

Sustaining Project Benefits

Guidelines for Improving the Planning and Management of Rural Development

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TABLE OF CONTENTS

PART A - OVERVIEW

SUSTAINABILITY: THE GOAL
SUSTAINABILITY: TOURING THE LANDSCAPE
 The External Policy Element
 Political Support
 Macroeconomic Policies
 The Financial Element
 The Institutional Element
SUSTAINABILITY: COMBINING THE ELEMENTS

PART B - THE POLITICAL AND ECONOMIC ELEMENT

SECTION ONE - SUMMARY AND GOAL
SECTION TWO - DIAGNOSIS
 Anticipating Design Requirements
 Diagnosis: Rapid Reconnaissance Methods
 of Data Collection
SECTION THREE - RESPONSE
 Acting on Design Requirements
 Using Conditions Precedent as Leverage
 Including a Monitoring Component to
 Document Impact
 Response: Adjusting Implementation Strategies
 Diverting Project Resources to Cover
 Unplanned Costs
 Addressing External issues in the
 Evaluation Process
SECTION FOUR - OTHER ISSUES

PART C - THE FINANCIAL ELEMENT

SECTION ONE - SUMMARY AND GOALS
 Excessive Costs
 Insufficient Revenues
SECTION TWO - DIAGNOSIS
 Cost Ineffectiveness
 Insufficient Revenues
SECTION THREE - RESPONSES
 Ensuring Cost Effectiveness
 Assess Original Justifications
 Compare with Available "Low Cost"
 Delivery Systems
 Consider Reliability
 Revenue Generation
 Analyze Recurrent Expenses
 Identify Financial Options
 Project Receipts
 Local Government Revenues
 Other Donor Contributions
 Private Sector Initiatives

SECTION FOUR - OTHER ISSUES

PART D - THE INSTITUTIONAL ELEMENT

SECTION ONE - SUMMARY AND GOAL

Building Capacity

The Process Elements

A Learning Emphasis

A Collaborative Style

A Risk-Sharing Orientation

Involvement of Multiple Levels

A Demonstration Focus

The Structural Elements

Incentives: Who Owns the Fish?

Resource Bases: Are There Any Fish
in the Pond?

SECTION TWO - DIAGNOSIS

Assessing Institutional Options

Is A New Project Needed?

Is A New Organization Needed?

Is A Formal Governmental Organization Needed?

Determining Organizational Capacity

Data Points

Collection Techniques

Identifying and Analyzing Project Linkages

SECTION THREE - RESPONSE STRATEGIES

Simplifying Project Activities

Making Training a Major Project Component

Overseas Training

In-country Training

On-the-Job Training

Management Training

Improving the Effectiveness of Management Training

Implications for Trainers

Improving the Effectiveness of Technical Assistance and of Existing Manpower

The Performer

The Substitute

The Teacher

The Mobilizer

Developing An Effective Technical Assistance Strategy

Increasing Organizational Coordination

Altering Incentives

Decentralization and Participation

Decentralizing Actions

Participatory Management

Beneficiary Participation

LIST OF TABLES

Table	Title	Page
B-1	Measures for Assessing Political Support for the Project Benefit Continuation. . . .	B-6
B-2	Measures for Assessing the Effect of Macroeconomic Policies on Project Sustainability.	B-8
B-3	Rapid Reconnaissance Techniques	B-13
C-1	Measures to Determine the Cost Effectiveness of Project Activities	C-7
C-2	Measures to Determine the Ability of the Project to Cover Recurrent Costs.	C-11
D-1	Tradeoff Between Using New or Existing Institutions.	D-11
D-2	Tradeoffs Among Institutional Options	D-13
D-3	Measures of Functional Capacity	D-15
D-4	Measures to Assess Institutional Capacity	D-17
D-5	Measures to Assess Institutional Incentives	D-20
D-6	Sample Responsibility Chart	D-27
D-7	Advantages and Disadvantages of Various Training Approaches	D-31
D-8	Characteristics of Four Models of Technical Assistance	D-41
D-9	Organizational Mechanisms to Increase Coordination.	D-45
D-10	Relative Advantages of Alternative Coordination Mechanisms	D-47
D-11	Obstacles to Decentralization Efforts	D-50
D-12	Factors Limiting Beneficiary Participation.	D-56
D-13	Characteristics of Donor-Assisted Projects Which Hinder Beneficiary Participation.	D-57

PART A
OVERVIEW

SUSTAINABILITY: THE GOAL

The overriding objective of development initiatives is to generate self-sustaining economic and social benefits. The logic is that once activities are well underway, the donor can withdraw assistance and host country organizations will continue the effort. Unfortunately, the development landscape is littered with the remains of projects that died when donor funding ended. Although the projects were expected to launch self-sustaining development processes, they resulted instead in temporary infusions of assets and personnel and the delivery of short-run services. Since the continuation of project benefits should be the primary objective of development, greater attention must be given to this key issue of "sustainability". Indeed it should be the overriding goal of all development assistance, the aim of all initiatives, and the yardstick against which success is measured.

One response to highlight sustainability is the widespread concern for recurrent costs. This is essential, but it deals with only one of the factors that can result in the demise of project activities and benefits after foreign assistance terminates. The total set of factors that influence the "sustainability" of a project's stream of benefits is complex. Costs are a key element, but so is institutional capacity. In many cases, an additional problem is the reliance on public sector mechanisms where markets and private sector actors might well do a better job.

11

Though complex, the reasons why benefits are not sustained can be divided into three broad elements:

- The political and economic element, including the macroeconomic policy environment in which the project is set and the degree of political support that the project receives;
- The financial element, including the use of excessively costly technologies and service delivery systems, and insufficient revenues to cover future financial needs; and
- The institutional element including inadequate institutional and individual capacity to carry on project activities without outside assistance, particularly a lack of incentives to produce sustainable project benefits and insufficient coordination.

The aim of this handbook is to provide guidelines for project personnel on how to:

- Identify the component issues in achieving the necessary political, economic, financial, and institutional capacity to sustain project benefits.
- Diagnose the situation.
- Analyze various project options to deal with specific problems.
- Develop response strategies to increase capacity and thereby the potential for sustainability.

This four-step process is addressed for each of the three elements of sustainability in parts B, C, and D. However, before beginning to focus on each element individually, it is important to have an overview of the elements and their interrelationship.

SUSTAINABILITY: TOURING THE LANDSCAPE

The External Policy Element

Political support for a project at various levels of government is necessary for project success and the continuation of benefits. In the absence of such support, forces may develop which will undermine or cripple a project, either by changing its objectives or by diverting the resources that it needs to other activities. In a situation where broad political support does not exist, even host country officials who favor the project may be unwilling or unable to adequately support it.

Even where the government is committed to a project, political pressures may still combine to undermine long-term success. The need for quick, visible results, for example, may lead to the introduction of expensive service delivery systems or technologies which cannot be sustained in the long run, given the country's limited resources. Too much political support in the early stages of a project, moreover, can delude people into thinking that such support will always be forthcoming. Finally, political pressures may promote the continuation of a project which is not really achieving its stated objectives or providing benefits to its target population.

An analysis of the political environment affecting a project is important because it influences all aspects of project design and implementation. Political considerations may affect the choice of technology (high or low cost), the amount of time allowed for project implementation, the allowable structure of recurrent cost financing (including the willingness to institute user fees or increase local government revenues), and the macroeconomic policies which affect a project. Political considerations may also lead to a subsidization of beneficiary demand which cannot be sustained.

Macroeconomic policies can impinge on project implementation in many ways. Domestic price ceilings, designed to promote exports and maintain low food prices in urban areas, often lower or eliminate the incentives for farmers to increase production or adopt agricultural innovations. Suppressed producer prices can also discourage investments in the agricultural sector. In addition, such prices can discourage middlemen from delivering critical services. The development of sizeable parallel markets for agricultural products is another consequence of such policies.

Import tariffs or quotas to foster domestic production of agricultural inputs may increase production costs and lower incentives to increase production. Foreign exchange controls may restrict the importation of critical inputs such as fuel needed to continue project activities.

Restrictive monetary policies can limit the access of beneficiaries to credit, and tight budget restrictions may lead to shortages in manpower and administrative support. Unless projects are designed with these macroeconomic limitations in mind, or the policies themselves are changed by the host governments, the success of development projects and the sustainability of the benefits that they generate will continue to be undermined.

On the other hand, economic policies may support development projects, but in ways which cannot be sustained. For example, the reliance on a technological package requiring the heavy use of chemical fertilizer may not be sustainable in a country where fertilizer is imported using scarce foreign exchange, or where the rural infrastructure is inadequate to assure its timely distribution.

Finally, national policies often favor the public sector over private-sector initiatives. At times, poor economic performance results as public sector entities become overextended. Moreover, public sector entities frequently lack the incentives to ensure the provision of cost-effective services. Thus, where financially profitable investment opportunities exist, the encouragement of private sector initiatives may more effectively ensure benefit sustainability.

The Financial Element

Frequently, project benefits are not sustained due to the government's inability to finance recurring costs or additional investments. In part, these problems have been a consequence of the high levels of donor-subsidized investment which have occurred in developing countries in the last two decades. These investments have resulted in high recurring (maintenance) costs. However, donors have been unwilling to subsidize recurrent costs (which are viewed as consumption) to complement their subsidy of development expenditures (which is viewed as investment).

Though the recurrent cost needs of an individual project may not seem excessive, the aggregate demand for recurrent funds implicit in a large number of donor projects can become a severe burden. Until recently, nearly all foreign donors have ignored the problem of creating dependency on aid flows during the project programming exercise. Attempts have been made to ensure project continuation through an ever escalating demand for government resources. It has been only in the last few years that macro studies have shown that government revenues are inadequate to assume project activities as foreign monies are phased out.

In both public and private sector projects the delivery of some form of goods and services will usually be required for benefits to be sustained. One of the reasons for the inability of developing countries to absorb the recurrent cost burden is that frequently, more expensive goods and services are delivered than is optimal, given the availability of local resources. When projects provide high priced or overly sophisticated goods and services, the possibility that they will continue to be provided after outside funding ends is reduced or eliminated.

Aside from a failure to take the time and effort to customize delivery technologies to local conditions, it appears that excessive costs have also stemmed from trying to do too much too soon. In this respect, projects are launched on a larger scale and aimed at a greater target population than is justified, given the level of technological understanding that exists.

The Institutional Element

There are few project ideas so compelling that they will perpetuate benefits without institutions equipped to carry them forward. Usually such institutions, either public or private, will have to be created or strengthened during the implementation process. When external resources are cut off, they must be able to continue certain activities, often with fewer resources than before. Building institutional capacity, therefore, is a key element in project sustainability.

However, in many projects relatively little emphasis is given to the problems of institutionalization, institution building, and training. Indeed, projects are often designed with the goal of avoiding the need for capacity building. The creation of special project management units, divorced from the regular host

government bureaucracies, for example, is a favored implementation approach of large donor agencies. This bypass approach is often justified on the ground that existing institutions are too weak to implement planned activities and achieve their objectives (benefit delivery) within the required life of the project.

Even when the need for institutional and individual capacity building is recognized and attempted, efforts are often unsuccessful. For example, a project may emphasize training individuals at American universities even though it is less expensive and more effective to provide applied training in-country based on local conditions. Moreover, when efforts focus entirely on individuals, rather than on organizations, there is less chance that performance will improve.

Similarly, expatriate technicians providing on-the-job training to counterparts have not produced dramatic results. Part of the problem is the scarcity of qualified host country staff to serve as counterparts to technical assistance personnel. However, it is also easier to measure impact by country kilometers of road built than it is to assess impact on organizational behavior. As a result, technical assistance staff focus more on producing immediate results than on building capacity.

One of the key structural elements to building institutional capacity is the existence of incentives to elicit the support of both individuals and institutions to sustain project benefits.

Understanding and responding to bystander incentives are also important. For example, local merchants may see a project-initiated cooperative as a threat. When the merchants are the major providers of rural banking services, they often have the leverage to undermine the development of the cooperative. In such a situation, their rewards will accrue as they foil the project

strategy and thus they are not likely to support implementation efforts or post-project cooperative activities. Incentives within the institutional environment can thus affect the chances for continued activity. In fact, capacity building will require a critical examination of the effect of incentives on behavior and the value of that behavior for sustained development.

SUSTAINABILITY: COMBINING THE ELEMENTS

One of the real difficulties in generating sustainable benefits is that all three elements must be present. The absence of any element will divert benefit streams. For example, without institutional capacity even a politically well supported and financially well funded project will be unable to deliver benefits. Similarly, even a strong institution will crumble if there is political antagonism or a lack of resources.

To reiterate, the aim of this handbook is to provide guidelines on how to generate these elements, and equally importantly, mesh them together. Certainly, the first requirement is that sustainability be considered throughout the project design, implementation and evaluation process. It is not sufficient to go through a mental exercise during design to ensure sustainable results. Conscious attention to the impact of particular initiatives and strategies also must occur throughout implementation and formative evaluation.

Periodic review of the following questions is one way of operationalizing a commitment to sustainability:

- What benefits are to be sustained? A careful distinction should be made between temporary, project-related outputs and intended long-term benefit flows.

- What resources will be required to fund long-term benefit flows? Will project systems be self-supporting (for example, a credit system whose administrative costs are covered by interest income) or will a permanent subsidy be required? It is particularly important to distinguish recurrent costs from capital costs in making this analysis.
- If external resources will be required, what will be their source? Assuming termination of donor funding, a secure and predictable source of long-term subsidy should be identified before the subsidized activity begins.
- Do projected benefits justify the investment of external resources in light of realistic constraints and opportunity costs? Projects often represent funds in search of activities. Continuation, by contrast, represents activities in competition for funds. Many activities may, for good reason, be seen as a poor investment by a host government, even if once approved for donor funding.
- Does the administrative capacity exist (or is it being developed) to maintain essential systems for benefit continuation? Organizational capacity and leadership as well as resource control are key issues.
- Are permanent aspects of service delivery being institutionalized in government structures? If so, are new administrative resources required (e.g., extension agents or credit staff) or are there already "slack" resources in the system, that is, existing staff who are functioning at less than full capacity.
- How much of the requirement for both financial and administrative inputs can be undertaken locally? Local inputs, if soundly based, reduce dependency, increase predictability, and serve the interests of local control.

Having asked the questions, the next step is to begin to answer them. Providing some guidelines to further clarify these questions, the means to diagnose and analyze the situation, and potential responses is the subject of this handbook. But even with the guidelines, it may not always be possible to answer them. However, the process of asking the questions, looking for answers, and realizing there are gaps thrusts the issue of sustainability to the forefront where it rightfully belongs.

PART B

THE POLITICAL AND ECONOMIC ELEMENT

PART B
THE POLITICAL AND ECONOMIC ELEMENT

SECTION ONE
SUMMARY AND GOAL

All development projects exist within a political and economic environment which impose constraints on the design and performance of projects. How these constraints affect specific projects, however, is seldom fully assessed during project design. Design teams, usually staffed by technical specialists and faced with limited time tend to focus on the internal concerns of discrete project activities leaving external constraints as project assumptions. The result is that project implementers are frequently left to cope with external policy constraints, often without the flexibility or means to make appropriate adjustments in the project strategy.

The goal, then, is a greater awareness of the effects of external constraints and the means to adjust designs and implementation strategies. Often the response is the design of compensating initiatives to adjust to external constraints.

Political priorities and macroeconomic policies can effect rural development projects in a number of ways. Examples of those most frequently encountered include:

1. Absence of political support resulting in project objectives being changed, resources diverted or reallocated; or
2. Too much political support, creating false expectations of continued support or the continuation of projects that are not meeting objectives;

3. Pressures for quick and immediate results which cause the introduction of expensive or overly sophisticated technologies and service delivery systems or unrealistically ambitious projects;
4. Macroeconomic policies which conflict with rural development objectives, particularly:
 - Price ceilings to keep food prices down but which lower or eliminate incentives to increase agricultural production;
 - Import tariffs and quotas to encourage domestic production but which increase agricultural production costs;
 - Foreign exchange controls which restrict the importation of critical agricultural inputs;
 - Restrictive monetary policies which limit access to agricultural production credits;
 - Tight budget restrictions which lead to shortages in manpower and administrative support.

SECTION TWO
DIAGNOSIS

While external constraints may be largely beyond the direct control of individual project managers, efforts can be made to anticipate the effects of the policy upon project activities and to make appropriate adjustments in design and implementation strategies.

Anticipating Design Requirements

Gathering and analyzing data to determine the potential impact of political and macroeconomic policies on project beneficiaries is the key first step in project planning. Accurate understanding of the policy environment is particularly crucial during project identification because this element is the least amenable to project-initiated change. Lists of specific data points and sources are contained in tables B-1 and B-2.

Since these data should be assembled before there is an explicit or implicit decision or commitment to proceed with a project, attention must be paid to the fact that the very process of gathering such data may be interpreted by some as the first phase of a project already in motion. Predesign work should therefore be conducted in a manner that does not raise false expectations. Emphasis on reconnaissance techniques which use proxies for data gathering is one approach.

However, given the situational nature of many of the external constraints that need to be anticipated, methods that involve the active participation of beneficiaries are preferable. Individual interviews, group discussions, and community meetings are obvious

Table B-1. Measures for Assessing Political Support for the Project Benefit Continuation

Measures	Justification	Type of data needed	Sources
<p>Relative attention given to the area in which the project is working, as measured by changes in per capita government and foreign aid investment in the area compared to other areas of the country (on the aggregate basis or for individual sectors, e.g. agriculture, health, etc.).</p>	<p>Can serve as an indication of the importance of the project area or sector focus of the project to the government. If the level of investment is lower than in other regions, it may indicate a low priority on the part of the government for the area, target group, or sector.</p>	<p>Government investment from both the recurrent and development budget by sector for various regions of the country in recent years.</p> <p>Foreign aid expenditures by sector for various regions of the country in recent years.</p> <p>Estimated population of the various regions of the country.</p>	<p>Government budgetary documents, census data.</p> <p>Sector and administrative reports of donor agencies.</p> <p>Interviews with government officials and donor staff.</p>
<p>Level of support by both local and national officials given to the project in the past (high or low) in terms of resources and backing.</p>	<p>If the level of support was low in the past, it can be expected to remain low in the future.</p>	<p>Performance of the government in delivering the funds, personnel, equipment, and supplies required of it by the project agreement.</p> <p>Evidence of pronouncements, written statements, etc. made publicly by important government policy makers in support of the project.</p> <p>Ratio of per capita average expenditures in project area to average per capita expenditures nation-wide.</p> <p>Responsiveness of policy makers to recommendations made by past evaluations of the project (e.g. was a sincere attempt made to address problems identified or were recommendations effectively ignored).</p>	<p>Interviews with project staff, national and local level government officials, donor staff, and project beneficiaries.</p> <p>Review of project documentation, especially administrative reports, financial reports, and correspondence.</p>
<p>Level or depth of current support for the project expressed by local and national officials and policy makers.</p>	<p>The higher the level of support voiced, and the broader that support, the better the chances that financial and material support will be forthcoming.</p>	<p>Percentage of government officials and policy makers interviewed who are familiar with project goals, strategy, and past performance.</p> <p>Percentage of government officials and policy makers interviewed expressing support for the continuation of the project.</p> <p>Evidence that the government has obligated future funds or set aside revenue sources to finance future project activities.</p>	<p>Interviews with government officials, project staff, and donor personnel.</p>

B-1-5

Table B-1. (Continued)

Measures	Justification	Type of data needed	Sources
Level of support (continued)		Evidence that government officials have been actively seeking donor support for a second phase or an expansion of the project.	
		Evidence that local officials have been pressuring national level officials to continue supporting the project.	
		Evidence of significant involvement of local and district officials and community leaders in project planning, needs assessment, solicitation of community resources, attendance at project meetings, etc.	
Probability that individuals or groups outside of the target group will attempt to undermine the project.	If persons outside the target group that are adversely affected by a project (or the pattern of benefits that it delivers) can hinder its performance, long run benefit sustainability will suffer.	Evidence that the interests of certain socioeconomic, ethnic, or political groups will be adversely affected if the project continues.	Interviews with beneficiaries, community leaders, project staff, government officials and representatives of various non-project interest groups.
		Evidence of effective mechanisms by which these groups can block or hinder the continuation of benefit-generating project activities, for example by: <ul style="list-style-type: none"> • Withholding needed complementary resources, services, etc. to the project or its beneficiaries; • Affecting decision making directly through political or economic pressure on policy makers controlling project resources; and • Dissuading (through persuasion or intimidation) beneficiaries from participating. 	
Probability that individuals or groups outside of the target group will support the project.	If persons outside of the target group indirectly benefit from a project and support it, the probability increases that benefit-generating activities will continue.	Evidence that certain socioeconomic, ethnic, or political groups will indirectly benefit from a project (or be adversely affected by the termination of project activities).	Interviews with beneficiaries, community leaders, project staff, government officials and representatives of various non-project interest groups.
		Evidence of effective mechanisms by which these groups can support the project (e.g. through their influence with decision makers, control over resources, etc.).	

Source: Compiled by the authors.

Table B-2. Measures for Assessing the Effect of Macroeconomic Policies on Project Sustainability

Measures	Justification	Type of data needed	Sources
<p>Degree of parity between official prices and the free market with respect to project outputs (i.e. official producer prices for individual project outputs divided by the free market price for those outputs).</p>	<p>When official prices received by the project and its beneficiaries are significantly less than those prices that would result from the play of market forces, there is a danger that continued or increased production would be uneconomic for the project or its beneficiaries.</p> <p>When official prices are significantly higher than market prices, a subsidy is created which encourages production at levels which would not otherwise be achieved. Such policy-based subsidies, however, may be eliminated after outside funding ends.</p>	<p>Official prices of project outputs.</p> <p>Estimated prices that would be received by the beneficiaries or the project in the absence of an official pricing structure.</p> <p>Price elasticity estimates for project outputs (i.e. what effect do variations in prices have on production levels).</p>	<p>Government reports, sector studies from donor agencies, independent studies, especially marketing studies.</p> <p>Project documentation, especially administrative reports and project-generated studies.</p> <p>Interviews with project staff, local merchants and businessmen, government officials, and beneficiaries.</p> <p>Observation, use of key informants.</p>
<p>Leakage into the parallel market (Quantity of project output sold through parallel market channels as a percentage of total project output).</p>	<p>A large percentage of output being sold through illegal channels will indicate that the official price structure is inadequate. An active parallel market, however will also indicate that a vigorous demand for project outputs exist.</p>	<p>Quantity and price of project output sold through parallel market channels. Identification of points where production enters the parallel market.</p> <p>Degree of access by project beneficiaries to parallel market channels.</p> <p>Quantity and price of project output sold through official channels.</p> <p>Evidence of production quotas, export restrictions, etc. affecting the aggregate quantity of project output that could be marketed through official channels.</p>	<p>Government reports, sector studies from donor agencies independent studies, especially marketing studies.</p> <p>Project documentation, especially administrative reports and project-generated studies.</p> <p>Interviews with project staff, local merchants and businessmen, government officials, and beneficiaries.</p> <p>Observation, use of key informants.</p>
<p>Degree of parity between official prices and the free market with respect to project inputs (i.e. official prices for individual inputs required by the project or by the beneficiaries divided by the free market prices for these inputs).</p>	<p>When official input prices are more than those which would be paid in the free market, production objectives might be undercut.</p>	<p>Official prices for inputs needed by the project (e.g. raw materials, equipment, etc.).</p> <p>Estimated prices that would be paid by the project or beneficiaries in the absence of an official pricing structure.</p>	<p>Government reports, sector studies from donor agencies, independent studies, especially marketing studies.</p>

Table B-2. (Continued)

Measures	Justification	Type of data needed	Sources
	When official prices are less than those the project or beneficiary would pay in the free market, a subsidy is created which may not be continued after outside funding ends.	Price elasticity estimates for project inputs.	<p>Project documentation, especially administrative reports and project-generated studies.</p> <p>Interviews with project staff, local merchants and businessmen, government officials, and beneficiaries.</p> <p>Observation, use of key informants.</p>

Source: Compiled by the authors.

17.

vehicles along with more impersonal observations and review of local documents. dealing with macropolicies may require exploration at both central and local levels, the former to best understand why the policies exist, the latter to anticipate their local impact.

The use of key local informants and the participation of beneficiaries should be emphasized. while critical technical knowledge may be supplied by outsiders, adapting that knowledge to local realities requires indigenous wisdom as an equally important input.

Diagnosis: Rapid Reconnaissance Methods of Data Collection

Particular mention should be made of "rapid reconnaissance" methods of information gathering, which have particular value for sensing potential environmental constraints. Such methods generally use proxy indicators to assess factors whose direct measurement may be externally complex, expensive or time consuming.

Rapid reconnaissance is composed of six techniques:

1. Examination of written records. This method is self-explanatory and it is used by virtually all professionals. Feasibility studies, design documents, evaluations, administrative reports, organizational by-laws and academic studies all may provide potentially useful data. Such documents, however, also often contain little information about actual behavior.
2. Informal delphi. This is a group discussion approach to consensus-building which engages informed persons in a dialogue that exposes variations in the interpretation of events, policies, or objectives. An example of this appears as part of an investigation into the tribal land law of the Nyakyusa people of Tanzania. By pursuing a gradually narrowing series of "what if?" questions, disparate responses were refined into an increasingly coherent and accurate picture of actual practices. For example, the rights of returned villagers were identified

by beginning with a question about whether or not they would be able to resume planting their former fields or living in their former houses. The initial responses ranged from "yes" to "no." Gradually, contingencies were identified (other occupants, time away, action of village headman, tree crops versus other crops, upland versus swampland plots, and so on) and a consensus was developed about when the answer would be yes and when it would be no.

Skill is required for successful use of this approach. The investigator must be equipped with, or able to develop, a logical sequence of questions that focus participant attention on contingencies and refine perceptions of decision criteria. If the exercise begins with a hypothetical situation it can usually be transformed into an examination of real cases that reveal actual past behavior. Moreover, the exercise itself may disclose much about the interactions among those who participate in it.

3. Confidential interviews. This approach can be used as a result of networking. That is, as one informant identifies someone who is deemed to be particularly knowledgeable on a certain subject, that person can be contacted and interviewed. Such data is most reliable when two people who disagree about the desirability of an occurrence agree on its existence.
4. Use of Key informants. This approach relies on a single individual as the filter of information. Such use of a "counterpart" is common in both anthropological and organizational studies.
5. Direct observation of behavior. Although this method seems to be the most natural way to collect data, observational skills must be developed and refined. Untrained observers often impute false meanings to people's actions, but trained researchers describe only what people do. Skilled observations can expose behavior that the actors themselves were unaware of exhibiting.
6. Formal workshops. When training combined with action planning efforts are based on interactive exercises, the result often provides participants with frameworks for organizing data they already possess. This is a useful way to tap the knowledge held by project or organization staff and simultaneously to upgrade their skills in using these data. It does tend to be costly in terms of scarce time and in skills needed to go beyond prepackaged approaches. Nevertheless, it has a potential for building capacity and improving performance at the same time that information is being elicited.

The advantages and disadvantages of each approach are summarized in table B-3. In general, it is important to keep in mind that rapid reconnaissance techniques, like impressionistic data in general, must be used with care. Against the advantages of timeliness, low cost, relative unobtrusiveness and flexibility must be weighed against the difficulties of estimating the degree of confidence that can be placed in the data and of judging the quality of the investigator's performance. These difficulties can be reduced through the use of multiple indicators in a particular situation, by checking the results of the reconnaissance against local perceptions, or by using impressionistic data to complement more quantitative survey data.

Multiple information sources also serve the need to assess the concurrence of adverse factors on rural life especially at certain seasons of the year. Rural planning should have seasonal analysis as one of its central concerns, with particular attention given to what happens at the worst times of the year.

Table B-3. Rapid Reconnaissance Techniques

Data collection approach	Advantages	Disadvantages
Record examination	<p>Language barrier is lessened</p> <p>Documents can be reviewed at convenience of interviewer; does not disrupt staff activities</p>	<p>Records are often inaccurate, or inappropriate</p> <p>Difficult to estimate sample bias</p> <p>Limited range of variables covered can be very time consuming</p>
Direct observation	<p>Provides primary data</p> <p>Does not disrupt routine bias</p> <p>Can expose data not anticipated by investigator</p> <p>Low cost</p>	<p>May be confounded by investigator's presence</p> <p>Susceptible to misinterpretation by researcher</p> <p>May contain seasonal bias</p> <p>Lack of representativeness</p>
Confidential interview	<p>Protects informer</p> <p>Allows access to examples of actual dynamics</p> <p>Increases extremes and range of perspectives</p>	<p>Usually highly biased</p> <p>Emotionally taxing</p> <p>Requires leads from, other informants</p> <p>If interpreter is required, protection is lost, interpreter may be filter information</p> <p>Sample may be limited or confidentiality impossible in some settings</p>
Key Informants	<p>Useful in clarifying issues, testing conclusion of the investigator</p>	<p>Bias or perspectives of key informants may have undue influence on results</p>

(continued)

21

Table B-3. Continued

Key informants
(continued)

Acts as filter to avoid culturally objectionable questions or data gathering techniques

Excessive time may be required to identify the best informants

Key informant linked to key decision makers can help prepare atmosphere for report

Some informants may alienate potential actors who are key to implementing recommendations

Involvement in process can build skills of informant

Rapport between key informants and evaluators is essential

Informal Delphi

Facilitates participation and exposes interpersonal dynamics

Minimizes extremes and range of perspectives by inducing consensus

Increases accuracy of meanings imputed by researchers

Emotionally taxing

Increase sample representativeness

May require interpreter

Generates data beyond interview design

Exposes views of informers

Low cost

Susceptible to domination by a strong personality

Can begin dialogue among participants

Disrupts staff activity

Workshop

Builds capacity as well as serving as information collection technique

Costly in terms of staff or beneficiary time and effort

Promotes investment in and receptiveness of results on the part of participants

Requires scarce facilitative skills for evaluators

Can lead directly to identification of strategies to improve situation

Status difference among participants may affect attendance

(continued)

22

Table B-3. Continued.

Workshop
(continued)

Communicates information
to decision makers as
simultaneous part of
collection process

Can produce formal commit-
ments, recommendations or
analyses based on group
effort

SECTION THREE
RESPONSE

Acting on Design Requirements

The purpose of anticipating potential problems caused by external constraints is to provide a basis for appropriate action in the design phase. Such action may include:

- Design adjustments;
- Attempts to change or remove the constraints themselves;
or
- Abandonment of the project idea altogether.

Opting for the latter requires, first, the ability to recognize fatal constraints and, second, the freedom to recommend that a project not be undertaken. This freedom, in turn, requires that pre-design be taken seriously and that a political or bureaucratic commitment to carry out the proposed development scheme not have been made.

1. Using Conditions Precedent as Leverage

If the decision is to proceed with the project, conditions precedent to the release of funds on a loan can sometimes be used as donor leverage to urge a host government to address, or at least investigate, certain policy constraints. The effectiveness of this tool depends on the type of constraints and the capacity of the host government to act upon it.

As a condition for the disbursement of funds for the final 2 years of Operation Mills Mopti, USAID required that the Government of Mali, through a private contractor, conduct a study of peanut production and marketing in the Mopti region, with a view toward determining (1) what effect, if any, increased peanut production would have on farmers' net revenue, soil

24

fertility, and millet production; and (2) whether the marketing of peanuts would increase Operation Mils Mopti's financial viability. Further, if the study recommends that Operation Mils Mopti should market peanuts, the government was to give the project authority to do so prior to the disbursement of funds for the second project year. Finally, while concluding that the grain pricing policy of Mali was beyond the scope of the project to solve, a condition precedent to the continued funding of Operation Mils Mopti required that the government not increase the grain quota for the region. This ensured that the small farm would not have to sell surplus output at the official price. Instead, any increased production could be sold on the "illegal" paralled market, thus providing the farmer greater incentive to produce a surplus.

In circumstances where national resources are extremely scarce, demanding conditions precedent however, may be unrealistic or may engender donor competition. In this case, examining possibilities for mobilizing local resources may be more appropriate.

2. Including a Monitoring Component to Document Impact

Another response is to design in a planning/evaluation component into projects to document how external constraints are interfering with goal achievement. Though the results of such planning research may be uncertain, introducing such a component is preferable to simply hoping that these constraints will not be a major obstacle to realizing project objectives.

Projects can also be designed to get around macro constraints:

In the Upper Lofa County Rural Development Project, a project management unit (PMU) was used to avoid many of the difficulties entailed in using regular government channels, including archaic salary disbursement procedures and an authoritarian management structure. As with any placement strategy, use of the PMU involves tradeoffs that must be carefully considered. The most prominent concern is sustainabilty. Past experience with PMUs suggests that they are no substitute for institutional reform.

Response: Adjusting Implementation Strategies

If a constraint is not addressed in the project design, it will have to be faced during implementation if and when project managers see the link between the constraint(s) and chances of the project succeeding. This will involve costs to the project in terms of staff time and resources.

When a project manager faces constraints that were not adequately anticipated in the design of the project, he has several options:

- Change the project strategy to respond to the constraint, that is, change target groups, geographic areas of concentration, project components, and so forth.
- Divert project resources toward addressing the problem. Examples would include using staff time to expedite resource deliveries or political decisions, using project funds to pay the extra costs brought about by the constraints, and taking on additional activities or responsibilities not planned for in the project design.
- Wait for the evaluation process to point out the problem and then hope that it will be resolved at higher policymaking levels.
- Document the problem in preparation for subsequent project funding negotiations.
- Accept the constraint and alert donor agencies and the host government to expect slower progress and lower target level achievements.

1. Diverting Project Resources to Cover Unplanned Costs

High level political problems in Upper Volta, led to the inability of that government to supply the funding required as their contribution to the financing of the Eastern ORD Integrated Rural Development Project. Consequently, the management of the project used money that had been set aside for a revolving credit fund to cover the project's recurrent costs, mainly salaries. Initially this transfer was intended as a loan from one

account to another pending government funding. The subsequent failure of the government funds to arrive, however, seriously threatened any chances of the project's having a sustainable credit program.

2. Addressing External Issues in the Evaluation Process

Experience from the North Shaba Project In Zaire indicates that addressing macro constraints in mid-course project funding negotiations can bear fruit. Given certain constraints faced by the North Shaba Project, an amendment to the project's budget included several conditions precedent to dealing with them. One called for the creation of a high-level "project liaison committee" to review the project's budget and ensure that the funds are disbursed in a timely manner. A second authorized the use of counterpart fund advances to cover project operating costs, when regularly scheduled budget releases are delayed. Finally, two conditions were included to thwart the attempts of a powerful politician in the region to create a sanctioned marketing monopoly in the project area. Though the project staff had to make a special effort to inform the relevant government policymakers of the existence of these conditions in the amendment, the Government of Zaire acted surprisingly fast in fulfilling them, once they were known.

Further, a series of "covenants" were included in the amendment that, while not conditions for the release of funds, were aimed at drawing government attention to some of the macro constraints facing the project. For example, these covenants called for efforts by the government to ensure that sufficient supplies of fertilizer and fuel reach the project area and for a review by the government of its agricultural marketing policies in the region (examining the gap between official prices and those on the parallel market, barriers to inter-regional trade, and taxes on the purchase and sale of agricultural products). The government has demonstrated its intention to address these issues and progress is being made, though fuel and fertilizer availability remains problematical.

SECTION FOUR
OTHER ISSUES

Alleviating problems of external constraints is first a design issue. Although it would be unrealistic to expect designers to anticipate every potential external constraint, it is not unreasonable to expect them to recognize the critical importance of project design assumptions. By simply taking uncertainty more seriously, project designs could facilitate the application by managers of what they learn in the course of implementation. At a minimum, key categories of potential learning could be identified and possible options anticipated.

The project papers for the proposed Local Resource Management Project in the Philippines, for example, emphasized systems development and institutional learning within existing government structure "requiring continual experimentation, incremental adjustments, and evaluation of approaches and process for replicability and sustainability across different localities." Consistent with this emphasis, AID funding for the project will be requested in phases so as not to lock either AID or the Government of the Philippines into specific long-term funding expectations or implementation arrangements.

Many failures stem from treating design as a discrete activity divorced from implementation and conducted by outside specialists. Design products are then judged as research products or technical analyses more than as guides for implementation. Donor tendency to procure design services separately from implementation assistance compounds the problem. Designers are rarely held accountable for the actual results of their work.

More appropriately, ongoing planning and evaluation should be treated as part of the task of management, the basis for defining strategies and organizing resources toward achievement of explicit goals.

PART C

THE FINANCIAL ELEMENT

PART C
THE FINANCIAL ELEMENT

SECTION ONE
SUMMARY AND GOALS

In order to generate sustainability in development projects, a second group of issues must be considered. They focus on the financial viability of development projects and include such key issues as:

- Undertaking project activities in a cost effective manner;
- Identifying revenue and future investment needs of the project; and
- Identifying sources of funding cover recurrent costs of future benefit-generating activities.

Even when these issues are at the forefront in project planning, there are often built-in biases and assumptions that cloud long-term vision for continuation of project benefits after foreign assistance is withdrawn. Such things as high cost bias in inappropriate technologies, professional biases among technicians trained in developed countries, and central government assumptions about donor-subsidized investments, complicate and confuse sustainability objectives.

The goal, then, is to pinpoint these biases and assumptions and consider long-term financial viability from the start. Project planners can then simultaneously deal with the key issues noted above and begin to promote benefit-sustainability activities in project strategies.

Excessive Costs

In both public and private sector projects the delivery of some form of goods and services will usually be required for benefits to be sustained. Frequently, however, more expensive goods and services are delivered than is optimal, given the availability of local resources. When projects provide high priced goods and services, the possibility that they will continue to be provided after outside funding ends is reduced or eliminated.

Several factors combine to bring about the high-cost and professional bias in development projects:

- Project planners sometimes design projects as if availability of donor funds and host country resources were unlimited;
- The pressure on donors to use foreign assistance to promote exports results in more capital-intensive solutions than are appropriate;
- Some developing countries express preference for more sophisticated capital than is needed;
- Technicians trained in developed countries prefer to experiment with state-of-the-art technologies or approaches rather than use more mundane, yet proven, methods; and
- Projects are launched on a larger scale and aimed at a greater target population than is justified, given the level of technological understanding that exists.

Once recognized, these biases can be confronted with methods to manage project activities which may increase the efficiency and lower the overall costs. These methods include:

- The design of less expensive and less complex service delivery systems;
- The use of low-cost technology; and
- The use of local resources whenever possible.

Insufficient Revenues

Frequently, project benefits are not sustained due to the host government's inability to finance recurring costs or additional investments or assumption that donor countries will continued to finance through subsidizes. In part these problems have been a consequence of:

- High level of donor-subsidized investment which have occurred in developing countries in the last two decades;
- Donors unwilling to subsidize recurrent costs; and
- Inadequate analysis of available funding strategies to cover recurrent costs for host country governments.

Alternative sources of funding to cover recurrent costs may be available and should be explored. These sources include:

- International donors;
- Subnational governments;
- Private sector; and
- Beneficiaries (through user fees and self-help programs).

Aside from attempting to increase revenues to cover recurrent costs, project designers and implementers can try to minimize subsidies which will not be maintained once outside funding ends. The subsidies to be avoided include:

- The use of staff, facilities, and equipment paid through other accounts;
- The subsidization of salaries; and
- Acquisition of materials and inputs at subsidized rates.

SECTION TWO
DIAGNOSIS

Potential financial constraints can be classified along two dimensions:

- Cost ineffectiveness of the project activities; and
- Insufficient revenues.

Cost Ineffectiveness

Since the cost of operating and maintaining technologies or systems is often high during donor participation in a project and greater than can be managed when foreign aid is withdrawn, one of the goals of project planners to assure generation of benefit sustainability should be to determine whether project activities are being undertaken in the most cost effective manner. This can be done in part through measures which (see Table C-1):

- Determine whether the economic analysis originally used to justify the project is still valid;
- Decide what constitutes "low cost" technology or method of service delivery;
- Determine unit cost of the goods or services offered by the project compared to the user's ability to pay;
- Estimate degree of dependence upon expatriates or outside resources to keep the technology or delivery system operational;
- Determine what the level of local production of the technology or its components;
- Determine ability to maintain and repair the technology during implementation;

Table C-1. Measures to Determine the Cost Effectiveness of Project Activities

Measures	Justification	Type of data needed	Sources ¹
Continued relevance of original cost-benefit analysis.	If the assumptions, cost estimates, etc. of the original economic analysis have not been accurate, it may indicate that the cost-effectiveness of project activities is better or worse than that originally used to justify the project.	<p>Examination of original economic analysis for continued validity of assumptions, either explicit or implicit.</p> <p>Comparison of expected prices of inputs/ outputs, cost of goods produced and service delivery, etc. with actual implementation experience.</p> <p>Comparison of performance of technology used, (e.g. yield of new seed varieties, numbers of beneficiaries reached, etc.), with original predictions upon which the first analysis was based.</p>	<p>Economic analysis in original project design. Secondary documentation regarding economic statistics, prices, etc. in the region.</p> <p>Discussions with project staff, donors, beneficiaries, etc. with regard to actual implementation experience, prices, performance, of technology, and so forth.</p> <p>Observation, direct measurement.</p>
Unit cost of technology or service delivery employed in project being evaluated compared with that of similar projects or with estimates of "low cost" approaches by experts.	If the unit cost of a technology (e.g. an irrigation system) or the per beneficiary cost of service delivery (e.g. primary health care) is higher than that encountered elsewhere, it may indicate potential problems with benefit sustainability.	<p>Data needed to establish comparability of projects with respect to scale, scope, complexity and setting (e.g. level of investment, number of beneficiaries, types of interventions chosen, resources available, etc.).</p> <p>Installation, operation, and maintenance costs per beneficiary or per unit of output for various alternative approaches or technologies.</p>	<p>Project administrative reports, interviews with project staff.</p> <p>Reports from similar projects.</p> <p>Donor sector studies, development literature.</p> <p>Discussions with experts on technology or type of service delivery.</p>
Unit cost of the goods or services offered by the project compared to the user's ability to pay.	If the technology or delivery system provides goods and services to project beneficiaries at a cost which exceeds their ability to pay, it will be impossible to continue delivering those benefits without a perpetual injection of outside resources.	<p>Cost per beneficiary per unit of the output generated by the approaches or technologies employed in the project (see above).</p> <p>Amount of funds/resources accruing to households as a result of their using the goods and services provided by the project.</p> <p>Amount of funds or resources available to the average beneficiary household that could be set aside for purchasing the goods and services offered by the project.</p>	<p>Review of project administrative reports, interviews with project staff.</p> <p>Interviews with beneficiaries, information from household consumption surveys.</p> <p>Financial analysis of the technology.</p>

C-7

(Continued)

162

Table C-1. Continued

Measures	Justification	Type of data needed	Sources
Degree of dependence upon expatriates or outside resources to keep the technology or delivery system operational.	When outside funding ends, the maintenance experts will leave. Further, the availability of outside resources will be less assured, thus limiting the future performance of the technology or delivery system.	<p>Estimated degree of dependence:</p> <ul style="list-style-type: none"> • Number of local staff trained and able to maintain the technology; and • Percentage of resources, parts, etc. that are locally procured (taking into account that some parts are more critical than others). <p>Expected life of the machinery, etc. without outside assistance.</p> <p>Percentage of the cost of the technology to be covered by foreign exchange.</p>	Observation, direct and indirect measurement, interviews with project staff, experts.
Level of local production of the technology or its components.	Exploiting this potential can lower recurrent costs and ensure greater reliability of the technology and delivery system used (this is the obverse of the dependence on outside expertise and resources measure, discussed above).	<p>Evidence of opportunities for local production of project inputs which have not been exploited.</p> <p>Evidence that facilities for local manufacture exist and that local production is feasible (i.e. that opportunities for local production exist).</p>	Interviews with project staff, local community leaders, local businessmen and merchants.
Ability to maintain and repair the technology during implementation.	If the technology cannot be maintained during implementation, it is unlikely that it will be maintained after outside funding ends.	<p>Percentage of vehicles, equipment, etc. "down" due to repair problems at any given time during implementation.</p> <p>Average length of time that equipment is awaiting repair (e.g. number of work-days lost).</p>	<p>Project administrative reports; vehicle maintenance and procurement logs.</p> <p>Observation, direct and indirect measurement techniques.</p>

(continued)

54.

Table C-1. Continued

Measures	Justification	Type of data needed	Sources
Gap between the behavioral practices entailed in using the new technology and that entailed in the previous technology.	The greater the number and magnitude of the behavioral changes implicit in adopting a new technology (i.e. its complexity with respect to beneficiary and project staff experience) the more sensitive the technology to breakdown. For example, an intervention based on changes in existing cultivation practices (e.g. the use of a new hoe) would be easier to sustain than one requiring the adoption of new cultivation practices (e.g. the application of fertilizer.)	Explicit identification of the new skills that must be learned in order to use the new technology (by both project staff and project beneficiaries).	Interviews with project staff, beneficiaries. Observation, direct and indirect measurement.
Level of use of paraprofessionals in project implementation.	Exploiting this potential can lower recurrent costs and ensure greater reliability of the technology and delivery system.	Evidence that opportunities for the use of paraprofessionals exist which have not been exploited. Cost of paraprofessionals relative to professionals. Evidence that paraprofessionals have been integrated into other projects in the country, or have undertaken similar activities in the past.	Interviews with project staff, local community leaders, beneficiaries.

Note: ¹ Interviews can refer to sample surveys, confidential interviews, group interviews, the use of key informants, and workshops. Past evaluation of a project will be a potential source of information for many of the measures listed.

- Locate gaps between the behavioral practices entailed in using the new technology and that entailed in the previous technology.
- Determine amount of paraprofessional use in project implementation.

Each of these can be measured through examination and comparison of appropriate data. The following section focuses on actual methods used to determine cost-effectiveness and sustainability in project activities.

Insufficient Revenues

To generate benefit sustainability activities throughout the life of the project, project designers and planners as well as host country officials must examine sources of potential revenues to cover recurrent costs and identify other sources of funding available to the host country once external aid ends. In order to do this they must be able to measure (see Table C-2):

- The probability that the aggregate level of revenues will cover the recurrent expenditures needed to continue benefit generating activities;
- The probability that the private sector will take over some benefit generating activities;
- Probability of subsidy continuation; and
- That subsidies are being phased out over the life of the project.

Through these measures a thorough examination of the financial viability of the project can be made and likewise strategies for sustaining benefits can be designed.

21

Table C-2. Measures to Determine the Ability of the Project to Cover Recurrent Costs

Measures	Justification	Type of data needed	Sources
Probability that aggregate level of revenues will cover the recurrent expenditures needed to continue benefit-generating activities.*	If the expected revenues do not equal recurrent costs, the activities necessary to generate benefits cannot be sustained.	<p>Estimation of financial outlays that are necessary to continue project activities: annual budgets.</p> <p>Estimation of financial revenues that can be expected as a means of meeting recurrent costs. This involves examining each source of potential revenues:</p> <ul style="list-style-type: none"> • Percentage of recurrent expenditures to be covered through project receipts, including revenues from sale of project outputs, user charges, fees, beneficiary contributions, etc.; • The estimated probability that revenues will be generated through receipts, user charges, etc., based on evidence of the use of these approaches during implementation, the willingness and ability of the beneficiaries to pay the charges, etc.; • Percentage of recurrent expenditures to be covered through local government revenue generating activities (taxes, fees, etc.); • Estimated probability that local government revenues can be tapped, based on a willingness and ability of local governments to generate revenues and apply them to the project's needs, as well as local revenue collection experience; • Percentage of recurrent expenditures to be covered through additional donor contributions; • Estimated probability that donor funds will be available to cover recurrent costs; • Percentage of recurrent expenditures to be covered by government agency or institution currently implementing the project. 	<p>Review of documentation, esp. administrative and financial reports.</p> <p>Interviews with project staff, beneficiaries, local community leaders, etc.</p> <p>Review of project documentation, especially administrative and financial reports.</p> <p>Interviews with local government officials, project staff, taxpayers and beneficiaries</p> <p>Observation, use of key informants.</p> <p>Interviews with project staff, national level officials, and staff of various donor agencies.</p> <p>Interviews with project staff and national level agency officials.</p>

(Continued)

100

24

Table C-2. Continued

Measures	Justification	Type of data needed	Sources
Probability that the private sector will take over some benefit-generating activities.*	If the private sector will perform some of the activities critical to benefit-generation in the future, the burden of financing the recurrent costs of these activities will rest on their shoulders.	Evidence that there are private entities already performing related activities. Evidence that financial incentives exist which would ensure that private firms take over and continue these activities.	Interviews with project staff, local community leaders, local merchants and businessmen. Observation, use of key informants.
		<p>Estimated probability that this entity will have adequate budgetary funds to continue implementation. This estimation can be based on:</p> <ul style="list-style-type: none"> • Relative growth of institutions budget and mandate over the life of the project; • Size of the institution's budget relative to the future needs of the project; • Timeliness and adequacy of the delivery by the institution of funds and resources during project implementation; • Growth of host institution portion of project budget during project implementation relative to design expectations. 	Review of project documentation, especially administrative and financial reports and correspond-
		Percentage of recurrent expenditures to be covered through support by other government agencies or institutions.	Interviews with project staff and national level officials of government agencies or institutions involved.
		<p>Estimated probability that national level revenues will be forthcoming from these institutions. This estimation can be based upon:</p> <ul style="list-style-type: none"> • Awareness by policy makers that their institution is expected to pick up recurrent costs after outside funding ends. Their awareness of the amount and type of funding required; • Evidence of viable plans for transferring project activities to an institution or government agency; • Evidence of a graduated shift of the recurrent cost burden to the host government during project implementation. 	

C-12

Table C-2. Continued

Measures	Justification	Type of data needed	Sources
Probability of subsidy continuation.*	<p>After the termination of outside aid, such subsidies (e.g. use of free facilities, seconded personnel, low cost acquisition of inputs, high staff salaries) often can not be continued. Hence real project operating costs will increase. The greater the proportion of the "undependable subsidies" relative to total project costs, the greater its potential threat to benefit sustainability.</p>	<p>Identification of what is being subsidized (e.g. personnel, services, inputs, etc.), who is receiving the subsidies, and how much they amount to. (Each subsidy within a project must be examined individually, since some will be more amenable to rectification than others depending upon the type and amount of the subsidy and who is benefiting from it).</p> <p>Calculated value of each of the subsidies identified above, based on the cost of the services/resources on the open market (e.g. how much it would cost to rent office space if public facilities were no longer available).</p> <p>Estimated probability that such services would continue after the project ends, based, for example, on a comparison of project service cost/beneficiary with that in other areas, political importance of the target group or region for the government, etc.</p>	<p>Review of project documentation, especially administrative and financial reports.</p> <p>Interviews with project staff.</p> <p>Interviews with project staff, government officials and administrators of institutions providing subsidized services/resources presently.</p>
Evidence that subsidies are being phased out over the life of the project.	<p>If subsidies are phased out during project implementation, the threat they pose to benefit sustainability will be reduced.</p>	<p>Evidence that measures have been initiated to reduce or eliminate subsidies (e.g. through the initiation of user charges, increases in output fees, or the payment of real costs for project inputs).</p> <p>Awareness by project staff of the need to phase out subsidies (e.g. percentage of staff agreeing that subsidies are a problem and able to identify subsidies in their own operations).</p> <p>Expressed willingness of beneficiaries to shoulder the increased costs of the services they receive. Level of beneficiary participation, use of services offered, etc. without the subsidy as opposed to that level experienced when the subsidy was included.</p>	<p>Interviews with project staff, community leaders, beneficiaries.</p> <p>Review of project documentation, especially administrative and financial reports.</p> <p>Observation, use of key informants.</p>

Note: *Probability can be calculated with judicious use of Bayesian probability analysis.

SECTION THREE
RESPONSES

Ensuring Cost Effectiveness

1. Assess Original Justifications

The first step in ensuring the cost-effectiveness of a technology or delivery system is to determine whether the economic analysis originally used to justify the project is still valid. This does not require that a complex cost-benefit analysis be repeated. However, the original analysis must be examined for its accuracy and continued relevance. This can be done through examination and comparison of:

- Cost of inputs, outputs, and service delivery during implementation;
- Original economic analysis of the project to check initial assumptions against implementation experience;
- Comparison of performance of technology used.

Actual implementation experience may have called into question some of the assumptions made on a project, costs of inputs or outputs that may have been higher than expected, rationale for existing technologies. Examination and observation of these issues provides a means of cross-checking with original design to ensure through recalculation or modification that the project's cost-effectiveness has not decreased substantially.

2. Compare with Available "Low Cost" Delivery Systems

Another option in assessing the cost-effectiveness of a delivery system or technology is to determine a "low cost" method and to compare that with the costs per beneficiary or per unit encountered in the project at hand. This could be done through:

- A review of studies dealing with low cost delivery systems or technologies;
- Examination of experiences of similar projects in comparable environments;
- Identify reasonable unit costs or sources for such estimates with experts from AID and host country;
- Comparison of operation, maintenance, or installation costs per unit of output or per beneficiary for various alternative technologies or delivery systems.

3. Consider Reliability

Another important indication of the cost-effectiveness of a technology or delivery system is its long-term reliability. Measures of reliability could be:

- The percentage of vehicles or equipment that is "down" due to repair problems during implementation;
- The amount of time it takes to repair "down" equipment.

At least in larger projects, this information will be available from maintenance logs or procurement reports. Depending upon the importance of the equipment or vehicle for project success, a large percentage of inoperable equipment or a long turn-around time in repairing it will indicate potential problems for post-project operating and maintenance. If the project has experienced problems during implementation in maintaining its equipment, those problems can be expected to multiply once outside assistance ends.

Alternatively, the local production of replacement parts, and the use of paraprofessionals to perform some project activities are methods that a project can use to lower benefit delivery costs. This can be measured by calculating:

- the amount of facilities that allow for local production of replacement parts technology; and
- through interviewing with project staff, local community leaders, etc, to find out what the opportunity for local production of project inputs are.

Revenue Generation

1. Analyze Recurrent Expenses

The first step in determining what revenues will be needed would be to examine and analyze recurrent expenditures. This could be done by:

- Projecting an annual budget;
- Predicting the probability that necessary revenues will be forthcoming.

This would involve an examination of:

- The percentage of recurrent expenditures to be covered by local government revenue generating activities (taxes, fees, and so forth);
- The probability that local government revenues could be tapped, based on a willingness and ability of local governments to generate revenues; and
- The percentage of recurrent expenditures to be covered by alternative revenue sources.

4/3-

2. Identify Financial Options

Whether a given revenue source is relevant to a project or offers potential for future financing, will depend upon the nature of the activity being undertaken and the setting in which the project is operating. Once a potential revenue source has been found, its reliability must be evaluated. This would involve an evaluation of any plans for transferring funding responsibilities to the new source, and the identification of any institutional obstacles to collecting the revenues or channeling them to the project.

Alternative revenue sources include:

- Project receipts, including those from user charges and beneficiary contributions;
- National agency budgets;
- Local government revenues/taxes;
- Further donor contributions; and,
- Private sector initiatives.

a. Project Receipts

The project itself can be a prime source of recurrent cost financing. Where its receipts exceed its operating and maintenance costs, a project will generate sufficient revenues to pay for itself. In such cases, project activities could be maintained indefinitely. User charges for services provided is one obvious source of project revenues. The benefit generating factors in user charges are:

- User fees will cover the costs of the project or activity;
- Indicate whether service is yielding meaningful benefits to the public;

44

- Can be structured according to user's ability to pay; and,
- Entire financial burden of providing a service will not fall on the government--thus taking the burden off all taxpayers or those who do not benefit from the service.

b. Local Government Revenues

Host government agencies or institutions, can provide other sources of revenue to sustain project activities. They can be the institutions involved with the implementation of the project or can be altogether different ones. In either case, an assessment must be made as to the willingness and ability of an institution to shoulder the financial burden of project activities. Questions should be asked such as:

- Does the agency or organization have the mandate or resources to maintain the project?
- How large a role should host governments be expected to play in providing resources?
- What invested interest does the host government have in the project?

c. Other Donor Contributions

Another possible revenue source includes funding by other international donors. Similarly, lower level government resources can be tapped. Frequently, project services have a limited area focus. As a consequence, local government revenue collections are often a more appropriate source of financing than the central government budget.

45-

d. Private Sector Initiatives

Some project activities may be turned over to the private sector. Consideration must be given, however, to whether a private firm would continue to use project resources to serve the same set of beneficiaries as the project and to the same extent. In some cases private profit-making firms will be more efficient than public concerns, but they seldom have the same objectives. However, when beneficiary groups obtain control of the central set of natural resources, such as woodlots, water, or forestry preserves, they can usually generate revenues. In the end, then, the revenue source selected to cover recurrent project costs will depend upon the characteristics and environment of the individual project.

SECTION FOUR
OTHER ISSUES

Aside from the obvious financial requirements necessary to cover recurrent costs and sustain critical activities, consideration must be given to the existence of hidden subsidies. The possibility that such funds may not be available after a project officially ends must be considered in the calculation of the cost of a project or activity. Therefore, identification of what is being subsidized, who is receiving the subsidies and how much they amount to must be done. This can be done through:

- Review of administrative and financial documents;
- Interviews with project staff.

An estimation of the probability that these subsidized services would continue after the project ends could be made by interviewing project staff and administrators of organizations providing the subsidized services. Hence, the greater the proportion of dependable subsidies relative to total project costs, the greater chance of contributing to benefit sustainability.

PART D

THE INSTITUTIONAL ELEMENT

PART D
THE INSTITUTIONAL ELEMENT

SECTION ONE
SUMMARY AND GOAL

Of the three elements necessary to ensure sustainability, the institutional element receives the greatest attention during project activities. This is due, in no small part, to the fact that the institutions in the project area are the most amenable to change. However, as stated earlier, without the necessary policy and financial elements, institutional change will be an ultimately fruitless activity. By the same token, changing policies and securing financial support does not automatically result in strong, capable institutions. Hence institutional capacity is a key element in ensuring that benefits be sustainable.

Even though institutional issues receive considerable attention, much of that attention is concerned with organizational form rather than the substance of building capacity. By and large this focus on form manifests itself in preoccupation with organizational charts, "organizational linkages", and procedures. Left out of this approach is the concern for the structural elements that are at the heart of building capacity.

Building Capacity

There are seven elements critical to building institutional capacity. Five of these elements deal with the process of building capacity; the other two deal with the structural elements.

The Process Elements

For capacity to be built, attention must be given to the approach taken. Specifically, the approach should include the following five elements:

1. A Learning Emphasis

A learning emphasis stresses the need for mutual learning rather than squeezing the facts to conform to some preconceived solution. The information held by beneficiaries is considered central to defining project activities. Similarly the focus is on enhancing existing knowledge and skills rather than transferring a predetermined package of techniques. This approach has clear implications for the way training and technical assistance are applied.

In addition, a learning emphasis also implies:

- Generation of an enthusiasm for learning what works and what does not;
- Implementation of an information system that quickly identifies approaches that appear to be working and those that do not; and
- Use of a process consultation approach that embraces experimentation, error, and adaptation.

2. A Collaborative Style

A collaborative style aims at building the trust, and commitment of beneficiaries toward project initiatives. The idea is that through joint analysis, exploration of alternatives, and decision making, trust, learning and ultimately commitment will develop. Such a collaborative or participatory style is an important element of any strategy for building organizational capacity.

3. A Risk-Sharing Orientation

The need for a risk-sharing orientation is based on the logic that a willingness to contribute resources is a good indicator of the confidence in a particular initiative. The corollary is that requiring local contributions will stimulate local interest and commitment. This form of local participation can be used as a means to effect integration.

When utilizing a risk-sharing orientation among the poor, it is important to implement it in a phased, incremental manner to avoid overcommitting their resources and leaving them exposed. An incremental approach minimizes the appearance of risk and thus overcomes some resistance to change.

4. Involvement of Multiple Levels

To build an institutional capacity requires that multiple hierarchical levels, not just individuals, be the focus of capacity building efforts. The focus is thus on management teams or natural working units; superiors and subordinates alike. The logic is that without the involvement and agreement of all levels to proposed initiatives, the necessary support to sustain those efforts will be lacking. Including multiple levels is an important part of training, and decentralization responses.

5. A Demonstration Focus

It is critical to focus on demonstration in two areas:

- Nothing succeeds like success. Therefore it is important to be able to demonstrate success of proposed activities. This does not mean hawking the newest gimmick; rather it suggests the importance of a test or pilot phase to generate locally applicable initiatives that have demonstrated potential for success.

- 51

- Using the same logic, training and technical assistance approaches should have a demonstration focus. Here the emphasis is on dealing with actual work teams and presentation of relevant problems and skills as a way to demonstrate the applicability of the particular approach.

The Structural Elements

Even if a particular initiative includes the process elements, unless there are adequate resources and appropriate incentives building institutional capacity is impossible. Without a supportive structure, even well conceived approaches will prove unsustainable. The centrality of structural barriers is captured in this expanded version of an old saying:

Give a man a fish...
and he can eat that day.
Teach a man to fish
and he can eat for the rest of his life.
But,
Who owns the fish?

Development efforts that focus only on how to teach fishing are insufficient. The structural issues of what incentives exist to make fishing worthwhile and whether there are any fish in the pond must be included. Only when these two elements are dealt with successfully will development initiatives be sustainable.

1. Incentives: Who Owns the Fish?

Training villagers in the use of new skills or intervening with new methods will not automatically lead to their adoption. without attempting to identify institutional relationships and incentives which support new behaviors or block their use, such efforts are likely to be as sterile as they are fruitless.

Dealing with incentives requires the identification and mapping of power relationships within an organization. With that analysis in mind, it will be possible to determine whether an activity conforms to existing incentives, or whether new, project induced incentives are needed.

2. Resource Bases: Are There Any Fish in the Pond?

The previous six elements of capacity building have emphasized the importance of human and organizational resources, but capacity building has a physical and financial aspect as well. In instances where physical and financial resources already exist, so much the better. In the more frequent case where a new resource base is being provided, the nature and reliability of the new base must be examined carefully.

- The nature of the resource base refers to whether the resource is financial (taxing authority or a budget line-item) or physical (monopoly power over a revenue generating activity such as irrigation water or a village woodlot). For groups not used to financial resource flows, revenue from a physical resource may be more sustainable.
- The reliability of the resource flow is critical if planning and long-run approaches are to be encouraged. Reliability of flows from budgets or taxes must be examined. Because these types of flows are often political targets, their reliability is often reduced unless the organization is experienced in budgetary battle and has political support. Otherwise a physical resource base may be more reliable.

Identifying a resource base and supporting project activities that enable beneficiaries to exploit that resource are critical elements to ensure sustainability. Guidelines for identifying the financial requirements of sustainability have been discussed in Part C. From the institutional standpoint it is vital that the organizational strategy and capability mesh with the long-term financial potential.

SECTION TWO

DIAGNOSIS

Organizational analysis too often occurs only during the design phase, when searching for institutional linkages and support. Too little attention is paid to the ongoing analysis necessary to determine if capacity is indeed being built over time.

For organizational analysis to be useful whenever it is used, it must go beyond formal job descriptions and superficial organization charts to the determination of incentives and the location and control of resources. Practical organizational diagnosis must deal directly with the internal agendas that cause individuals within organizations to act as they do. This section concentrates on types of data required to do this and ways of rapidly eliciting those data.

1. Assessing Institutional Options

This section examines some of the institutional options for project initiatives. Though these options are most often considered during design, they deserve to be considered periodically to determine whether the institution is adequately supplying project benefits. Situations and project emphases change overtime, so too should institutions change with carrying out project activities so that a comfortable match is maintained.

a. Is a New Project Needed?

In a recent Kenyan study, it was pointed out that a number of ministries were implementing more than 50 donor-financed projects. Such a large number of projects, each with its own objectives to attain and clients to satisfy, puts a tremendous demand on an already limited number of skilled ministry personnel. It was

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argued that adding to this large number of projects contributed to the supervision problem and to a breakdown in ministry control over its activities and policies.

Kenya is not an isolated case in which destructive project proliferation is occurring. Instead of contributing to this problem, attention should be given to ways in which project activities might be consolidated. Another useful starting point is to ask how donor finance might be used to assist the implementation of the existing project inventory.

b. Is a New Organization Needed?

With the proliferation of donor projects has come the proliferation of donor-sponsored, newly created organizations. The "project models", with its intensive focus on an area or problem usually calls for the creation of a special, autonomous project management unit. This perspective tends to over emphasize the importance of the advantages of a new organization listed in table d-1.

At the same time some of the real impediments to building self-perpetuating capacity are minimized. In addition to those in table D-1, these include:

- Discrete projects are temporary efforts which are not capable of producing long-run improvements in the capacities of permanent institutions and thus they reinforce short-term direct action at the expense of true development;
- Temporary projects perpetuate a dependence on outsiders by bypassing the system and thus reinforcing disbelief in the ability of the system to deliver the goods; and
- Time-bound projects cause personnel management problems because staff see their positions more as stepping-stones than as long-term commitments.

Table D-1. Tradeoff Between Using New or Existing Institutions

Existing		New
A	.Patterns of leadership are already established	.Can incorporate adequate management and technical skills
D	.Linkages in place	.Can define functions to cover project aims
V	.Traditional functions and roles well established	.Can introduce new group boundaries for expanding participation
A	.Culturally consistent and acceptable to people	.Can incorporate specific incentives for linkages
N	.Legitimacy established through governmental support	.Can introduce accountability specifically for project goals
T	.Traditional access to resources and information	.Creates a new channel for interaction between elites and non-elites
A	.More aware of local needs	.Simplify funding process and reinforce donor control
G	.May not require legal or statutory action to incorporate project	
E		
S		
D	.May be unrepresentative of target population	.May be perceived as illegitimate (outside of community norms)
I	.Jurisdictional boundaries may not relate to project functions	.Can be seen as a competitor for scarce resources
S	.May lack problem solving skills, technical capabilities	.Access to information or resources may be restricted
A	.Traditional structure may be unable to accept innovation	.Uncertainty of innovative functions can create anxiety or conflict
D	.May be identified with previous undesirable actions (i.e., colonial heritage)	.Must establish linkages
V	.Will usually require restructuring and capacity building to carry out project activities	.Initially not familiar with local cultural norms and needs
A		.Can be viewed as a means of bypassing local leaders
N		.May be perceived as being manipulated by outsiders (i.e., donors)
T		.May require high level intervention or statute to establish
A		
G		
E		
S		

c. Is A Formal Governmental Organization Needed?

One response to the proliferation of projects and project agencies is to consider the use of non-formal institutions, like the market, or nongovernmental organization such as a private entrepreneur or a private voluntary organization. The types of activities most amenable to nongovernmental responsibility cannot be prescribed, but that is no excuse for overly burdening the public sector. A list of tradeoffs among institutional options, including nongovernmental ones, is presented in table D-2.

2. Determining Organizational Capacity

There are several ways in which organizational capacity can be measured. One way is to examine capacity along functional lines. Table D-3 illustrates the issues and questions that need to be addressed.

a. Data Points

While functional capacity is one measure of organizational capacity, other measures must be considered that look at the organization as a whole. These measures, the data requirements, and sources, are presented in tables D-4 and D-5. Of particular importance in building capacity are the organization's ability to anticipate and solve problems (table D-4) and to provide the needed incentives to employees and beneficiaries alike.

b. Collection Techniques

Proxies can be developed for management processes. For example, an indicator of interdepartmental coordination might be whether a department head, a lowly substitute, or anyone at all, generally attends scheduled meetings. Quantification, although sometimes possible, is seldom necessary because those conducting such meetings usually know the response they can expect from different departments.

Table D-2. Tradeoffs Among Institutional Options

Institution	Advantages	Disadvantages
<u>The Market</u>	<ul style="list-style-type: none"> . Low cost to government; . Self-monitoring behavior of market forces; . Quick feedback of public acceptance; . Reduces need for external monitoring. 	<ul style="list-style-type: none"> . Many needed services unprofitable to private sector; . Poor may not be able to afford market services; . Weak linkages between poor and market.
<u>Voluntary Agencies</u>	<ul style="list-style-type: none"> . Minimal cost to government; . Dedication to poor; . Flexibility of response to changing needs; . Willingness to extend services. 	<ul style="list-style-type: none"> . Meager resources; . May not be represented in country; . Usually operated by foreigners and generate suspicion; . Narrow range of specialized expertise.
<u>State Bureaucracies</u>	<ul style="list-style-type: none"> . Programs come from national plans and political leadership; . Can deliver routine services predictably with reasonable quality and cost standards; . At best, professionally qualified and controlled; . Rules and routines may provide uniformity, equity and accountability. 	<ul style="list-style-type: none"> . Access limited by social distance; . Costly to mobilize and maintain; . Slow to deal with non-routine decisions; . Difficult to adapt programs to specific needs; . Functionally single-minded; . Tendency to centralize decision making; . Difficult to integrate with other agencies; . Impersonal and inflexible.
<u>Modified Bureaucratic Structures</u>		
(1) Deconcentration with Bureaucracies	<ul style="list-style-type: none"> . Introduce adaptiveness and responsiveness; . Increased quality of services; . Flexibility to deal with local issues; . Greater potential for integration of activities. 	<ul style="list-style-type: none"> . May produce disparities in different areas; . Higher cost and possible duplication of services; . Requires preconditions to decentralize authority.
(2) Augmenting bureaucracies with paraprofessionals	<ul style="list-style-type: none"> . Increases outreach; . Provides specific skills; . Empathy with local needs generates responsiveness; . Affordable costs. 	<ul style="list-style-type: none"> . Requires central technical and professional support; . Limited formal education; . May not be accepted.
<u>Local Authorities</u>	<ul style="list-style-type: none"> . Lessens burden on central government; . Responsive to local influence; . Links to local associations; . Ability to mobilize local resources. 	<ul style="list-style-type: none"> . Weak and inefficient; . Often corrupt; . Dominated by unrepresentative local elites; . Lack of financial resources.

(continued)

Table D-2. Continued

Institution	Advantages	Disadvantages
<u>Organized Special Publics</u> (Formal and nonformal association groups)	<ul style="list-style-type: none"> . Ability to mobilize public participation; . Can interact with service providing agencies; . Supplement government provided services; . Articulate needs of members; . Provide feedback on projects; . Exert organized pressure on official agencies. 	<ul style="list-style-type: none"> . Difficult to mobilize and involve in projects; . Dependence on government or local elites; . Suspicious of bureaucracy and political ends; . Traditional reluctance to organize.
<u>Combinations</u> (of above administrative structures)	<ul style="list-style-type: none"> . Generates strong linkages and shared responsibility between center and periphery. 	<ul style="list-style-type: none"> . Variable.

Source: Adapted from M.J. Esman and J.D. Montgomery, "The Administration of Human Development," in P.T. Knight, ed. Implementing Programs of Human Development, World Bank Staff Working Paper No. 403, Washington: The World Bank, 1980.

Table D-3. Measures of Functional Capacity

Issue	Question
Support	Is there political support for the organization? Support means assistance with budget, staff, facilities, information, protection for political interference.
Leadership	Are there qualified individuals who can act as project managers and key people on the team?
Authority	Is the organizational unit assigned the functions, authority, and commensurate responsibility to execute the project?
Coordination	Are there adequate mechanisms (or incentives) for coordination with other organizations in other sectors, regions or state and local governments?
Planning	Is the implementing agency capable of developing a detailed operating plan, in other words, to specify the major tasks to be undertaken, schedule and sequence these tasks in a realistic time frame, assign responsibility for execution of tasks, estimate the resource requirements and plan for transfer of responsibilities to a receiving organization so as to sustain the activities?
Staff support	Does the institution provide adequate salary, allowances, promotions, recognition, and provide for subsequent assignment of project personnel?
Administrative infrastructure	Will sufficient work space, equipment, communication facilities, transport, and supplies be available? Will there be adequate support personnel to assure that quality, quantity, and timeliness of these resources will be adequate?

(continued)

60

Table D-3. Continued

Issue	Question
Financial management	Is the financial management adequate to provide: realistic estimates of financial need? Realistic allocation of spending authority? Timely distribution of funds? Reasonable but not excessive controls? Post-audit on use of funds? And, accounting to meet program needs?
Procurement	Are there responsive procurement procedures to cut red tape and meet the deadlines required by the project?
Reporting	Can the organization report on project progress and resource utilization? Are reports linked to a network of management control and evaluation to bring project operations into conference with targets and standards?
Information	Is there an adequate flow of data (statistics, information, intelligence) to the project team concerning the activities they are expected to undertake?
Management	Does the agency foster teamwork or provide an environment to motivate staff? Are there any factors that may serve as barriers to coordination and management--for example, personality, culture, social, religious, tribal, ideological, social class, regional, and so forth? Can these barriers be surmounted?

Table D-4. Measures to Assess Institutional Capacity

Measures	Justification	Type of data needed	Sources
Amount of personnel available to the Institution taking up benefit-generating activities	If the resources that will be available once outside funding ends are not sufficient to carry out the tasks assigned, benefit-generating activities will not continue.	<p>Number of staff necessary to perform critical functions (both technical and administrative) after the project ends.</p> <p>Number of staff currently available and qualified to perform the critical tasks identified. The quality of the staff can be based upon, for example:</p> <ul style="list-style-type: none"> • The number of years experience among the staff; • Level of academic training they possess in key fields; • The performance of host country personnel in taking over jobs formerly performed by expatriates. <p>Probability that the project will fail if one or more key individuals leaves.</p> <p>Probability that project personnel will be available after outside funding ends (see table 6).</p> <p>Number of staff positions that remain unfilled.</p> <p>Turnover of personnel (see table 6).</p> <p>Average length of time staff have been with the project.</p> <p>The probability that needed additional staff will be trained prior to the cutoff of outside aid. Estimates can be based on:</p> <ul style="list-style-type: none"> • Percentage of future manpower needs being trained under project; • Presence of counterparts for expatriate advisors; • Evidence of effective on-the-job training provided to host staff by expatriates (e.g. percentage of host staff who feel that on-the-job training was good, ability of counterparts to explain to the evaluator what they learned); • Adequacy of the training program, e.g. length, relevance to project needs, and timeliness (i.e. do the trainees return before the expatriate team leaves?). 	<p>Review of project documentation, including administrative and financial reports.</p> <p>Interviews with project staff, government officials.</p> <p>Interviews with beneficiaries for assessment of staff quality.</p>

(continued)

Table D-4. Continued

Measures	Justification	Type of data needed	Sources
Amount and type of physical resources (e.g. facilities, vehicles, and supplies)	If the resources that will be available once outside funding ends are not sufficient to carry out the tasks assigned, benefit-generating activities will not continue.	<p>Amount and type of physical resources necessary to carry out critical benefit-generating activities once outside funding ends.</p> <p>Stock and quality of physical resources currently available.</p> <p>Probability that these resources will be available after outside funding ends (see table 4).</p>	<p>Review of project documentation, including administrative and financial reports.</p> <p>Interviews with project staff, government officials.</p> <p>Interviews with beneficiaries for assessment of staff quality.</p>
Amount of financial resources	If the resources that will be available once outside funding ends are not sufficient to carry out the tasks assigned, benefit-generating activities will not continue.	<p>Estimated budget needed to carry out critical benefit-generating activities once outside funding ends.</p> <p>Budgetary funds available at time of evaluation to finance project activities.</p> <p>Probability that those budgetary resources will continue to be available once outside funding ends. (See table 4).</p>	<p>Review of project documentation, including administrative and financial reports.</p> <p>Interviews with project staff, government officials.</p>
Whether project staff are actively concerned with attracting additional resources.	If a project staff has been successful at obtaining additional resources during implementation, there is a greater probability that they will be able to attract resources to fill the void created by the termination of outside funds.	Evidence of attempts (preferably successful ones) by staff members to seek out and exploit additional sources of funds, e.g. use of revenue generating activities, contacts with donors.	<p>Review of project documentation, especially administrative and financial reports.</p> <p>Interviews with project staff.</p>
Ability of the institution to manage efficiently the resources at its disposal.	A level of resources normally adequate to carry out a task will not be sufficient if it is not deployed efficiently. When this occurs, the recurrent costs of an activity increase and potential revenues decrease.	<p>Cost-effectiveness of the technology or delivery system used (see table 1).</p> <p>Size of the administrative staff relative to total project staff, number of activities involved, number of beneficiaries, etc.</p>	<p>Review of project documentation, especially administrative and financial reports.</p> <p>Interviews with project staff.</p>

(continued)

Table D-4. Continued

Measures	Justification	Type of data needed	Sources
Management ability of institution (continued)		Evidence of inefficiencies in management or resources (e.g. high degree of slack time, lack of coordination, etc.).	
Ability of the staff to anticipate and solve problems.	Benefit sustainability will be affected by future activities which cannot be foreseen. The greater the ability of project staff to adjust to these uncertainties, the greater the chances that benefits will be sustained.	Ability of project staff to objectively assess the strengths and weaknesses of their program and its performance. Evidence that project staff have considered the problem of what will happen to project activities once the project ends.	Interviews with project staff.

191

Table D-5. Measures to Assess Institutional Incentives

Measures	Justification	Type of data needed	Sources
Percentage of seconded persons, resources, or funds from "cooperating" government agencies and organizations which actually arrived on a timely basis.	Delays in the delivery of seconded resources could indicate a lack of commitment on the part of cooperating institutions which will probably become more serious once outside funding ends.	<p>Expected number of personnel to be seconded to the project from other agencies.</p> <p>Number of seconded personnel who actually arrived on a timely basis and performed as expected.</p> <p>Number of vehicles or amount of equipment to be seconded to the project from other agencies.</p> <p>Number of vehicles or amount of equipment actually delivered on a timely basis.</p> <p>Expected amount of funds to be provided to the project from other institutions.</p> <p>Amount actually provided on a timely basis.</p> <p>Length of delays entailed in delivery of the above resources.</p>	<p>Project administrative and financial reports and correspondence.</p> <p>Interviews with project staff, host government officials, staff of cooperating agencies.</p>
Seriousness of inter-organizational conflicts in impeding project implementation.	A high level of inter-organizational conflict implies that the incentives to other organizations to cooperate to ensure project success and benefit continuation do not exist. After outside funding ends, such conflicts will probably intensify and even more seriously impede benefit sustainability. Unless, of course, conflict is lower because no one cares, i.e. the project is no longer providing any benefits to the institution or its clients.	<p>Percentage of project staff who criticize other agencies' lack of cooperation as an impediment to project success.</p> <p>Percentage of staff from "cooperating" agencies criticizing core project staff, or the project's strategy, implementation, objectives, etc.</p> <p>Percentage of personnel from cooperating agencies voicing enthusiasm for the project (both staff members and administrators).</p>	Interviews with project staff, government officials, staff of cooperating agencies.
Parity of project salary levels with those of other agencies and the private sector.	A large difference between the project salary levels and wages paid for similar types of work in other agencies or in the private sector may be a problem for benefit sustainability. If project salaries are too low, staff may leave to take advantage of other opportunities. If project	<p>Salary levels for various categories of project staff (e.g. extension agents, researchers, nurses, administrators).</p> <p>Salary levels for similar job categories in related government agencies and in private firms or organizations which employ persons in those job classifications.</p>	<p>Project financial and personnel records, administrative reports.</p> <p>Interviews with project staff, administrators of other government agencies, professionals and managers in the private sector.</p>

(continued)

Table D-5. Continued

Measures	Justification	Type of data needed	Sources
	salaries greatly exceed those available elsewhere, it may be difficult to maintain them at that level.		
Rate of financial return of the new technology or service to the beneficiaries.	If the rate of return is too low, the beneficiaries will not adopt the technology or use the services offered. (Note: Not all development activities will lend themselves to an analysis of financial return to the individual).	Costs to the beneficiary of using the technology or service (cash investment, land, labor, and capital costs). Estimated level of economic benefits received by the beneficiary as a result of using the technology or service.	Project-generated financial analyses, reports presenting the results of farm budgets, household surveys, etc.
Rate of increase or decrease in the percentage of beneficiaries using the technology or services (as compared with the levels projected in the project design).	If beneficiary demand is decreasing during implementation, this trend will probably continue or worsen once outside funding ends.	Number of beneficiaries using the technology or services at various points over the life of the project. Growth of beneficiary use of the technology or services predicted in the design documentation (Note: design predictions are often optimistic. The realism of the original predictions must also be examined).	Project administrative reports, design documentation. Observation, use of key informants.
Evidence of sustained demand by beneficiaries.	Can serve as an indication of the value that the beneficiaries place on the benefits they receive and the quality of those benefits.	Evidence of repeat usage of the technology (e.g. the use of health facilities over a period of time, farmers' use of agricultural technology in subsequent years) when such repeat usage was expected in the project design. Measurement of amount and type of repeat usage, for example, by: <ul style="list-style-type: none"> • Percentage of beneficiaries using the service or technology more than once; or, • Average number of times a service or technology is used by a given beneficiary unit (individual, family, etc.) over a specified period of time. 	Administrative and financial reports. Interviews with project staff and beneficiaries.

(continued)

Table D-5. Continued

Measures	Justification	Type of data needed	Sources
Commitment by project beneficiaries of their own resources to carry out project activities.	Can serve as an indication of the value that the beneficiaries place on the benefits they receive and the quality of those benefits.	Amount of manhours and materials (in local monetary equivalents) and funds provided by beneficiaries to implement project activities (e.g. construct a health clinic) as a percentage of total costs (both for installation and operation).	Administrative and financial reports. Interviews with project staff and beneficiaries.
Probability that project staff will remain with the project once outside funding ends.	A high probability that key project staff will remain in the project area will increase the chances of benefit sustainability.	<p>Level of staff turnover:</p> <ul style="list-style-type: none"> • Percentage of staff who have been with the project since its initiation; • Percentage of staff who have been with the project for at least one year. <p>Percentage of staff with ties to the project area:</p> <ul style="list-style-type: none"> • Percentage of staff who originally came from the project area; • Percentage of staff who were seconded from local or district, as opposed to national, agencies. <p>Expressed willingness of project staff to remain in the area, even if the project itself starts.</p> <p>Probability that staff will not be transferred by their agency:</p> <ul style="list-style-type: none"> • Who controls personnel transfers and what incentives do they have to keep people in the project area--examine personnel policies of ministries involved in project implementation and past history of transferring personnel; • Average tenure of agency staff in a given assignment by type of activity; • Identification of common career paths for professional staff (e.g. examine career histories of current department heads). 	Project administrative reports and personnel records. Interviews with project staff. Review of ministry personnel policies, civil service regulations, etc.

Other indicators suggest whether organizational dynamics do or do not accommodate client group needs. For example, extension material prepared in a colonial language rather than the local dialect implies a barrier between the thinking of organizational staff and farmers.

In general, two major types of data requirements can be specified:

- Formal structural factors such as promotion criteria, power to commit resources, privileges attendant to positions, personnel systems, reporting channels, check-off procedures, file systems, budgetary processes, recruitment policies, and legal constraints; and
- Informal factors such as how promotions are really made, patron/client relationships, friendship networks and antagonisms, motivational variables, informal communication channels, ideological biases, ethnic alliances, and how organizational resources are diverted to other uses.

Although gaining access to the documents may require considerable skill, the first type of data is usually available in written form. For example, civil service regulations and the coexistence of dual personnel systems (such as national/district or General Schedule/Foreign Service) are formal structural factors that affect behavior and there is documentary evidence of their existence. In other cases a combination of record examination, key informant interviews and sight surveys can yield needed information. For example, using a map and payment records to establish a pattern of extension agency deployment and then observing local settlement patterns, transportation networks and vehicles used by the agents can help to identify the appropriateness of a staffing pattern or extension strategy.

The second type of data is much more difficult to get, however, and a high level of creativity may be necessary to even surmise the existence of significant factors. In terms of

techniques, the rapid reconnaissance methods described in part B lend themselves to organizational analysis as well. Indeed, in the organizational setting rapid reconnaissance techniques have a particular strength. In the process of pretesting and verifying proxies, the local beneficiaries participate in the data collection exercise. The participatory and collaborative nature of the exercise can then be used as a vehicle to focus knowledge, define problems, and ultimately build the analysis and problem-solving capability so important to building sustainable institutional capacity.

3. Identifying and Analyzing Project Linkages

A useful tool for ordering the identification and analysis of project linkages is a responsibility chart. The chart provides a means of checking systematically the organizations with which the project manager must establish relationships and the types of actions that are most likely to occur with each linkage. The chart, once completed, provides a means for planning and anticipation of certain activities, as well as a potential checklist or benchmarks for monitoring the completion of specified actions. The objectives of responsibility charting are to:

- Identify functions to be performed in a project;
- Link these functions to organizational (or individual staff) responsibilities (who has to do what); and
- Identify the types of action required by the organizations to accomplish each function.

Limitations of the technique are that:

- Actual actions and decisions may not be as clear as indicated on the chart; and
- The chart does not tell when certain actions are required, or the sequence.

101

A major limitation of the technique, that it shares with other tools such as critical path analysis, is that it fixes an expected set of linkages at a point in time. Rural development projects deal with changing circumstances and may in fact generate new response groups that have to be included as new linkages. It is suggested that project management start developing a simple chart at an early stage of project design. It should also be elaborated as the program progresses.

An advantage of responsibility charting, as with any system tool, is that the task of setting up the chart itself requires management to think about and anticipate future problems, and to associate some action and/or institutional resources to deal with that problem. Thus crisis management is alleviated, if not avoided. In addition, the technique requires that managers visualize project components (functions and tasks) and their interrelationships in a holistic manner--something not always accomplished by different technical groups at the time of design.

A responsibility chart can be completed for a single organization, or for an entire rural development project involving interorganizational coordinations. Steps in responsibility charting are as follows:

1. Identify those functions which have to be completed during implementation. Examples include:
 - Policy planning and diagnosis;
 - Problem identification;
 - Provision of inputs (recruitment, etc.);
 - Service delivery (e.g. extension, health services, etc.);
 - Construction (roads, project facilities, etc.);
 - Monitoring and evaluation.

The functions listed can, of course, be broken down into more discrete components or tasks.

2. Identify those organizations that will be involved (directly or indirectly) with the project. These can be elaborated to include actors or decision makers within organizations.
3. Create a matrix listing organizations on one axis and functions on the other. Within the cells identify what responsibilities various organizations have with respect to each function. Examples of responsibilities include:
 - Action/implementation;
 - Provision of assistance (resources);
 - Consultation;
 - Coordination;
 - Initiation or activity;
 - Supervision;
 - Sign off responsibility;
 - Approval of policy expectations.

A responsibility chart is presented in table D-6.

11

Table D-6. Sample Responsibility Chart

FUNCTIONS AND TASKS	LINKAGES																									
	National Level	Regional Level			Sectoral Agencies						Special Authorities	Banks	Local Level													
		Policy and Coordination	Reg. Plan.Org.	Budget																						
	Deputy-Minister National Planning Agency	Regional Development Council	Development Planning Committee	Director, Regional Planning Office	Head, Sectoral Planning Sec.	Monitoring & Evaluation Div.	Budget Agency	Agriculture & Livestock	Forestry	Fisheries	Industries	Roads & Transportation	Irrigation	Electricity	Public Works	Housing	Lands	Education	Health	Social Welfare	Land Resettlement Authority	Small Scale Industries Authority	Agricultural Development Bank	Industrial Development Bank	Local Development Committee	Area Planning Unit
Policy Planning and Diagnosis																										
Problem Identification																										
Financing/Budgeting																										
Technical Assistance																										
Provision of inputs - recruitment - procurement																										
Construction - roads - project facilities																										
Service Delivery - extension - health																										
Monitoring and Evaluation																										

Source: Adapted from R. Diaz, "Organizational Responsibility Charting Technique and Network Analysis as Applied to Regional Planning Organizations," Nagoya, Japan: United Nations Center for Regional Development, April 1979.

27

SECTION THREE

RESPONSE STRATEGIES

Various response strategies can be employed to enhance organizational capacity and promote sustainability. These include:

- Simplifying project activities;
- Making training a major project component;
- Improving the use of technical assistance
- Increasing coordination;
- Altering incentive structures;
- Decentralizing the level of intervention and increasing both beneficiary and staff participation in the development process.

1. Simplifying Project Activities

It is sometimes possible to simplify projects so that most of the implementation work can be performed by staff who have little training and work experience. This can be a desirable course to follow sometimes because such personnel are often available and underemployed in developing countries. Projects can often employ such people in a manner so that all sides benefit. Senior project staff may provide supervision to these personnel so that they receive useful training and contribute to the project reaching its goals.

2. Making Training a Major Project Component

There are a number of alternative training modes that can be incorporated as parts of project components. These include long-term overseas training, in-country academic training and short courses, and on-the-job training. While each of these approaches

43

has its advantages and disadvantages (see table D-7), each also has a role in manpower development. The clear specification of this role, together with certain implementation guidelines, can help to improve the effectiveness of these various alternatives. Above all, however, higher priority must be given to management training whether it takes place overseas, in-country, or on-the-job.

Overseas Training

Degree level formal education occupies an important position in the portfolio of many donors and, given the manpower needs of developing countries, should continue to play an important role. However, the effectiveness of overseas training must be weighted against the potential costs and benefits of other educational alternatives.

Several factors combine to undermine the utility of overseas training for the short term needs of projects:

- The subject matter and techniques learned in donor country training are often not relevant to the needs of the developing country itself, much less to the project.
- By being overseas, personnel may miss the opportunity to work with and learn from foreign experts brought in to work on project activities.
- The high rate of both vertical and lateral mobility within the civil service decreases the probability that returned trainees will function within a project context for very long. As a result, overseas degree training may not be appropriate for meeting project specific needs.

Both short- and long-term overseas training are appropriate:

- Long-term academic training may be needed to develop general management, planning and analytical skills. the focus here should be on teacher training and/or training individuals for needed technical fields;

74'

Table D-7. Advantages and Disadvantages of Various Training Approaches

Type of approach	Advantages	Disadvantages
Donor country degree programs	Political benefits, for donor as it strengthens ties and mutual understanding between donor and country and future decision makers in recipient country	<p>Costly in terms of time and money, only a small number of individuals will benefit</p> <p>Candidates will be away from their posts for a considerable time and must be replaced or reabsorbed into the organization when they return</p> <p>Training is limited to those who speak the language of the donor country</p> <p>Training in donor countries is often geared to problems and solutions appropriate to that country, and not to those of importance to the developing countries</p> <p>Relevance of the training to the immediate needs of the project may often be low</p> <p>Difficult to sequence the return of long term trainees with the departure of the expatriate technicians to ensure project continuity</p> <p>Potential danger of a "brain drain" increases with long term overseas training if individuals become accustomed to standards of living that cannot be supported by public service employment in their own country</p> <p>Persons with advanced overseas degrees are often promoted rapidly into administrative positions and thus no longer use the disciplinary expertise that they have acquired</p>
In-country short courses or workshops	<p>Can be inexpensive, especially when indigenous instructors are used</p> <p>Certificates of attendance or performance can be given, thus improving the credentials of trainees</p> <p>Language problem is eased, assuming that the instructors are fluent in the local language</p>	<p>Limited to standardized topics and approaches which will be of interest to a relatively wide range of staff; cannot be easily tailored to individual needs</p> <p>Requires the absence of the trainees from their posts at times which, while convenient for the instructor and the class as a whole, may be inconvenient for the individual and the program to which he is attached</p> <p>Difficult to identify individuals who have the technical and training skills, as well as the language ability to conduct the training sessions</p>
On-the-job training	<p>Is very specific to the needs of the project</p> <p>There is no interruption of the work schedule; trainee continues performing his routine tasks</p>	<p>Requires the development of a sound interpersonal relationship and incentive on the part of both parties to serve as teacher or student; these are difficult to mandate or structure into a project</p>

(continued)

15

Table D-7: (continued)

Type of approach	Advantages	Disadvantages
	Low cost, assuming that an expert available to assist in project implementation in any case	No academic credentials are accorded so that the training doesn't benefit the trainee directly in obtaining promotions or increased responsibility Language may be a problem if expatriate is not fluent

76

- More emphasis should be placed on short-term overseas training, consisting of on-the-job training and seminars oriented toward specific skill acquisition directly applicable to home country situations;
- Short term training may also be effective when senior personnel need to be retained to learn from foreign experts. In this case, junior personnel could be sent overseas first. Upon their return, junior staff might take the place of senior personnel who would then be sent for overseas training.

In-country Training

Formal in-country training can take several forms:

- Academic training within the host country. This must continue to constitute the basis of all efforts to develop manpower, for it provides the general knowledge base upon which more specialized training programs can build.
- Short-term in-country training. This can be made more relevant and effective in the following ways:
 - base training on the explicitly identified needs of the trainees themselves;
 - use actual materials and exercises reflecting real situations faced by the trainees in the performance of their jobs;
 - subject material to revision by the trainees based on their perceptions of its relevance to their actual job requirements.

On-the-Job Training

On-the-job training can involve:

- informal coaching by a foreign adviser or a host government superior;
- structured exercises, including the provision of temporary assignments aimed at stretching the employee's capabilities and increasing his experience;
- government officials and advisers working closely together on project activities.

11

The last form of on-the-job training is perhaps the most effective. The selection criteria for choosing personnel as counterparts to expatriate advisers will depend upon the nature of the assignment:

- Where a high level of visibility, contact with officials and specialized skill needs is involved, more highly qualified persons are obviously required;
- When the position is field oriented and involves limited technical knowledge, selecting less academically strong candidates could be more appropriate. Any disadvantages associated with using less "professional" personnel can be somewhat offset by continuous training and improved supervision.

Management Training

Management training has been and must continue to be a key response to limited organizational capacity. Experience suggests, however, that many training activities seldom result in increased organizational capacity. Several common weaknesses of many training efforts can be cited as reasons. These include:

- Place-Oriented. The existence of a training facility creates pressure to use it so that the expense of the facility can be justified. As a result, there is bias in training which measures success in participant-days rather than in improved project performance. Trainee selection is likely to be based on "who is available" and "what organization will pay" rather than on whose involvement is needed to insure improved project performance. Thus those attending a training activity often do not share any working relationship.
- Dictation-Oriented. Much management training assumes a one-way transfer of skills from trainers to trainees, with the emphasis on dictation and absorption. Implicit in the approach are three questionable assumptions:
 - A relatively limited set of management and organizational skills exist in the local environment. Experience, however, suggests that both technical and managerial abilities exist in abundance in developing countries even at village levels.

- A reasonably well-defined body of management skills exists which can be transferred through formal training to individuals, and that such a transfer will result in organizational change. This, however, is not supported by experience.
- The skills possessed by the trainers are the best ones for the trainees to learn. The emphasis is on the supply of techniques rather than the need for decisions and actions. This discourages the search for creative solutions.
- Inference-Orientation. Since the trainees come from multiple organizational settings, they do not have a common experience base from which examples can be drawn for the application of techniques. Learning is, therefore, expected to occur by inference rather than by demonstration.
- Single Level Focus. Many workshops are designed for supervisors, or middle-managers, or senior management, or executives. Organizational problems, however are not all horizontal; coordination among equal units is not the only implementation problem. Many issues relate to interactions between levels and thus a multi-level involvement is necessary to resolve many real operational questions. Improved organizational performance requires dealing with the organization as a unit rather than just as individuals. Trainee groups should include representatives of multiple levels.
- Over-Emphasis on Organizational Stock. A common assumption in management training is that improved knowledge is a sufficient condition to improve performance. However, raising the stock of organizational resources by providing vehicles (material resources) or training (human resources) is not likely to influence performance until the incentive system is changed. Most training programs, however, ignore this fact and proceed as if individual skill improvement were a necessary and sufficient condition for improving organizational performance.
- Training as a Discrete Activity. The combination of the weaknesses noted above produces a situation where each course or workshop gains an independent identity and becomes a discrete, time-bound occurrence rather than one component in the process of management development.

Improving the Effectiveness of Management Training

Effective management training has two important aims: a direct aim to improve organizational performance and an indirect aim to enhance an organization's ability to function effectively within a changing environment. To achieve these aims, training needs to be directed to the needs of the organization as a whole, use real problems as the basis of learning activities, and enhance the knowledge and skills of organizational members. This suggests that in order to improve management training:

- Training staff need to become involved actors in the implementation process.
 - Training should focus outward on the organization, its setting, and its policy objectives rather than exclusively inward on curriculum development and training methods.
 - The substance of training should make maximum use of knowledge and skills already in the environment.
 - The training target should be the organization rather than the individual.
 - Training and consulting inputs should be interspersed and both approached as a long-term management development process clearly focused on improving organizational performance.
 - Persons who normally work together should be trained together as a team.
 - Real problems should provide the subject matter for workshops.
 - Workshops need to demonstrate the application of methods to actual problem situations.
 - Multiple organizational levels should be involved with particular emphasis given to the participation of critical decision makers.
 - Activities should be conducted at or near the project site to lower costs, and focus on local performance constraints.
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- Workshops should be treated as activities which blend into day-to-day planning, consulting, coordination and evaluation functions.
- Real decisions, commitments and actions should be emphasized.
- An examination of the organization's incentive or disincentives for targeted behavior changes should be incorporated into group discussions, exercises and decisions.
- The focus should be on enhancing the knowledge and skills participants bring with them to the workshop rather than on the transfer of trainer knowledge and skills to trainees.

Implications for Trainers

Action based learning places greater burdens on both trainer and trainee than more conventional approaches, engaging both in a mutual learning experience. In preparation for training, consultants need to discover the critical issues in the client organization through interviews or observation and then organize the relevant data into case studies or exercises. These need not be elaborate exercises as trainees will provide their own relevant knowledge about the organization and the issues in question. The trainers provide a focus for discussions, provide the students with frameworks useful in focusing and analyzing the issues in question, and organize the trainees into groups appropriate to the particular exercise in question.

3. Improving the Effectiveness of Technical Assistance and of Existing Manpower

Technical assistance is often considered a major requirement of many project activities in order to provide skilled personnel where such expertise is in short supply. There are four different roles that foreign advisers can play in providing technical assistance: the performer role; the substitute, the teacher and the mobilizer.

- 81'

The Performer

One way to employ technical assistance is to simply bring someone in to do a set job. A temporary team or individual performs a specified set of technical activities and then leaves. It may be a job that requires a long-term presence or a short-term visit of a few weeks or months. In either case, the focus is on a product which results from the activity be it a road or a report.

The product focus leads to a high priority on technical competence as a determinant of quality work. In the case of an analytical exercise, the emphasis is on correct diagnosis and technically sound recommendations, while in the case of construction the emphasis is on time, cost, and adherence to the design specifications.

The Substitute

The second model of technical assistance, the substitute, is similar to the performer but it is more maintenance oriented and less product focused.

The purpose of the substitute role is to fill specific job positions while local personnel are being trained, most frequently in overseas degree programs. The substitute is placed in a direct line position in a ministry, staff unit, or operating agency, where he is expected to provide routine services rather than produce specific products.

The Teacher

In this TA model, the outsider is placed in an advisory role rather than in a direct decision making role. A key factor in this approach is the local counterpart, who is expected to be the recipient of the advice. The interaction between the counterpart

82

and the adviser is the central relationship in this style of TA. Success is defined as the transfer of predetermined skills to the counterpart and thus a person focus replaces much of the product or job focus of the performer and substitute models.

The most effective time to enlist the teacher model is when specific project objectives can be identified and the skill gaps blocking the attainment of those objectives can be bridged by TA. When the objectives are clear and consensus exists on the strategy, the result, can indeed, be an enhanced capacity.

The Mobilizer

Mobilizers combine advisory with advocacy functions. Their purpose is to help a segment or a community, organization or government to increase their capacity to influence other actors. Thus coalition building, inspiration and surrogate leadership are key activities.

Since this model emphasized the ability of TA personnel to get others to act, there is a priority given to the establishment of processes for enhancing local skills, identifying new skill needs, developing them and encouraging the institutionalization of these processes. Although this model shares some characteristics with the teacher role, it is different too. For example, it also requires conflict management skills and the ability to analyze and articulate the process dimension of the work.

Effectiveness in this role requires an ability to interact smoothly with multiple organizational levels. Thus, academic credentials and seniority combined with personal commitment and the ability to relate to and to communicate with villagers are highly prized traits. Both verbal and written communication is important and the ability to use informal decision networks is paramount.

Although the mobilizer model emphasizes the process of stimulating social learning and organizational action, the key to success ultimately boils down to improved use of natural resources such as irrigation water, woodlots, marine waters, pastureland or other factors for wealth generation. Thus design and technical parameters are important determinants of TA effectiveness.

The four models noted above are ideal types. Although field situations may simultaneously or sequentially exhibit signs of more than one pure type, nevertheless, this taxonomic exercise does provide an analytical approach for discriminating among the different expectations of key actors as well as the linking of different change strategies to different TA roles.

General characteristics of the models are noted in Table D-8.

Developing An Effective Technical Assistance Strategy

Guidelines for the effective use of such technical assistance include:

- Before an appropriate strategy of TA can be chosen, project activities, functions and products must be specified and local organizational and technical capacity available for implementation must be assessed.
- Different types of TA will be needed for different activities and at different times throughout the project cycle--initially "movers and shakers" (mobilizers) may be required but as project activities get underway, "systematizers" will be needed to establish administrative processes and procedures.
- "Bypass" strategies, such as performer models, PMUs and parastatals, must be carefully considered since their use will often be at the expense of building indigenous institutional capacity. When possible, reliance on these approaches should be limited to short-term technical assistance.

24

Table D-8. Characteristics of Four Models of Technical Assistance

Type	Time Frame	
	Long Term	Short Term
Performer Model	Product or service focus: temporary technical team or individual performs specified set of technically oriented activities. Emphasis on completion (results). High priority on technical competence.	Product or service focus: temporary team or individual performs specified set of discrete technical activities: management audit, agronomic analysis. Emphasis on correct diagnosis and technically sound recommendations. Low emphasis on work process. High priority on technical competence.
Substitute Model	Job focus: Operational expert (OPEX) from outside does job while local is overseas receiving training. Accountable for work. High priority on work experience.	Same as consultant model, but may be job focus when it is a non-resident OPEX on multiple trips or multiple technicians performing different dimensions of the job. High priority on work experience.
Teacher Model	Person Focus: Outsider seen in advisory, not decision-making role. Accountable for transferring skills, knowledge to counterparts. Priority given to appropriateness of process for transferring predetermined skills. High priority on academic training.	Mixed focus-person and product. Counterparts appointed for short-termers. Report seen both as substantive contribution and as teaching device to impart analytical skill. High priority on both priority on both writing skills and process skills. High priority on academic training.
Mobilizer Model	Organizational focus: Outsider seen in advisory and advocacy role. Accountable for getting others to act. Priority given to process for enhancing local skills, identifying new skill needs, developing them, and implanting process to carry this on. Coalition building and inspiration are critical activities. Partnership relationship to short-term TA is very important. High priority on personal commitment, compatibility, skills, and credentials that enable outsiders to deal with multiple organizational levels.	Mixed focus-product and organization. Same as long-term focus but higher reliance on mobilizing actions and decisions in specific time frame. High priority on process skills for conflict management. Writing skills and process analysis is also important. May not require report on each visit, however. Good working relationship with both long-term TA and local groups critical for success.

- Long-term technical assistance should rely more on the capacity building foci of mobilizers and teacher models, supplementing them periodically with short-term strategies. For example, the effectiveness of a long-term resident mobilizer may be dependent upon his access to short-term complementary expertise.
- Organize technical assistance around a common approach or philosophy so that techniques, methods, and objectives are all consistent throughout the project life. Where possible, management team strategies should be considered in order to ensure continuity in both long- and short-term assistance.

In addition to these guidelines, more effective use could be made of donor and local resources with regard to TA by:

- Radically altering the project design process, or at least establishing a new funding track, which would earmark funds for support of extended design efforts to average two years in duration. These efforts would use mobilizer--type TA in conjunction with other forms of short-termers to build coalitions and capacities enroute to a design. During this period, both outsiders and locals would be used and the development or choice of a local institutional source for TA would be required.
- Forging collaborative linkages between firms, universities, and other organizations interested in supplying TA and developing country institutions. Since it is in the interest of donors to encourage such linkages, they should sponsor seminars and provide funds to support those initiating new relationships.
- Incorporating a waiver requirement in the donor approval process for a project adopting a bypass approach. The bias should be in favor of using and enhancing preexisting institutions. Administrative capacity should be a central concern and its assessment should be a result of lengthy collaborative designs rather than a result of a quick visit by outside observers only. Incentives, the structure of local relationships and the dispersion of scarce human, institutional, and natural resources should become primary design concerns.

56

4. Increasing Organizational Coordination

Organizational capacity is further enhanced by effective coordination between organizations implementing the project. Coordination describes the type of managerial behavior required to produce the impact visualized by the designers of an integrated project. It implies joint decisionmaking and shared implementation responsibility. The joint effort refers to sharing resources and information to guarantee the needed mix of goods and services.

Examples of implementation problems likely to require coordination through information and resource sharing would involve, among others:

- Resolution of differing priorities and commitment given to the IRD project itself by individual agencies;
- Differing priorities attached to activities within the IRD project by different agencies;
- Split responsibilities and dual roles for personnel, leading to conflicting demands for resources and management attention;
- Inadequate communication flows;
- Planning and carrying out the pace, duration and sequence of IRD activities; and
- Complementing the capacity of a participating agency unable to carry out its acknowledged responsibilities due to administrative deficiencies, inadequate resources, etc.

The mechanisms for resolving coordination problems can be both formal and informal or a mix of both. The structural configuration for coordination may also vary greatly in different circumstances. At one extreme, decisions and resources may need

81

to be controlled by a project unit; at the other extreme, project activities are merely coordinated by planning and policy-making bodies, with the line agencies retaining control over their activities.

Managing the interorganizational relations of an IRD effort will require that both formal and informal organizational mechanisms be used to encourage coordination and reduce conflict among the various actors involved in its implementation. These mechanisms will involve:

- Information sharing;
- Joint decision making; and
- Resource sharing.

Several examples of both formal and informal coordination mechanisms are outlined in table D-9. In addition some advantages and disadvantages of each are suggested.

A method for assessing the relative advantage of coordinating mechanisms has been developed by Klauss (1979: 164). It can be used in much the same manner as the contingency table described earlier. The aim is to assess the several interaction features that can affect interorganizational relationships. Its utility is illustrated in the following table (D-10) which examines the interaction features of two formal and two informal coordinative mechanisms.

5. Altering Incentives

The improvement of implementation capacity requires not only effective coordination, but also the provision of incentives. Incentives include as a basic foundation investments in human resources and infrastructural supports to facilitate the job. These investments embrace the following approaches:

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Table D-9. Organizational Mechanisms to Increase Coordination

FORMAL MECHANISMS	ADVANTAGES	DISADVANTAGES
Interagency coordination or advisory committees	<ul style="list-style-type: none"> - High level input for policy support; - Potential to enforce (influence) coordinative decisions; - Sharing of professional expertise and concurrence in professional norms and standards. 	<ul style="list-style-type: none"> - High opportunity cost, infrequency of meetings; - Difficult to coordinate project level means; - Different levels of authority among participants may make it difficult to reach decisions.
Creation of liaison positions or groups	<ul style="list-style-type: none"> - Can select groups or individuals for specific coordination issues; - Value in having an independent (non-aligned) perspective; 	<ul style="list-style-type: none"> - Often caught in the middle without authority to make decisions.
Interagency task force	<ul style="list-style-type: none"> - Can focus on specific issues or problems; - Brings relevant disciplines, expertise to bear on problems; - Usually includes operational personnel. 	<ul style="list-style-type: none"> - Depends greatly on capability of task force leader; - May lack authority to effect policy or make binding decisions for agencies involved.
Binding cooperative agreements (fixed reimbursement agreements)	<ul style="list-style-type: none"> - Greater potential for compliance; - Clear specification of resource needs and responsibilities. 	<ul style="list-style-type: none"> - Enforceability may depend on a power linkage; - Inflexible in meeting changing resource needs.
Transfer of staff between agencies	<ul style="list-style-type: none"> - Facilitates communication and understanding of different goals and priorities; - Can generate multidisciplinary focus. 	<ul style="list-style-type: none"> - Transferred personnel adhere to interests of parent agency rather than host or project; - Parent agency might fear that personnel will be permanent lost to host institution.
Joint training and orientation courses for agency personnel	<ul style="list-style-type: none"> - Facilitates sharing of goals and interagency communication; - Low risk means little resistance to activity. 	<ul style="list-style-type: none"> - Minimal resource transfer involved; - Minimal opportunity for directly influencing decisionmaking.
Copies of reports sent to heads of other agencies	<ul style="list-style-type: none"> - Promotes sharing of goals and priorities through feedback; - Creates a routine channel of communication. 	<ul style="list-style-type: none"> - No assurance that reports will be read; - May not deal with critical coordination issues.
Single report format used by two or more cooperating agencies	<ul style="list-style-type: none"> - Requires sharing of information and staff interaction; - Focuses attention on mutual problems and interdependence. 	<ul style="list-style-type: none"> - Difficult and time consuming to organize staff and information input; - Report format may not serve individual agency requirements or address specific problems.
Existence of an independent monitoring and evaluation entity	<ul style="list-style-type: none"> - Value in an independent viewpoint; - Can identify hard-to-get-at problems and uncover bottlenecks. 	<ul style="list-style-type: none"> - Can be perceived as a threat to agencies; - Costs are associated with setting up a special unit.

Table D-9. (Continued)

Merging of agencies	<ul style="list-style-type: none"> - Increases control over resource inputs and alleviates need for coordination; - May save costs by reducing personnel needs. 	<ul style="list-style-type: none"> - Strong bureaucratic resistance; - Inappropriate where the functions of agencies are very different.
Creation of incentives (financial, promotional, professional) to encourage working on joint projects	<ul style="list-style-type: none"> - Motivates individuals to address coordination problems; - Can lead to creative and flexible approaches to circumvent administrative bottlenecks. 	<ul style="list-style-type: none"> - May increase implementation costs; - May build up inequities among staff.
INFORMAL MECHANISMS		
Lending of resources (personnel, transport, etc.) by one agency to another on an informal basis	<ul style="list-style-type: none"> - Shows a genuine commitment to cooperate; - Can provide, as needed, specific resources. 	<ul style="list-style-type: none"> - Unreliable over the long term.
Use of informal information systems by decisionmakers	<ul style="list-style-type: none"> - Can build on existing patterns of interaction and communication; - Non-threatening to decisionmakers. 	<ul style="list-style-type: none"> - Unreliability of information (decision-making by anecdote); - Timing of information is periodic.
Encouragement of informal communication between agency staff (through interagency sports competition, week-end staff retreats, occasional seminars, etc.)	<ul style="list-style-type: none"> - Contributes to open management style and sharing of problems; - Can carry over to work performance through generation of <u>esprit de corps</u>. 	<ul style="list-style-type: none"> - Difficult to focus communication on coordinative issues; - Can degenerate into rumormongering or needless competition.
Having participant agency offices in the same location	<ul style="list-style-type: none"> - Better focus on client population; - Increased communication and sharing of priorities. 	<ul style="list-style-type: none"> - Difficult to accomplish when separate facilities already exist.
Periodic meetings of agency decisionmakers on an informal basis	<ul style="list-style-type: none"> - Non-threatening opportunity to share problems; - Can generate a wide range of solutions in a non-risk environment. 	<ul style="list-style-type: none"> - Impossible to ensure participation of key decisionmakers; - Need to create reason for meeting and agenda that is unspecified; - Difficult to link to actual decisions.
Staff participation and use of a supportive management style by agency	<ul style="list-style-type: none"> - Encourages commitment by staff and supervisors to follow through on coordinative decisions; - Can encourage coordination at lower levels in the organization; - Serve as example for coordination with clients. 	<ul style="list-style-type: none"> - Time consuming for senior management; - Concensus is more difficult to achieve.
Use of a bargaining strategy with other actors, rather than reliance on preset rules	<ul style="list-style-type: none"> - When power relationships are not equal, gives agency an opportunity to gain needed resources. 	<ul style="list-style-type: none"> - Cooperation is not voluntary and can be withdrawn; - Bargaining skills may not be held equally among participants.

Table D-10. Relative Advantages of Alternative Coordination Mechanisms

MECHANISM	INTERACTION FEATURES					
	Level and nature of Cooperation	Level of formalization	Project Stage Involvement	Coordination Cost (personnel, time)	Decision Implications for Agency	Intensity and Nature of Flow
Interagency Task Force	administrative coordination and service delivery integration	high	potentially all stages, but especially implementation stage	high	moderate to extensive	continuous
Joint training and orientation course for agency personnel	administrative coordination	medium	primarily at implementation planning stage and during implementation	moderate	minor	defined, periodic
Use of informal information systems by decision-makers	policy and administrative coordination	low	potentially all stages, especially characteristic policy formulation and planning	low	potentially extensive	occasional
Lending of resources on an informal basis	administrative and service delivery integration	medium	some planning, primarily implementation	moderate	minor	occasional

Source: Adapted from R. Klaus, "Interorganizational Relationships for Project Implementation," in G. Monagle and R. Klaus, eds. International Development Administration: Implementation Analysis for Development Projects (New York: Praeger, 1979), p. 164.

- Improving the technical and operational skills of field staff, including supervisors, through training. This includes, in particular, training that gives knowledge about ways to work effectively with low-income groups;
- Strengthening of supply systems, and the equipment and materials needed to provide services;
- Establishing staff linkages with client populations and organizations, so as to draw upon the capabilities of the target population and to respond more effectively to their priorities; and
- Enhancing rewards to motivate field staffs to provide services in ways that are more responsive to the needs of intended beneficiaries. This includes financial compensation, but may also embrace special rewards for effective performance under conditions of uncertainty, for tasks that demand inordinate amounts of time, or that involve sacrifices of personal convenience, professional opportunity or family relations.

The kinds of staff behavior sought in innovative rural projects involve creativity and responsiveness to unknown futures. To achieve these objectives, non-material incentives are also needed--such as participatory decision-making, recognition and supportive relations with co-workers. Means to increase staff motivation usually involve the adoption of an "open" management style. Job enrichment options that can serve as incentives might include:

- Granting additional authority to an employee in his activity;
- Increasing the accountability of individuals for their own work;
- Assigning individuals either a complete, natural unit of work (module, division, area) or specific/specialized tasks which enable them to become experts.

6. Decentralization and Participation

Decentralization and participation are two ways of both enhancing organizational capacity and increasing the probability of rural project success. If rural populations, particularly the poor, are to benefit from development and obtain a larger share of government services and resources, then public service delivery systems must be decentralized and participation in planning and decision making must be elicited from beneficiaries at the local level. The problems associated with decentralization and participation, like most development problems, will depend upon individual project situations. Some obstacles to decentralization efforts are summarized in Table D-11. However, some guidelines and suggestions can be put forth for judicious use by project managers and administrators.

Decentralizing Actions

Several actions for promoting decentralization can be suggested which either circumvent constraints to decentralization or build upon initiatives or environmental conditions in support of greater local autonomy. Many of these suggestions are obvious ones; others are less so and frequently overlooked by rural project designers and implementers.

First policies and procedures for promoting decentralization can be clarified by:

- Devolving functions that are local in character (such as water and sewerage, refuse disposal, local streets, local health measures). Rural project designers should consider incorporating a clearly local function as a project component in a larger project to build upon that level of involvement.
- Delegating primary responsibility for execution of project functions at as low a level as practicable to have the function performed satisfactorily. Halfway measures of decentralization can often exacerbate problems of coordination.

93

Table D-11. Obstacles to Decentralization Efforts

<u>Obstacle</u>	<u>Effect</u>
Lack of Political Commitment	Unless political will at the national level favors decentralization, there is little chance that it will actually occur. Weak political commitments may result in ambiguous designs and weak organization of decentralization policies and procedures. Elite domination of local organizations and the unrepresentativeness of local interest groups is another obstacle.
Bureaucratic Resistance	Even when the political will exists at the national level, effective implementation of decentralization initiatives may be extremely difficult if powerful line ministries are unsympathetic or openly opposed to such initiatives. Since most development agencies developed to serve more centralized and control-oriented functions, their structures, systems, and norms pose important barriers to decentralization.
Lack of Infrastructure	The poor transportation and communication networks in many rural areas of the Third World inhibit decentralization efforts by making both coordination among decentralized units and the contact between central and local administrators very difficult. Such difficulties often mean that administrators must spend a considerable amount of time visiting and monitoring project activities. There is often some frustration associated with these demands and, in general, a disproportionate amount of time is spent travelling, rather than in contact with local communities.
Inadequate Financial Resources	The reluctance of governments to provide adequate financial resources or tax-raising authority as well as decision making responsibility has hindered past efforts at implementation. This is exacerbated by the overdependence of local governments on the central government for financial appropriations and approval of operating and expenditure decisions, as well as inequitable revenue sharing.
Lack of Trained Manpower	The absence of personnel at lower administrative levels with adequate training and experience in program planning, implementation, and evaluation may seriously delay, if not obstruct, progress towards decentralization. At the local level there are usually inadequate numbers of local staff, and those that exist supported. Staffing through political appointments rather than based on a person's professional ability and experience is an additional constraint.

- Defining devolved functions in terms of local standards. While central authorities should ensure that standards of performance do not fall below an acceptable level, this should not interfere with the operations of local agencies unless strictly necessary. Often execution standards (e.g., for road maintenance, health facilities, etc.) are set for larger scale activities not relevant to small, local communities.
- Practical open-ended versus statutory allocation of authority--central governments can either authorize local governments to do anything for the good of the locality which is neither forbidden them by law nor within the exclusive jurisdiction of another governmental unit (that is, an "open-ended" arrangement), or can allocate specific statutory functions to local authorities. An open-ended allocation offers both a greater degree of discretion in fitting functions to needs at the local level as well as the potential for building local capacity.

Second, plan decentralization:

- Build on existing institutional base--several studies have concluded that successful organizational strengthening at local levels invariably begins with a simple focus on a single function requiring cooperation and skills already possessed by incipient institutions at local levels (Tendler, 1976).
- Concentrate the decentralizing thrust--the establishment of common project areas and headquarters cities, rather than each central ministry choosing its own area of focus can build a more dynamic support for decentralization. All too frequently integrated rural projects in particular are placed in areas too isolated or insular to take advantage of whatever developmental externalities that may exist.
- Consider the context--in establishing project areas or planning regions due account should be taken of the existing scope of field administration or the jurisdictional bounds of local government areas as well as historical administrative considerations such as the cohesiveness implied in tribal or ethnic groups former colonial jurisdictions or socioecological zones.

Third, consider employing some form of controlled decentralization, whereby the central government maintains a modicum of control while giving field personnel the autonomy and resources to demonstrate their capabilities. The center may set certain technical guidelines within which local governments operate to implement programs.

Such a strategy might be necessary in situations where government line ministries in order to exercise their power, feel compelled to promote their own development ideas. Controlled decentralization, however, requires both strong linkages and shared responsibility between center and periphery. Given these, this strategy may strike a viable balance between the two forces while retaining the best features of centralization and decentralization:

- By stimulating officials to be more responsive to the local population;
- By increasing efficiency; and
- By achieving both economic and political goals.

A case study from Rajasthan, India, represents of how such controlled decentralization can be implemented successfully. There the center has a virtual monopoly on funds for rural development projects while the state has formal constitutional authority. In the case of rural electrification, central power is largely limited to review of large projects and coordination of those involving more than one state. At the state level, there is a State Electricity Board (SEB), an autonomous technical body within the state government, which receives some funds from the state but also raises capital on the open market.

Prior to 1969, the SEB in Rajasthan operated under the assumption that rural electrification was a technical problem to be solved by technicians. As a result, the SEB isolated itself from other state agencies and potential beneficiaries and used only information provided by its own engineers in selecting villages for electrification.

In the late 1960s there was increasing pressure to decentralize electricity planning and bring it into line with other rural development efforts. This added social and political criteria to the technical and economic ones previously used. In 1969, District Agricultural Production Committees (DAPC), which included politicians, administrators, and technicians were given the power to select villages for electrification. This produced an increase in adherence to political criteria, primarily as a result of the increased accessibility of decision makers. Since many more villages qualified under the stated economic criteria than could be electrified in any one year, the DAPCs were able to expand the criteria and include the concerns of local constituents. Although the DAPCs could not countermand the criteria imposed nationally, they were able to choose among priority concerns within the general guidelines.

Participatory Management

The devolution of authority to lower levels requires increased participation of project staff in management operations. Such participation means providing the staff (1) access to power--specifically the capacity to mobilize resources to accomplish tasks; and (2) opportunities--specifically chances for advancement, input into important decisions, and increases in skills and rewards.

The major method of achieving this staff reorientation is to enhance local capacity and to improve conditions for more effective lower level administration. Measures to accomplish this include:

9-1

- Establishing a career system under which young people would be started in rural areas, aided in their further professional development, and assured of advancement for meritorious service;
- Giving special allowances for service in hardship posts, particularly isolated rural projects;
- Enhancing the prestige attached to work in rural areas, through publicity, statements and visits of national leaders;
- Adjusting salary scales and allowances to eliminate any financial advantage from working in the capital and also to eliminate differences in compensation between agencies;
- Accelerate pre-entry and in-service training of technical and professional personnel, with emphasis on an orientation to rural, local problems;
- Arrange for training of public service staff who are from local areas and train them in the areas;
- Place more emphasis on training in administrative attitudes oriented toward participatory methods; for example, human relations, group dynamics, use of audio-visual aids, and rural development techniques; and
- Require those who receive training at the expense either of the government or of international organizations to accept employment for certain periods in field posts or with local authorities.

Types of management development activities which promote increased staff participation include:

Team Building: Identifying and solving problems experienced by work groups, particularly those interpersonal and organizational roadblocks that stand in the way of cooperative competent functioning;

Training: Providing new skills and structuring a means to organize, share and more effectively apply the knowledge and skills already within the organization to project activities;

98

Intergroup problem solving: Bringing groups together to reduce unhealthy competition or resolve conflicts over such problems as overlapping responsibilities or confused lines of authority'

Joint goal setting and planning:

- Joint goal setting and planning: Establishing patterns by which supervisor and subordinates throughout the organization engage in systematic performance improvement and target setting as a regular, continuing process; and
- Intraorganizational support exercises: Providing structured opportunities for various organizational levels and units to find ways to support each other.

Use of these techniques has both direct and symbolic value. They are tools for decision making as well as being inherently participatory in themselves.

In addition to these management techniques, relatively clear guidelines defining the boundaries of participation are essential. Effective management often requires that one person have responsibility for key decisions; encouraging participation of others in the decision making process does not mean relinquishing that responsibility to them.

Beneficiary Participation

The involvement of project beneficiaries in the design, implementation and evaluation of projects has been shown to increase the effectiveness of rural development projects in numerous instances. Factors limiting beneficiary participation are summarized in tables D-12 and 13. Beneficiary participation can contribute to project success in the following ways:

- By including the perspectives of beneficiaries in project decision making, participation can help identify critical problems that need to be addressed and constraints to project implementation at the local level;

99

Table D-12
FACTORS LIMITING BENEFICIARY PARTICIPATION

<u>Type of Factors</u>	<u>Examples of Effect</u>
Infrastructure/Environmental Factors	<ul style="list-style-type: none"> - A lack of transportation or communication infrastructure, government resources and personnel, physical facilities, etc. will limit participation; - A long rainy season may make it impossible to hold regular meetings throughout the year because roads and paths become impassible; - A low population density makes it more difficult to assemble beneficiaries; and - The absence of a market town or community facilities decreases inter-beneficiary communication.
Socio-cultural Factors	<ul style="list-style-type: none"> - Many rural societies are based on reciprocal kinship obligations and benefits. Projects ignoring this fact may face pressure for benefit distribution which is at variance with that planned; - restrictions on women may make their participation in projects impossible; and - Lack of cohesiveness within the community (e.g. dissention among households, ethnic groups, etc.) may undermine efforts at organization.
Resource/Power Inequities and the Existence of Elites within the Community	<ul style="list-style-type: none"> - The land tenure situation may put tenant farmers under an obligation to landlords and limit their effective participation in efforts contrary to elite interests; and - The appropriation of project benefits by elites may discourage the participation of non-elites in the project.
Economic Factors	<ul style="list-style-type: none"> - The inability of low income people to provide required resources (users fees, entry fees, labor contributions) may exclude them from participation in project benefits; and - Labor mobility may mean that potential beneficiaries are not around to participate during certain times of the year.
Project Design	<ul style="list-style-type: none"> - A program involving a complex technology may exclude less educated persons from leadership roles; - A program where the benefits are not tangible, short-term, or distributed equitably will engender less beneficiary participation; and - A project in which there is no provision for beneficiary participation or for which no resources were allocated for organizing and working with beneficiaries will receive less beneficiary response.
Historical Factors	<ul style="list-style-type: none"> - Adverse experiences with collective organizations, the past suppression of local leadership, etc., will limit future participation.

Table D-13
 CHARACTERISTICS OF DONOR-ASSISTED PROJECTS WHICH HINDER BENEFICIARY PARTICIPATION

Characteristics of Donor-Assisted Projects	Donor Incentives	Disadvantages with Respect to Increasing Participation
- large scale.	<ul style="list-style-type: none"> - pressures to spend funds are best overcome with large projects. - large projects are more visible and politically rewarding. - large projects are more professionally challenging to design and implement. - large projects provide greater opportunities for corruption at higher levels of government. - large projects provide greater contacts for local professionals and civil servants, thus furthering their careers. - large projects are more profitable for consulting firms. 	<ul style="list-style-type: none"> - a large number of beneficiaries in the project will mean that individuals or groups of beneficiaries will have less of a voice in project design and implementation. - large scale projects require a bureaucratic, hierarchical administrative structure in order to be efficient. - in a large project, high level decision makers will have little contact with beneficiaries.
- capital or import intensive.	<ul style="list-style-type: none"> - high import intensity pleases industrial donors and can serve as a justification to donor electorates. - it is more expensive and time consuming to rely on domestic sources of equipment and materials because the quality and timeliness of resource delivery is less certain. - donors are more familiar and comfortable with the capital intensive technology that characterizes their economies. - the methodology for utilizing labor intensive techniques in development projects, and that for developing local resource capability is relatively undeveloped. 	<ul style="list-style-type: none"> - the reliance on external resources does not strengthen host country capacity to provide resources. - the provision of resources is one avenue by which beneficiaries can contribute to project implementation. - project beneficiaries will have less experience with and understanding of complex capital intensive technology and, consequently, would be less able to contribute meaningfully to project design or implementation when such technology is used. - beneficiaries would be less able to maintain complex/capital intensive/imported technology.
- administration intensive (the administrative cost per dollar expended is low).	<ul style="list-style-type: none"> - a low overhead can aid the donor in justifying its efficiency to sponsors and electorates. It can be used to demonstrate that a large percentage of the resources it receives are making it down to the beneficiaries 	<ul style="list-style-type: none"> - a large number of beneficiaries per administrator or staff member means that the accessibility of beneficiaries to these people is low. Any given beneficiary or group of beneficiaries will have less voice. - project staff and managers will have less time to listen to beneficiary ideas or grievances
- reliance on expatriates for technical assistance.	<ul style="list-style-type: none"> - Expatriates can serve as guardians of donor funds and interests. - The shortage of planning and project analysis skills in host countries necessitates outside intervention. 	<ul style="list-style-type: none"> - expatriates may not clearly understand local conditions and needs or find it difficult (because of language and status limitations) to interact with beneficiaries. - expatriate technical assistance is very expensive, consequently reducing the resources available for other aspects of project implementation.

- Further, local participation is important in adapting new ideas to local circumstances;
- Participation by beneficiaries in the design, implementation and evaluation of project activities can encourage their acceptance of new ideas;
- The involvement of beneficiaries in project decision making, together with a local commitment of resources will encourage community "ownership" of the project;
- Participation can more widely spread the benefits of project activities;
- Participation can support efforts to decentralize governmental responsibilities to lower levels and help break patterns of dependence on central authorities;
- Participation by project beneficiaries will reduce or eliminate the exploitation of the project by outsiders. Local control over the amount, quality and distribution of benefits will help ensure that project goals will be met; and
- Participation by beneficiaries can facilitate the achievement of benefit sustainability.

Following are some general guidelines for creating effective participation:

- Establish a "process approach". Acknowledge at the outset that project designs are flexible, and establish a "process" whereby project implementers can exercise discretion.
- Establish a two-way information flow at the outset. The primary objective of an information system should be to improve project performance. Criteria for evaluating performance should be agreed upon by implementors and beneficiaries at the outset. Frequent opportunities for "gripe sessions" between implementors and beneficiaries are likely to yield suggestions that will make projects more responsive to local needs. Direct access of problem sources to decision makers with the power to address problems is important.
- Start with a few quick successes. Early, tangible benefits--as perceived by the local populace--will stimulate popular enthusiasm and participation.

103

- Require a resource commitment from project beneficiaries. This will establish the interest of the beneficiaries in the importance of the project, and will commit them to its success. Further, it will save scarce government resources, and send a signal that the project is not another "government giveaway."
- Work with existing organizations (formal or informal). Such organizations can offer a two-way information channel, help marshal local and outside resources, and sustain project benefits after the experts have gone.
- Be prepared to work with conflicting local factions. It is important to work with all parties in order to take advantage of all available skills--and to avoid any political backlash which could lead to withdrawal of support for the project.
- Build organizational capacity. Local leaders should be trained in techniques of anticipating and influencing change, making informed decisions, attracting and absorbing resources, and managing resources to achieve objectives.

104