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A Review of
"Organizational Capabilities of the Poor in Asia"
and
"Para-Projects as Alternative Modes of
International Assistance for Self-Sustainable
Development in the 1990s"

by

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for the Michigan State University Colloquium

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Organizational Capabilities of the Poor in Asia

and

Para-Projects as Alternative Modes of International Assistance for Self-Sustainable Development in the 1990s

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OVERVIEW

These two papers are discussed together because their themes are related. In the first paper, Uphoff reworks the concept of self-help development ("capacitation" and "assisted self-reliance"). The second paper presents several alternative "non-project" formats through which development assistance could be channelled in support of self-help initiatives.

HIGHLIGHTS OF PAPERS

Uphoff puts forward what he considers to be three "reasonable assumptions when thinking ahead about policies to uplift the poor."

1. With diminishing flows of financial resources faced by LDC governments, development methods that mobilize more local resources are necessary.

2. There has been substantial human resource development among the poor, with higher levels of literacy, better health, etc.

3. There is now less resistance to mobilizing local planning and management capacities than with earlier centralized bureaucratic ideologies. The author stresses that governments and donor agencies (more than NGOs) have difficulty in effectively supporting local institutional development.

Uphoff idendifies local leadership, high-calibre personnel, and decentralization as critical elements for grassroots development efforts.

New mechanisms for giving financial and technical assistance will be required to promote self-reliant development. Conventional project mechanisms to alleviate poverty "are more likely to be very costly than to be very successful."

Uphoff supports the view that "other things being equal, there are diminishing returns to project size", though these alternatives should not necessarily displace or make obsolete conventional project activities. Several types of "non-project" initiatives are presented in the paper for consideration:

1. local capacity-building mini-projects;

2. initiatives to identify (and correct) deterrents or lacks of incentive that keep people from making full or best use of existing resources;

3. appropriate technology-cum-organization;

4. planning and management improvement;
5. savings and credit systems;
6. horizontal diffusion;
7. campaigns;
8. bureaucratic reorientation; and
9. research and action programs.

The author discusses each of these alternatives in the second paper. In general they have the following characteristics: (i) they are more labor-intensive than capital-intensive; (ii) local resources are crucial to the success and sustainability of each; and (iii) goals are "quantum" shifts in activity and outcome, not just "increments according to some mechanistic input-output conception."

Uphoff concludes that if administrative costs of adopting these alternatives are too formidable for donor agencies, one solution could be to devise a system of "wholesaling" assistance to LDC intermediaries — to NGOs which in turn "retail" assistance to promising para-projects.

ORGANIZATIONAL CAPABILITIES OF THE POOR IN ASIA

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Draft paper for Colloquium on *The Changing Nature of Poverty in the 1990's: A Policy Focus*, Michigan State University, March 13-15, 1988

The desire expressed in richer countries to "fight poverty" and to "eliminate" it wherever possible puts "the poor" in an ambiguous position. Are they friend or foe? Whose side are they on? Are they responsible for the existence of poverty? Must they be always with us? Should they be eliminated? Are they a "target group" to be aimed at and shot at? Indeed, are they a homogeneous group? If not, how does one deal with the "relatively" poor compared to the "absolutely" poor? In fact, how can we know who are "the poor"? Deciding on appropropriate concepts, measures and criteria is a huge challenge. But the overriding question is one of diagnosis and strategy: *to what extent should the poor be regarded as a part of "the problem" or are they an important part of "the solution" to poverty?*

Most poverty-alleviation efforts, however well-intentioned, have unfortunately been quite paternalistic, treating the poor as inferior, impotent people, incapable of improving their own situation, needing benefits to be channelled to them through government agencies or through non-governmental organizations (NGOs), either way with limited effect. It is true that large numbers of the poor do not enjoy normal health, intellect or morale, being stunted nutritionally, socially or psychologically. For every poor person who has managed to keep his or her capabilities intact despite adverse circumstances, others have suffered disabilities in body, mind or spirit. But even these limitations are not usually total and not all are irreversible. Substantial numbers of the poor have bodies and minds as fit as the rest of the population. They lack, however, education, status, security, confidence, contacts, means to shape their future in productive ways.

One of the few things we know for sure is that intelligence, high and low, is distributed fairly evenly across all human groups. Nutritional deprivation and lack of early stimulation can thwart the achievement of people's full mental potential. But where educational opportunities have been limited, the frequency of natural talents among the poor is likely to be greater than where opportunities for advancement have been more widely spread. Where there has been less social and occupational mobility, a larger share of persons will have unusual intellect, insight, character and leadership skills.

This is said not to idealize the poor, but to remind us that mainly income and opportunity differentiate the non-poor from the poor. People's circumstances at birth are almost everywhere more significant determinants of their position in society than are their respective capabilities. The major question facing us in the 1990's as we renew efforts to reduce poverty is whether the poor will be regarded as a "target group" to be reached with a new arsenal of policies, institutions and initiatives, or as real partners in the enterprise of their own development. Are they *liabilities* or *assets?* Do we still hold the view expressed 20 years ago?

> Nothing is more desperate for progress-minded political leaders than to find that the public becomes not an asset, not a pool of talent, and a reservoir of strength, but a weight to be shifted from one shoulder to the next, finally crushing those who are attempting to march forward with the burden. (Apter, 1968: 82)

The poor who cannot support themselves adequately at present appear to be drains on their economies. Also the growing numbers of poor people who make claims on already overused public services must seem a burden. Yet there is no solution to the problems of the poor without using their talents and resources to the fullest, not just their labor and their potential for saving and investment but also their ideas and inventiveness, their capacities for organization and self-management, and their senses of solidarity and responsibility.

There are simply not enough resources available to be transferred from rich to poor countries, or to be mobilized by LDC governments through taxes, to pay for a development strategy of benevolent largesse. Even if such a strategy could be financed, it would represent the antithesis of *development* by perpetuating relationships and attitudes of *dependence*. We need in our language and in our policies the concept of *capacitation*, which will direct assistance efforts to building up productive capacities among the poor: (1) access to economically productive assets and opportunities, (2) enhanced vitality and knowledge (abstractly called "human resource development"), and (3) strengthened local organizations and institutions. A fourth category includes appropriate infrastructure and technology. Supportive policies and investments are needed for all of these, adding up to a strategy of *assisted self-reliance* which, however paradoxical it may sound (Uphoff, 1988), will be at the core of any defensible and sustainable program for development in the 1990s.

The question has been put to this colloquium, *what are the poor doing for themselves?* Prior questions must be asked about (a) the limited and skewed economic opportunities open to the poor, due in large part to uneven distribution of land and capital; (b) health, nutrition and education deficits the poor endure; (c) deficient local infrastructure, institutional as well as physical, at local levels; and particularly (d) the legacy of the poor's subordination to political, bureaucratic, business, landowning, moneylending and other elites.

There are numerous, though not yet enough examples of extended and growing self-help efforts by the poor in Asia as well as other parts of the Third World.[1] But almost always they arise with the active support and protection of some governmental, non-governmental or international agency, usually acting in a catalyst mode (of which more will be said below). One needs to consider the conditions under which self-help gets initiated and sustained -- creating new economic opportunities, reducing the gap between human potential and actual performance capabilities, and establishing effective local institutions, supportive infrastructure and policies.

These are the ingredients of a strategy of *assisted self-reliance*. The attractiveness of such a strategy rests in part on the limitations and failures of previous technocratic or paternalistic approaches. But there is also positive experience giving grounds for moving in this direction. Examples of success should become more and more persuasive for the following reasons:

(1) Relative to the needs of their growing populations, LDC governments face *diminishing flows of financial resources*, from tax revenues and foreign aid. Development methods that mobilize more local resources are not only welcome but necessary.

(2) There is now *less confidence in paternalistic or technocratic approaches* as their results have not solved LDCs' problems. Doing "more of the same" is unlikely to be sufficient. There is now less resistance to mobilizing local planning and management capacities than with earlier centralized bureaucratic ideologies.

(3) In the past several decades, although poverty remains, there has been *substantial human resource development* among the poor. They can draw on more literacy and better health, more communication skills, more knowledge about technology and organization.

This latter trend is more certain to continue into and throughout the 1990s than the first two, but all three represent reasonable assumptions when thinking ahead about policies to help uplift the poor.

EVIDENCE OF ORGANIZATIONAL CAPACITY

Are the poor ready to help themselves? How much awareness and collective action can be found at the grassroots? Is assisted self-reliance a feasible approach? Fortunately for Asia, more self-help activity is evident there than in other parts of the world.[2] We are not concerned here with improvements confined to a village or two, no matter how beneficial those may be to local residents. Rather we are interested in programs that affect the lives of tens and hundreds of thousands, even millions of people. Not all those benefited may be among the poorest of the poor, but we are thinking about initiatives that reach beyond the rich and middle strata, something difficult to accomplish with conventional projects.

The best-known examples of participatory development in Asia are probably the Farmers Associations and Irrigation Associations in Taiwan and the small farmer cooperatives around Comilla, Bangladesh. These have been cited frequently and favorably, but their implications for broader strategies of bottom-up development were largely ignored by policy-makers.[3] In the 1980s, numerous programs in Asia offer encouragement and indeed have given substance and direction for a strategy of assisted self-reliance.

A review of such programs in Asia would include the following, which have more complex dynamics than simple "bottom-up" efforts at self-help:

INDIA: The AMUL dairy cooperative system, started in one district of Gujerat State over 40 years ago, has now been extended into 16 states through the National Dairy Development Board with assistance from the World Bank; 5.5 million households get financial and other benefits from participation in the program (Singh and Kelly, 1981; Paul, 1982: 15-36).

The Chipko movement, which arose as an effort to protect local forests from cutting by private contractors, has established Village Forest Councils in the hill areas of Uttar Pradesh State, getting into environmental education, replanting of trees, sustainable forest enterprises, and lobbying for environmentally sound policies. Though more autonomous than other examples, it had some outside assistance in organization development in earlier years (Sharma et al., 1985).

BANGLADESH: The Grameen Bank has already gotten loans to over 300,000 landless and near-landless persons, raising real incomes by an average of 30% within two years. Making its loans through groups, the repayment rate is about 96%. Started by an economics professor at Chittagong University and assisted in its experimental phase by the Ford Foundation and other small donors, it now has major financial support from IFAD (Fuglesang and Chandler, 1986).

The Bangladesh Rural Advancement Committee (BRAC), an NGO founded in the aftermath of the war for liberation in 1971, has evolved into a national program with thousands of membership groups carrying out self-help activities in many sectors. The program is now assisted by a large staff, funded by many foreign donors. While this is criticized by some as bureaucratic, it puts considerable technical resources at the disposal of the rural poor (Ahmed, 1981; Abed, 1986).

PAKISTAN: The Aga Khan Rural Support Program (AKRSP) working in two remote districts in Northern Pakistan has aided self-help activities in over 500 communities there, working with Village Organizations to improve the lives of about 400,000 persons in areas hardly served by government (World Bank, 1987).

The Orangi Pilot Project (OPP) has brought water and sewerage facilities through self-help to 200,000 persons living in a huge slum area outside Karachi for a cost of about $25 per household. It was initiated by Akhter Hameed Khan who gave leadership in the Comilla program referred to already and in the AKRSP cited above. After violent riots in Orangi last year, the Lane Committees established under OPP helped to restore and keep peace and to rebuild the community(Gafoor, 1987).

NEPAL: The Small Farmer Development Programme (SFDP) of the Agricultural Development Bank of Nepal, started with a grant of only $30,000 from FAO, has established 4,600 groups with over 40,000 farmer members, all with less than 2 acres of land. Small loans given though groups as with the Grameen Bank raise incomes and have high repayment rates. Groups make social, political, environmental, family planning and other improvements in their villages (Rahman, 1984).

A similar organizational strategy used by the Production Credit for Rural Women program to mobilize and assist the self-help efforts of women has had comparable results, though on a smaller scale so far. Initially assisted by UNICEF, the program is now operated by the Women's Development Section of the government and reaches into 32 of Nepal's 75 districts to involve rural women (UNICEF, 1985).

SRI LANKA: To improve the performance of run-down irrigation systems through farmer participation, a network of organizations from field channel groups to an overall project committee was established in Gal Oya, serving about 60,000 persons. (Similar organizational structures are being set up in other major irrigation systems under a follow-on project, both projects assisted by USAID.) There is now a national program for this activity. Water use efficiency could be nearly doubled once farmers were organized to work cooperatively with the Irrigation Department. Farmers' receptiveness was very great when they were approached appropriately (Uphoff, 1987).[4]

PHILIPPINES: Efforts by the National Irrigation Administration (NIA) to establish water user associations, assisted by the Ford Foundation, have made the Philippines the only country where users cover practically all the costs of operation and maintenance (Repetto, 1986: 5-8). The methodology for creating such self-management capacities was carefully worked out over several years (Bagadion and Korten, 1985; Korten, 1982), and has been a model for similar efforts in other Asian countries.

THAILAND: A number of programs are underway that mobilize local efforts for more self-reliant development: a program for meeting basic social needs pioneered in Khorat province, based on clusters of 10-15 households, with linkages through local government and administrative staff up to the province level (Uphoff, 1986: 348-350); support for water user associations similar to those just described in Sri Lanka and the Philippines; experimentation by university institutes with rural self-help programs such as that documented by Rabibhadana (1983); and changes in the agricultural extension service to build on and assist small farmer groups with support of the FAO People's Participation Program.

INDONESIA: A good example of assisted self-reliance is the system of health cooperatives started in 1972 through a church-affiliated health center in Central Java. Part-time trained volunteer cadres worked with household clusters to improve health. For a contribution of 12¢ per household, the costs of curative medicine could be covered, and additional public health activities were supported under the program (see Uphoff, 1986:298-299). This program was subsequently absorbed by the Ministry of Health. I have no current information on its status or spread under government auspices.

One can ask why there has not been more self-help among the poor. This is a fair and necessary question. One answer is that the program and policy elements listed on page 3 which can encourage and support such efforts are usually lacking, though they can be provided by governmental or non-governmental action. Why should political elites, the definitely non-poor, accept such initiatives? Some reasons were given already on pages 4-5, and others could be elaborated (Esman and Uphoff, 1984: 24-29). One should anticipate that this approach can face political resistance from various levels. But even some "non-populist" regimes have derived political profit from it.

ELEMENTS FOR PROGRAMMATIC SUCCESS

These various examples of development programs aimed at reaching, involving and benefiting the lower strata of their respective societies are not "pure" self-help efforts. The programs were usually developed by urban or international professionals, though often inspired by self-help activities already in evidence, such as the indigenous water user associations found in various parts of the Philippines and Indonesia (e.g. Siy, 1982). The SFDP in Nepal, which has been a prototype for participatory anti-poverty programs elsewhere, was conceived through an unusual programming exercise by FAO; consultants and central government officials took part in a "field workshop" with small farmer and landless participants meeting under local conditions. There has been some transfer of experience and organizational models, as the Comilla "model" was adapted in Orangi and the northern districts of Pakistan; the Sri Lanka strategy in Gal Oya drew on "catalyst" roles developed by NIA in the Philippines and SFDP in Nepal.

The question is not so much *where the initiative for such participatory development comes from,* but *what is the response of poorer sections of the population?* The answer to the latter question is clearly that self-help is accepted *provided that the program in question is not just self-serving rhetoric for the sponsoring agency.* Earlier in this paper, I indicated three components for programs promoting self-reliance that go beyond exhortation -- and a fourth that may be needed, though it relates mostly to the first:

(1) access to economically productive assets and opportunities,

(2) human resource development, through education, health, and where necessary, nutrition and other programs,

(3) local institutional development, preferably a network of different kinds of institutions operating at different levels, and

(4) appropriate physical infrastructure and technology.

The programs described blend these components in ways so that there is more hope as well as more capacity among the poor.

One cannot say that any one of the four is necessarily more important than the other three, though some programs emphasize one more than the other, e.g., the Grameen Bank programs gives new economic opportunities through credit; AKRSP promotes physical infrastructure in remote areas; while NIA work in the Philippines first creates organizational infrastructure. Some combination of these components is needed to break through the actual and perceived "low-level equilibria" confronting the poor.

Without disputing the significance of the other factors, I would stress the contribution of the third component, local institutional development. Social infrastructure is as crucial as physical infrastructure for creating and utilizing productive opportunities. Particularly where poor people confront a legacy of subordination to exploitative interests, new or reoriented institutions that give voice and weight to the needs of the poor are essential. I emphasize this component also because governments and donor agencies (more than NGOs) have difficulty supporting it effectively. We know more about how to promote economic activity and provide physical infrastructure, education, health and other services, than how to get local governments to mobilize and manage resources for the benefit of the poor, how to operate fair and efficient cooperatives, or how to strengthen membership organizations willing to take on self-help responsibilities.

The things most needed to build up local institutional capacities do not neatly fit into the way donor agencies currently do business or the way most governments usually proceed. At the risk of not sounding "practical," let me discuss three things which, from observing and studying grassroots development efforts in Asia over the last 20 years, I think are most critical. Donor agencies can play supportive roles with regard to each, but only by working with more deftness and continuity than normal. They need to collaborate in a thoughtful and reliable way with persons inside government and out who have strategic insight and commitment for enhancing the organizational capabilities of the poor.

Leadership. Looking over the examples of programs in Asia that have broadly enlisted people's efforts for self-improvement, one is struck by the repeated significance of individuals who have given persistent, creative and attentive leadership to these respective enterprises. One cannot understand the success of most of these programs without reference to names like Kurien, Bahaguna, Yunus, Abed, S. S. Khan, Akhter Hameed Khan, S. K. Uphadyay, Bagadion, Suwai, and so forth. Of course, success makes the leader perhaps even more surely than the leader makes success. It is hard to know where "development entrepreneurship" ends and "market forces" or simple "luck" begin. The subject of "leadership" offers perhaps the blackest box in the social sciences. Yet it is a mistake to pass over it as social scientists and bureaucrats are prone to do, invoking it as an explanation only when all else fails.

The main conclusion I draw from the observation that a high order of leadership is involved in most mobilizing efforts is that *successful programs that engage the poor are not likely to be devised or divined by project design teams.* There are so many unanticipated problems, nagging doubts to be resolved, quarrels and tensions among staff to be set aside, priorities to be set and revised, contacts to be made to maintain support for the program; there is so much need for discipline and perseverence to counter the many dissipating pulls on a program, need to attract and keep top talent at all levels of the project, need to maintain morale and sense of direction, need to keep funding levels adequate, need to prevent ossification and stagnation.

No job description can begin to encompass all the qualities or even simply the energy level needed for program success. Any design team is at the mercy of whoever is given responsibility for program implementation -- or whoever in a succession of persons is put in charge of a program. With leadership, especially that which is successful, there is always the risk of excessive egotism or a "cult of personality" interfering with program functioning. Some of those named above may not be paragons of modesty, but whatever view they may have of their own talents and indispensability, they shared a conviction that "common people" have not only the right to a better life but also the intelligence and capabilities to contribute thereto. This appreciation extends to their staff, through whom they know they must work to achieve any results. Staff loyalty is motivated by shared ideals but also because loyalty is reciprocated. The administrator who lacks respect for the potential of staff and intended beneficiaries to "move mountains" will never sustain an anti-poverty program, where such inspiration has to become routine.

But I am getting into a discussion of this factor which goes beyond my or anyone else's data base. I happen to know many of the individuals involved but have not made any systematic analysis of their roles and strategies; nobody has. I highlight this factor to indicate that I see little promise in launching a wave of new anti-poverty projects, even "well-designed" ones, unless they are headed by development entrepreneurs of considerable talent -- able to keep good relations with politicians in high places, able to project a positive public image of the program, able to get the most and the best out of project staff, able to strategize continually to move across tricky terrain.[5]

This suggestion, requiring leaders with such qualities, will seem to narrow the possibilities for embarking on successful programs. However, once one entrepreneur has "shown the way," others without as much conviction, energy and imagination can achieve similar, maybe even better results, by being more systematic, maybe being better managers, as we have seen in the industrial sector. The suggestion does mean that donors should look to underwrite pioneering leadership on behalf of the poor rather than look just for "good project designs." Almost by definition such leadership will be skilled in dealing with political interests and impediments, mobilizing and maintaining whatever support is needed.

Cadres. Any effort to engage the poor in their own development, given the legacy of past constraints and disappointments, will require personnel who are skilled as well as committed to the task, motivated, experienced persons who can translate the vision and purpose of program leadership into practice on the ground. There can be no adequate instructions or rulebooks that anticipate all contingencies. Staff who simply "do their job" without any feeling or originality will not produce a lifeless program. As with leadership, a project design team has little control over the quality and orientation of personnel, except through agreements of higher level political leaders to recruit and support committed people for the task.

One thing which a design team can provide for is specialized roles that undertake to establish participatory organizations or to strengthen existing institutions that serve the poor. These can be generically referred to as "catalysts" -- whether they are the "spearhead teams" of AMUL, the Grameen Bank's "bankers on bikes," the Social Organizers of AKRSP and OPP, the Group Organizers of SFDP, the Institutional Organizers in Sri Lanka, the Community Organizers of NIA, and so forth.[6] It is important to have persons in such roles who are themselves committed to the program's goals and who have no hesitation about living among and working with the poor. All the programs have been able to deploy substantial numbers of talented, capable catalysts. This suggests that there is a rich pool of human resources particularly among the young educated unemployed that can be drawn on to mobilize and energize still larger reservoirs of human resources among the poor.[7]

There is little systematic knowledge about catalyst programs even though they have been burgeoning in the last ten years. At least they are now numerous enough that patterns and principles can be discerned. The more general issue of having an effective cadre to work with and through is complicated by the fact that bureaucracies are notoriously lacking in the qualities ascribed to cadres. This is one reason why NGOs are gaining popularity among donors. Trying to implement anti-poverty programs with personnel who are not energetic, committed, persistent and sympathetic is likely to waste money. To address this tendency within government bureaucracies, a strategy of "bureaucratic reorientation" (Korten and Uphoff, 1981) seeks to change the performance and values of large public (or private) organizations through training, incentives, new career paths, new criteria of evaluation, new role models, new professional norms (Chambers, 1986), etc.

Nobody should expect this to be easy, but the new wine of innovative anti-poverty programs in the old bottles of existing bureaucracies will lack the needed sparkle.

Decentralization. Capacitation of the poor will require some changes in institutional arrangements apart from having leadership and personnel more attuned to the needs and initiatives of the poor. For the latter to take responsibility for their own development, they must have organizational instruments that they understand, value and control. This is not the place to go into a full discussion of the alternative institutions possible and desirable. But we should note that local institutional development is needed across a range of sectors and at different levels with a compatible mix of public, private and voluntary sector institutions.[2]

These arrangements are often referred to as "decentralization," but there is confusion whether the term denotes delegation of authority to administrative personnel at regional or district levels (deconcentration) or to local government bodies (devolution). There are a number of kinds of devolution beyond the formal-legal mode assigning responsibilities to local govern-ments. Following the analysis of Leonard (1982), some other kinds of decen-tralization can be suggested that could engage and support the self-reliant capacities of the poor to various degrees: *intermediation*, where membership organizations and cooperatives have functional responsibilities for self-chosen development activities; *philanthropization*, where private voluntary organizations and service organizations provide opportunities and benefits not within government programs; and *marketization*, where private busi-nesses offer goods and services for sale, seldom recognized as a form of decentralization (Uphoff, 1986: 221-227).

Without creating or strengthening institutional channels that enable the poor to make decisions on their own, to mobilize and manage their own (and outside) resources, to carry out implementation activities and resolve any conflicts and problems that arise, we are not promoting self-reliance. Indeed, one of the main contributions which the poor can make to development is to assume more responsibility for self-management. It can be objected that they lack technical and administrative skills, which is true. But many of these can be learned fairly readily if there is the motivation. Government personnel are so often absent, new on the job, indifferent or even incompetent (given the way appointments and promotions get made), that the present level of performance at the periphery is quite inadequate. Whether it will improve by conventional bureaucratic means is doubtful. The question becomes how to delegate responsibility in a fair and sustainable way.

The next decade will see a great variety of experiments with local assumptions of management tasks, if only because central governments are becoming fiscally unable to continue as before. Donors might make a special effort to assist, monitor, document and disseminate such experience so that transitions to more decentralized modes of administration are as smooth and satisfactory as possible. There will be no self-reliant development without self-management, so improving the latter assumes great importance.

New Modes of Development Assistance

This consideration leads to the question of whether donor agencies in the 1990s can devise and use new mechanisms for giving financial and technical assistance, something other than the conventional "project" mode. Because this opens up a broad and different subject, however important it is, and since it is outside the subject I was asked to address for this colloquium, I will not pursue it here. I will say, though, that after considering various Asian programs that reached and involved large numbers of the poor, while each could be "projectized," and some are now funded under large-scale project arrangements, the inception of each proceeded more in an open-ended, learning process manner (Korten, 1980) than is common with donor-assisted projects. Thus, an overall conclusion is that donor efforts to alleviate poverty through conventional project mechanisms are more likely to be very costly than to be very successful. Money is needed, but it is seldom the most important constraint. More often programs fail for lack of good ideas, motivating idealism, and high-calibre (not necessarily high-cost) personnel.[10]

Personally, I doubt whether donor agencies can make a real contribution to the renewed war against poverty while operating in a "business as usual" manner, making mechanistic assumptions about relations between "inputs" and "outputs" as if projects (let alone development) can proceed like machines. We cannot know or predict just what will happen because the mechanisms, the gears, the steering devices we need all must be created as we proceed. They are not already assembled or even lying on shelves ready for interchangeable use. This must be a great disappointment to some, but it is less daunting if we accept that the poor themselves can help and can indeed take responsibility in the fashioning of solutions to their problems.

I would like to thank Milton Esman, James Riker and Tushaar Shah for comments on a first draft of this paper.

NOTES

[1] Numerous cases in Latin America are reported and assessed in Hirschman (1984), also Annis and Hakim (1988). For examples from Africa, see Bratton (1986) and Liebenow (1981) as well as cases summarized in Uphoff (1986). Not many examples are reported from the Middle East, but see Cohen et al. (1981) for an impressive program in North Yemen.

[2] In a survey and quantitative analysis of experience with local organizations across the Third World (Esman and Uphoff, 1984), even trying to keep some balance among Asia, Africa, Latin America and the Middle East, a sample of 150 cases taken from the literature contained 65 from Asia. Latin America came second, with Africa a distant third, and the Middle East a remote fourth. The Asian share would have been still larger if a purely random sample had been taken from published sources. Successful cases of local initiative and performance are more likely to get documented than unsuccessful ones.

[3] See review of writings on this subject 20 years ago, e.g. Millikan and Hapgood, Mosher, Wharton, Brown and others, in Esman and Uphoff (1984: 42-47). For assessments of these experiences and of what can be learned from them for rural development, see Stavis (1983) and Blair (1982).

[4] It might be wondered why the Sarvodaya Shramadana movement in Sri Lanka is not included here since it has received so much international attention (e.g. Korten, 1980). The consensus of persons working in Sri Lankan rural development seems to be that there has been too much assistance and not enough resulting self-reliance for it to be listed here. A study I supervised in 1980 in cooperation with Sarvodaya found little grassroots activity (Moore, 1981). Efforts made under the Mahaweli Development program have not been good examples of assisted self-reliance either (Lundqvist, 1986).

[5] Lecomte (1986:116) says: "Two things are quite clear: there can be no successful development scheme without an efficient institution to push it through, and behind every efficient institution we will almost invariably find -- at least in its early stages -- an individual who is both an entrepreneur and an innovator."

[6] In animation rurale programs in Francophone countries, they may be called animateurs; in Spanish-speaking countries, they are promotores. See Uphoff (1986:207-209). The term "catalyst" is rejected by Tilakaratna (1987) in an analysis of this specialized cadre role. Though I disagree on this point, the exposition I find otherwise quite excellent and recommend.

[7] In the Gal Oya program referred to above, because organizers were on one-year contracts, there was high turnover (eventually 95%). Despite this problem, however, the program could succeed because it mobilized so much fine leadership from within the farming community. Most organizers said they would have preferred to remain as organizers if they could have had some more secure future; some passed up or resigned permanent jobs to stay in the cadre. Of relevance here, each replacement batch brought significant new talent and leadership into the organizing effort (Uphoff, 1987). The FAO's People's Participation Programme is using this approach with Group Organizers in 11 countries in Africa, Asia and Latin America.

[8] For an analysis of alternatives, see Uphoff (1986); also Cernea (1987). There are three distinguishable "local" levels at which institutional development can be pursued: the group level, the community (or village) level, and the locality (multiple community) level.

[9] For best overview of "project" assistance and its associated problems, see Lecomte (1986).

[10] Chambers (1987:19-20) says: "Too much money, or money too soon, or budgets which have to be spent by given dates, drive field staff into blueprinting. The budget which has to be spent in two weeks before the end of the financial year has to be converted into things, for example cement, which points towards construction rather than human process. Large sums thrust on NGOs tempt them to induce participation and to achieve early results through subsidies. These prevent learning from participants, because poor people will undertake work in which they are not interested if they are paid or fed for it. Larger budgets also mean buildings and machinery rather than self-help and self-reliance. The learning process, especially in its early stages, is budget-sparing. Big budgets hinder learning." On personnel, he says: "The top priority is to enhance the calibre commitment and continuity of field staff, and increase their numbers."

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PARA-PROJECTS AS ALTERNATIVE MODES OF INTERNATIONAL ASSISTANCE FOR SELF-SUSTAINABLE DEVELOPMENT IN THE 1990s

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One of the most disappointing features of the foreign assistance enterprise at the end of the 1980s is that while the volume of resources is contracting in real terms, the effectiveness and efficiency with which resources are put to use appears to be declining even more rapidly. This is principally because donor agencies are hooked on "the project mode of assistance." Although the process whereby this mode evolved may have been quite rational, with each step making a justifiable contribution toward defensible developmental goals, the resulting product exemplifies what economists call "the fallacy of composition." What may be logical and beneficial by itself can produce illogical and harmful outcomes when combined with other well-intentioned actions.

Like barnacles accreted on a ship, the myriad procedures and requirements now part of the process of project design and approval impose so many costs in terms of staff time and agency money that the resulting long lead times and heavy administrative overhead create inordinate incentives for mega-projects. The issue is not whether large amounts of resources <u>should</u> be devoted to solving major development problems; they

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should. Nor is it whether progress on really major problems takes more than a few years; it does. There are good reasons for making major commitments of resources and for having extended time horizons in development work. What is at issue is the way in which we marshall and deploy our resources. To use another nautical metaphor, we labor long and hard to produce big projects that are as cumbersome, costly and slow as ocean liners when we could get more for our money by having more and more maneuverable projects -- motor schooners maybe, or even lots of smaller motor boats.

There are some things for which one needs "ocean liners." Often, though not always, they offer lower costs per unit of service (depending on how fancy the service is). Efficiency is only beneficial, however, when one know for certain where one wants to go and is seeking simply a least-cost way of getting there, being willing to proceed with reduced speed and responsiveness. When one is exploring ports of call, there is a lot to be said for having "more boats in the water." *

At a World Bank symposium in 1981, I offered the proposition that other things being equal, there are diminishing returns to project size. This was received with dismay by the assembled group of economists and administrators who had apparently never entertained the thought. While there are no data to prove it, every experienced person I have ever discussed it with agrees this is probably true -- more can be accomplished, other things being equal, with ten $5 million projects than one $50 million project, or with ten $500,000 projects instead of one costing $5 million.

*A similar debate is going on within American military circles over the best configuration of U.S. naval forces, whether we should be investing in a few large aircraft carriers or in a more diversified force structure, especially considering the vulnerability of very big ships -- like projects?

This proposition does not mean that all development assistance should be broken up into the smallest possible pieces. There may be lower limits on the proposition, as other things being equal, ten $5,000 projects may not always produce more benefit than a $50,000 activity.* "Lumpiness" in investments is a real constraint; one doesn't buy one-tenth of a hydroelectric dam or just one mile of road. Moreover, some large investments are needed to make microinvestments profitable. The Grameen Bank in Bangladesh and the Small Farmer Development Programme in Nepal have contributed to some remarkable improvements in the income and security of the poor in those countries, but one cannot solve all the problems of poverty with small loans. These, to be profitable, require at least some complementary inputs devoted to roads, market facilities, education, public health, etc.

Where one is trying to multiply those expended through official channels by mobilizing inputs from the poor and from the private sector, diversified investments are likely to be preferable. We all know the advice about putting eggs in one basket. Mega-projects presume a "machine model" of development where the structures for converting inputs into outputs are already in place and all that is needed is to pour in inputs to get desired results, in some predictable ratio. In fact, "development" is a matter of <u>creating or adapting structures</u>, organizational as well as physical, that convert inputs into outputs. Such structures, according to Schumpeter's ideas, can be productive also because they mobilize new inputs or find new uses or

* K. C. Soares when evaluating OAS micro-projects in the Caribbean found that borrowers were repaying loans of a few hundred or thousand dollars within 3 to 4 months, representing rates of return in excess of 300-400%. Major donor agencies struggle to find megaprojects that have rates of return even 5% as great. Rather considerable administrative overhead costs could be supported by small-scale activities so remunerative.

new markets for outputs or because they invent new outputs and production techniques. A machine model may be acceptable for "growth" situations, but not for "development." Larger-scale efforts cannot be more "efficient" unless the goals of activities and the criteria of efficiency are clear and agreed upon.

Almost everyone associated with development assistance knows the "disutilities," i.e., irrationalities and inefficiencies, of large projects, discussed in Lecomte (1986). Yet the project mode of assistance represents "too sacred a cow" or "too entrenched an interest" to be set aside. To be sure, just as ocean liners have their uses, so too there are some tasks for which the project form is well suited. It is unfortunate that the project design and approval process has become so burdened and bloated. It is also too bad that donor agencies seeking/having to "do more with less" are heightening the pressures on staff to "move money" as a surrogate for accomplishing results. Too often "projects" have the following characteristics:

(1) they are large-scale because this is thought (spuriously) to produce economies of scale, so big price-tags are readily accepted,

(2) they have a large component of high-priced donor goods and consultant services, not chosen for cost-effectiveness,

(3) they are time-bound, having a specified "life-of-project" not flexibly matched to the exigencies of institutional development,

(4) they follow "blueprints," presuming that both ends and means are fully or adequately known; projects can be designed to use a "learning process" approach (Korten, 1980), but project agreements have a way of becoming "engraved in stone"; evaluators look more for fidelity to the original design than for innovation in achieving results,

(5) they get designed and implemented in a top-down manner without significant participation by intended beneficiaries.

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Projects could be smaller, more cost-effective, more open-ended, more flexible, more participatory. To become more productive and sustainable, they would involve the ideas as well as resources of intended beneficiaries, strengthening local institutional capacities, and developing people's abilities for management and maintenance, innovation and evaluation.*

NON-PROJECTS, ANTI-PROJECTS AND PARA-PROJECTS

Recognizing the constraints and inefficiencies associated with standard project modes of assistance, the Rural Development Committee at Cornell last September set up an interdisciplinary working group on "alternative modes of development assistance," colloquially called "the non-project project." The term "anti-project," used by Robert Chambers (1987), was not adopted because we wanted a more positive-sounding term.**

Donors currently give assistance which they designate as "non-project" and which is <u>not</u> what we were concerned with: structural adjustment loans, policy-based lending, commodity import assistance, etc. After four months of weekly meetings to hear presentations and exchange ideas, we came up with the concept of *para-projects*.

*A study of 25 World Bank agricultural projects (Cernea, 1987:4-7) found that those which gave evidence of long-term sustainability had provided for institutional buildup and participation of the intended beneficiaries, as well as appropriate technological improvements, socioeconomic compatibility, favorable policy environment, and resource mobilization.

**Chambers' idea behind such development initiatives is quite positive. "The essence of an anti-project is good staff put in the field and sustained for periods of months or more likely years, exploring and learning from and with local people and trying to see how better they can gain what they want and need. With an anti-project, it can take many months, even years, before money should be spent, if it should be spent at all." (1987: 21)

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Although the concept of para-projects may have some limitations, it offers a way of differentiating lower-cost and probably more beneficial modes of assistance from the standard project approach. For purposes of discussion, the concept is presented here along with the modes of assistance that prompted the concept. Our working group remains undecided on how best to characterize its concerns and conclusions, but considerable agreement has emerged on the desirability and possibility of new modes being made operational for donors, so that not all assistance need be provided within current project constraints.

Para-projects relate to (and differ from) projects in much the same way that paraprofessionals relate to professionals. The former are not a simple substitute for the latter and indeed they often function as "extenders of the latter. The former are not simply "scaled-down" versions of the latter but rather have different sets of responsibilities, essentially complementary. Some thing the former can do autonomously and even better than the latter, though often they fill in gaps for professionals or refer clients to them. Paraprofessionals can:

work more closely with populations and in a more participatory manner;

operate in scattered locations where higher-paid and less mobile professionals cannot reach;

provide less costly services, in part by depending more on labor relative to capital;

give preference to "appropriate" technologies rather than reach for more expensive high-tech solutions.

In some development circles, the term also has some unfortunate connotations, paraprofessionals being seen as inferior, a stopgap measure, completely derivative and dependent on professionals. We consider the kinds of development assistance detailed below as having the positive features associated with paraprofessionals and not the negative characterizations sometimes found.

The concept of *para-projects* was arrived at inductively. After several months of discussions, the working group generated a set of alternative ways of supporting development, listed below. These were analyzed to identify common characteristics, shown in the matrix on page 11. This suggested the distinction between paraprofessionals and professionals which an earlier Rural Development Committee working group had explored (Esman et al., 1980). We are looking for other ways of analyzing and understanding alternative modes and hope to be able to carry out a systematic study. At this stage we welcome feedback on the ideas generated thusfar.

Types of "non-project" initiatives to consider include:

(1) **local capacity-building mini-projects**: The prototype for such development efforts is the kind of small-scale project supported by the Inter-American Foundation, emphasizing self-help initiatives from rural or urban communities built around some organizational capacity. Many examples of such assistance and its beneficial effects are offered in Hirschman (1984). Technical assistance is seldom involved; usually cash grants (sometimes loans) are given to underwrite equipment, training, vehicles, buildings, working capital, etc. that will strengthen the productive and management capacity of cooperatives, women's associations, tenant unions, etc.

(2) **impediment/inducement initiatives**: A related but different approach is to identify *deterrents* or *lacks of incentive* that keep people, individually or collectively, from making full or best use of existing resources. While similar to (1), this is not aimed specifically at boosting organizational capacity. Technical assistance, legal changes,

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training, advice, whatever is needed, would be provided to mobilize and multiply beneficial resource uses. Examples: changes in land tenure laws to encourage community or individual activities in social forestry; changes in product liability laws to induce pharmaceutical companies to invest in vaccine development and distribution beyond the initial research phase; provision of trucks to establish attractive marketing opportunities for vegetable producers. These could have more beneficial impact per dollar spent than "projects" that plant trees or develop vaccines or promote vegetable production.

(3) **appropriate technology-cum-organization:** New combinations of technology and organization that are productive and self-sustainable because people understand and appreciate them are not easy to design a priori. They require experimentation and evolution. Once the right "fit" is achieved (e.g. the AMUL dairy cooperative model in India), it can be extended at relatively low cost because the incentives are suitable and people know how to derive benefits. To start it as a "project" is unlikely to produce the right combination, however. A good example, one of Chambers' examples of an "anti-project," is a water harvesting technology in Burkina Faso developed by Oxfam staff in close cooperation with farmers, after a multimillion dollar soil conservation project in the area had failed, as had an effort to transfer technology from Israel's Negev desert (see Harrison, 1987:165-170). Another example would be a tree planting/land reclamation program evolved in the Sudan using mesquite (Bristow, 1986). Developing a "fit" between technology and organization takes not so much money as time and high quality, dedicated personnel with an appropriate philosophy. If certain technology-cum-organization proves itself effective and efficient (D. Korten, 1980), expansion can be supported by a "project," though possibly the combination can be self-spreading.

(4) **planning and management improvement:** This refers to the creation of a modest but high quality capacity within or alongside a government institution to analyze and diagnose shortcomings in performance, coming up with recommendations for improving it, to get more out of present resources and expenditures. One of our working group suggested that it would be easier to get the Irrigation Department in the Indian state of Maharashtra to add another 100 engineers to its staff of 15,000 engineers than to get 10-15 professionals appointed to a policy or monitoring unit that would figure out how to get more effective service from the huge existing staff. Donor assistance for establishing such a unit could return huge dividends.

(5) **savings-and-credit systems:** This is more "capital-intensive" than the other approaches but builds on and enhances local capacities for self-management of resources. Financial resources are channelled through small groups which assume collective responsibility for certifying eligibility and overseeing repayment. Now widely-recognized examples of this approach are the Small Farmer Development Programme in Nepal, started with a $30,000 grant from FAO, and the Grameen Bank in Bangladesh, initiated by an economics professor at a local university and supported by the Ford Foundation and others to devise techniques and principles of organization (in a manner similar to 3. above). Both programs have received $30+ million grants from IFAD and can use these beneficially to assist the poor. Given high repayment rates, the funds (augmented by membership savings) should become self-sustaining. Additional benefits to the poor come from the groups' undertaking social, cultural and political initiatives such as promoting family planning and adult education, combatting child marriages and heavy dowries, or gaining a voice for the poor in local government (Rahman, 1984; Fuglesang and Chandler, 1986). For examples of similar programs in Cameroon and Zimbabwe, see Uphoff (1986: 352-353, 362-363).

(6) **horizontal diffusion:** An example of this is "farmer-to-farmer" training being undertaken in Nepal under IIMI and now USAID auspices, where effective farmer-managed irrigation systems are identified and used as good examples for farmers from other systems. Some training is given to the exemplary water user associations so they can better "train" farmers from less-well-managed systems. Rather than rely on vertical (downward) transmission of "expertise," the spread of "best local practices" and "empirical solutions" can be promoted through a program of visitation and exchanges, with simple case studies and distilled principles being written up for dissemination. This could be done as a "project," but mostly local costs are involved. It should be flexible and tailored to the needs for knowledge which local people themselves identify. It can be further extended to the extent it is managed by local people themselves and they consider the knowledge gained worth diffusing.*

*The Six-S Movement which encompasses over 2,000 village groups with about 300,000 members in Burkina Faso and other Sahelian countries employs this strategy as described by Rahman (1988:3): "A particularly innovative dimension of Six-S's work is in the area of skills promotion. When

(7) **campaigns:** Some broadly beneficial results can come from mobilizing local labor and ideas through these compared with "projects," which rely less on grassroots involvement. While campaigns can be taken to extremes so that time and effort are used uneconomically, their community-focused activities should not be ignored, since development often involves changing consciousness and collective behavior. Killing rats in China may have been scoffed at, but child immunization campaigns in dozens of countries have produced significant results. In both examples, broader impacts on public health consciousness could be achieved. One limitationsof this approach is that it does not aim at any institutionalization, though the goals of campaigns can be perpetuated if good results are being achieved (as with 6). In Sri Lanka between 1966 and 1970, when lack of labor for weeding the main rice crop was identified as a constraint on production, the school calendar was changed so that 640,000 schoolchildren could be mobilized for this task, having a recognizable impact on rice output at low financial cost. (This approach relates to 2, but represents a style of development initiative that is distinct from the others.)

(8) **bureaucratic reorientation:** The poor performance of government bureaucracies is one of the main obstacles to development. There could be targeted approaches such as described in (4) above or more general strategies to change not just the skills but the attitudes and motivations of personnel (D. Korten and Uphoff, 1981). Ford Foundation work with the National Irrigation Administration and the Bureau of Forest Industries in the Philippines is an example of such efforts. One result that the Philippines is one of the only countries in Asia where

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some members of Six-S's groups master a certain technique or technology, they form a mobile 'labour-yard' school to teach the skill to other groups. Such mobile schools exist in each of the 33 zones of Six-S, and every group in a zone can request the schools to come and train them. Through this process new skills are spreading fast among Six-S groups in all kinds of fields, e.g. agriculture, handicrafts, health care, well construction and maintenance, etc. . . . At a general level, Six-S strongly encourages and facilitates the interaction between its groups for exchange of experience and knowledge and is also organizing exchanges between countries. Self-evaluation of their experiences by the Six-S groups is being sponsored as a key educational and human developmental method." On the Six-S Movement, see Harrison (1987:279-284).

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resource mobilization from farmers covers the cost of operation and maintenance (Repetto, 1986: 5). This was achieved not by a narrow focus on cost recovery but by evolving new, more productive relationships between the irrigation bureaucracy and water users. The process was open-ended and flexible in a way that usual "projects" cannot match (F. Korten, 1982). Substantial improvements in the performance of "bureaucrats" are possible, 25%, 50%, 100%, without (or with little) added material expenditure if the non-material incentives are right. Recognizing that lower-level government personnel are often poorly used and much abused, they can be a resource rather than an obstacle for development; they can be part of the "solution" rather than just a big part of the "problem."

(9) **research and action programs:** This might almost be called a Ford Foundation model based on experience in India, where the Foundation "bet" on a number of institutions and their personnel, giving them research and training grants that got them to work on certain concepts and problems like community development, high-yielding varieties, and social forestry. The highlighting of "wastelands" by Romm (1978), for example, followed by several tens of thousands of rupees in grants to researchers in different Indian institutions put this subject on the intellectual and policy agenda for the country. Once respected intellectuals and institutions begin work on a topic, it gains acceptance as well as a better knowledge base for policy-making (Levine et al., 1986). The National Wastelands Development Board in India now has substantial resources from the government to work on economic and ecological problems and opportunities completely ignored 10 years ago. The investment by the Ford Foundation has been multiplied many times over by attracting high-calibre researchers and serious experimentation (not just ivory-tower exercises) into a particular policy area. The same thing has been done with regard to groundwater development in hardcore poverty areas of India where approriate policies can address equity as well as production goals. The Ford Foundation has invested similarly in the areas of social forestry and irrigation management in Indonesia. Research and action programs can shape the agenda of a government and have more effect than comparable resources expended on a "project" to achieve direct results.

These several kinds of para-projects have many features in common but each are different in certain respects. As seen in the matrix below, while

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most have substantial beneficiary participation, the initiative does not come always from below. The description of kinds of inputs is very abbreviated but it shows some variability on this score. Most treat institutional development and appropriate technology as important means and/or ends for the activity, but not all do. Time frames vary from limited to open, just as their contribution to intended beneficiaries may be direct or indirect. A common denominator is sustainability based on a blend of participation, institutional development, appropriate technology and realized benefits.

TYPE OF PARA-PROJECT	LOCAL INITIATIVE	LOCAL PARTICIP.	KINDS OF INPUTS	INSTL. DEVEL.	APPR. TECHN.	TIME FRAME	PEOPLE IMPACT	SUSTAIN-ABILITY
LOCAL CAPACITY BLDG MINI-PROJ'S	Yes	YES	Funds	GROUPS	Yes	Open	Direct	YES
IMPEDIMENT/ INDUCEMENT	Maybe	Probably	Analysis, Funds, TA	No	YES	Limited	Direct/ Indirect	Should have
TECHNOLOGY/ ORGANIZATION	Maybe	YES	Innov. staff Some funds	GROUPS	YES	Open	Direct	YES
PLANNING/ MANAGEMENT	No	Maybe	Expert staff Some funds	BUREAU-CRACY	Maybe	Fixed/ Open	Indirect	YES
SAVINGS/ CREDIT	Some	YES	Funds for loans + TA?	GROUPS + BANK	Maybe	Perma-nent	Direct	YES
HORIZONTAL DIFFUSION	Some	YES	Funds for travel, trng	No	YES	Open	Direct	Yes
CAMPAIGNS	No	YES	Funds for logistic suppt	No	Yes	Limited	Direct	Yes?
BUREAUCRATIC REORIENTATION	No	No	Expert staff	BUREAU-CRACY	No	Fixed/ Open	Indirect	YES
RESEARCH AND ACTION	No	Yes	Funds for action research	YES	Maybe	Open	Indirect	YES

Note: TA - Technical Assistance

Three general features of such development efforts can be pointed to:

(1) though in most cases, funds are an important (or the most important) outside contribution, para-projects are more labor-intensive than capital-intensive, putting stress on human and social factors more than on purely material ones,

(2) mobilization of local resources is crucial to the success and sustainability of each; resources include ideas and management skills probably even more significantly than labor and money;

(3) goals are quantum shifts in activity and outcome, not just increments according to some mechanistic input-output conception; definite qualitative changes are sought, building usually on a combination of organization and technological improvements;

One of our working group members, Dr. Tushaar Shah, visiting Fulbright professor from the Institute for Rural Management at Anand, has characterized donor involvement in development in terms of three strategies:

(1) focus on bottleneck-breaking, which is mostly done in the "project" mode though some can be done with para-projects;

(2) focus on institutions and institutional capacity, done less often through "projects," more amenable to para-projects; and

(3) focus on new ways of thinking and on priorities, seldom tackled by "projects," and particularly appropriate for para-projects, to change national priorities and resource allocations.

These three approaches can be summarily characterized as emphasizing *inputs, institutions,* and *ideas,* to present the comparison alliteratively. The conventional project approach is best suited to the first and poorly suited to the last. Unfortunately it is less appropriate for the second than usually admitted, despite donors' stated commitment to "institutional development."

Our analysis and conclusions on development assistance policy are still being refined. But we think that some important shifts are due in the way assistance is planned, evaluated and extended. There is no reason to think that para-projects will displace or make obsolete all conventional project activity. But it does appear that considerably more benefit could be achieved from given volumes of foreign aid by devoting some portion of the total to new modes of development assistance.*

If administrative costs of such a shift look too formidable for donor agencies, one solution could be to devise a system for wholesaling assistance to LDC intermediaries -- to NGOs which in turn retail assistance to promising para-projects. This is one "solution" which warrants further investigation. We also note that for donor funds to be used more efficiently and effectively, *there will need to be considerable bureaucratic reorientation as well as reorganization within donor agencies.* This is a major additional subject.

*Chambers (1987:23) suggests: "One defensive, if schizoid, device might be to divide donor agencies into two - a big spending division with normal projects, and a high budget-to-staff ratio, and an anti-project division with a low budget-to-staff ratio. In any case, more, not fewer, donor agency staff are needed by the new approach both in their headquarters and in host countrieds where they can increasingly be host country nationals." He notes that SIDA, for example, has been forced to cut its staff while its budget is raised, a "perversity [which] will probably reduce aid effectiveness." "Too many politicians and managers hold the peculiar view, perhaps based on adolescent readings of Parkinson's Law, that it is always cost-effective to reduce staff, pejoratively labelled as 'administrative overheads.' But reducing staff usually requires those who remain to do more, and distances them further from their poorer clients." This observation speaks to our colloquium's theme and objectives.

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