influences policy makers, will represent a major investment of time and resources. In some instances a PVO will find that its traditional sources of private support assign a low value to this investment, believing that it departs from what the organization has traditionally done best. Faced with the threat of reduced private funding, the PVO may back off from a commitment to strengthen its capacity for policy analysis.

It may be that consortia of PVOs have an important role in dividing specialty roles among their members so that each can be a resource to the others rather than all attempting to broaden their skill base in the several areas required for an effective role in public policy intervention.

There also may be an important role for AID to invest in PVO capacities to gather information and engage in policy analysis. Such an investment, made with respect for the independence of the PVO's use of those capacities, could fill a critical gap.

Final Word

The case for the influence of public policy on host country development program success is unarguable. The desire of many PVOs to broaden the influence of their development ideas and to enlarge the scope of their program impacts is equally meritorious. The apparent corollary that PVOs therefore should move directly into policy intervention is, however, problematical. There are potential costs affecting traditional

program effectiveness and relationships with local partner agencies. There are difficult choices regarding the policy agenda and development of needed research and analysis skills.

Some PVOs report significant success in policy influence. These successes usually grow from a long base of experience in the host country, recognized technical expertise, and effective links with institutions in the relevant policy sector. In some cases, the outcome of policy analysis is a strategic program adjustment to fit recognized constraints. In other cases, PVO policy research has helped the shaping of new program policies by a government agency. In fewer cases, the result of policy dialogue is an actual policy shift to remove or alleviate a barrier to development.

It is too early to judge at what cost, if any, these successes have come. It is a question that PVOs and their supporters should ask and continue to ask.

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