POLICY SERIES

Policy Series 2

INSTITUTIONAL DEVELOPMENT AND POVERTY REDUCTION

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POLICY SERIES

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PREFACE

This series is principally concerned with current policy issues of importance to developing countries but also covers those relevant to countries in transition. The focus is upon policies which affect the management of natural resources in support of sustainable livelihoods. Much of the series will be devoted to concerns affecting the livelihoods of poor people in rural areas, recognizing the linkages with non-natural resource-based livelihoods. It will also include the interests of the urban poor, where these are linked to the use of natural resources as part of livelihood strategies.

The series will take a holistic view and cover both the economic and social components affecting livelihoods, and associated factors notably with respect to health and education. The aim is to provide topical analyses which are based upon field research where appropriate, and which will inform development practitioners concerned with issues of poverty in development.

The series is timely, given the increasing focus upon poverty and poverty elimination in the agenda of the development community. It is also timely with respect to the growing body of recent work which seeks to replace earlier, simplistic structural adjustment programmes, with more flexible approaches to livelihoods, institutions and partnerships.

Policy analysis is often assumed to be the remit of social scientists alone. Whilst it is recognized that social science may play a pivotal role, interactions with other disciplines may also be critical in understanding and analysing policy issues of importance to the poor. The series therefore draws upon a wide range of social and natural scientific disciplines reflecting the resource base at the Natural Resources Institute.

EXECUTIVE SUMMARY

The persistence of poverty in sub-Saharan Africa cannot be attributed to a single cause; its roots are multiple, complex and inter-related. Institutions, as formal organizations, informal community groups and networks, or the rules and traditions that guide the actions which affect the lives of the poor, are influential, however. They may help preserve the *status quo* or they may be a powerful force for change – and their role is crucial in the implementation of poverty reduction programmes and policies. The focus of this paper is the development of organizations to enhance their capacity to include the rural poor.

In Africa, as elsewhere, people are dependent on a range of formal and informal institutions. Yet the inter-related consequences of poverty, poor infrastructure, physical remoteness and policy reversals have left many parts of rural Africa rather more dependent on informal traditional institutions than formal commercial or public organizations. In the wake of independence, many countries adopted control economy policies which stifled entrepreneurship, but offered often unreliable and patchy public services. Subsequent reforms have led to partial state withdrawal from many activities, only to expose an understandable reticence on the part of the commercial sector to take on a significant role in areas perceived to be unprofitable or risky. As a consequence, Africa's rural poor are poorly served by formal institutions.

The paper explores three key components of improved institutional performance: (i) increased participation that allows the poor greater influence in decision-making; (ii) improved institutional capacity, i.e., the ability to deliver effectively, efficiently and with accountability; and (iii) the definition of appropriate roles for the range of institutions on which the poor depend. A new model is emerging based on a reduced but essential role for the state, with an emphasis on partnerships and a broader interface with civil society. A professionally functioning, flexible institutional framework is required, combining decentralized government, non-governmental organizations private sector (possibly in partnership with the state), and the empowerment of community-based informal organizations.

Change will inevitably take time and require some fundamental attitudinal shifts. Practical steps are proposed in two principal action areas: inter-institutional – co-ordination of policy development and vertical integration; and intra-institutional – capacity-building through the development of management tools and systems. Improved co-ordination will require close consultation between institutions and a broad interface with the target group. Genuine decentralization can facilitate this approach, but it must be supported by a needs-driven capacity building programme.

Donors can help promote the development of appropriate institutions with discriminating use of loan and grant funds channelled selectively through local organizations. They must also look to their processes – to improve their own co-ordination to reinforce their programmes and prevent duplication.

1

INTRODUCTION

SCOPE

This paper is about institutional development and how it relates to rural poverty. It explores the different and complementary roles of public/private, profit/non-profit making and community-based organizations. It proposes steps which can be taken to improve institutional performance, and the role of technical assistance in this process.

This paper is one of a series which seeks to elaborate the relationship between poverty, rural livelihoods and key policy areas. The papers are intended for a wide audience in developing country governments, donor agencies, research institutes and other organizations concerned with development or governance. They are intended to contribute to increased focus on poverty in development by informing and stimulating debate, policy and action amongst key players in the development process.

This paper was originally prepared as a briefing paper for the European Union (EU). The EU briefing papers have sub-Saharan Africa as their primary focus, though case study material may also be drawn from other African/Caribbean/Pacific country experience. The information they contain is based principally on a review of secondary data and documentation, although some specific aspects have been explored through short, focused field studies.

Following this brief introduction, the second section examines how policy and capacity weaknesses constrain poverty alleviation in sub-Saharan Africa. The third section reviews experience of poverty-focused change in government and private institutions: it explores the benefits that may be obtained from public/private partnerships, and scope to scale up successful initiatives. The fourth section elaborates recommendations for constructive change in government organizations and NGOs focusing on the scope for change within organizations, and in their relations with other organizations, as well as the need to amplify the voice of the rural poor. The concluding section underlines the challenges implicit in the institutional development agenda.

WHAT IS MEANT BY INSTITUTIONAL DEVELOPMENT?

Until recently, reference to institutions invariably concerned organizations, and this is what is usually meant by *institutional strengthening* or *institutional development*. Organizations may be formal (such as an area development committee, or a development bank, or a cooperative) or informal (such as self-help groups, or the household or extended family). Improving institutional performance encompasses consideration of effectiveness ('doing the right thing'), efficiency (not using significantly more resources than necessary), and accountability (to stakeholders).

The term institutional development is usually applied to formal organizations, because these are amenable to deliberate attempts to improve performance, and because it is a concept and term borne of development, governance and management specialists. Yet increasingly, models of institutional development seek to exploit synergies between formal and informal, commercial and non-profit, government and non-government and in so doing, draw in more and more institutions.

Institutions in the rural sector are as diverse as the sector itself. Box 1 lists institutions which are present in rural economies, and which represent, link or deliver services to rural populations.

Some institutions are more important to the poorest. The variable and often disappointing performance to date in serving the needs of the poor means that the importance of different institutions varies from place to place. Yet it is important that any process to strengthen rural institutions should include some of the organizations with a broader remit, or else the process may become fragmented and unworkable. Examples of institutions important to the poor include:

- self-help groups, savings groups and credit unions;
- rural transport providers;

Box 1 **Institutions in rural economies**

Category	Institutions
Private individual	Household, extended family, residential area
	Workers groups and unions
	Private trader (and other commercial) networks
	Personal networks
	Daily or periodic markets
	Local development committees
	Informal financial sector
	Self-help groups
	Employers (as an institution for employees)
	Cooperatives
	Political parties
	Religious groups
Private commercial sector	Banks
	Chamber of Commerce
	Trade Associations:
	– formal sector
	– informal sector
	Large companies
	Transport companies (could be public)
	Commercial networks based on ethnicity
	Radio and newspapers (could be public)
Non-governmental organizations	Individual national NGOs
	Coordinating organizations for NGOs
	International NGOs
	International NGOs with local NGO networks
Public sector	Banks
	Utility companies
	Health and education services
	Local government (decentralization)
	Business development services
	Universities and research organizations
	Agricultural extension services
Political	Political parties
	– national office
	– regional offices
External	Foreign traders and investors
	Investors and traders from outside the area
	Personal networks (migration/remittances)
	Donors

- large employers of unskilled labour;
- religious groups;
- cooperatives;
- local development committees;
- local government, especially education and health services for women;
- external traders who buy local products;
- private networks for migration and remittances;
- private networks based on household, family or residence;
- radio;
- NGOs; and
- daily or periodic markets.

Given that the focus here is on institutional development, this paper adheres to 'institutions as organizations'. However, for completeness it is important to distinguish between this meaning and the wider interpretation of institutions, which is finding increasing currency as a result of growing interest in New Institutional Economics.

> "[North] defines institutions as 'the rules of the game' in a society, which guide, and reduce uncertainty in, human interaction. Institutions may be formal or informal. Formal institutions include a hierarchy of laws and policies, beginning with by-laws and progressing through national laws, policies and the national constitution, up to international laws and treaties. Informal institutions include social customs and conventions, which, because they are often deeply embedded in culture, are more resistant to change than formal institutions, which can be overturned by a revolution, presidential edict, government policy change or the passage of a new law." (Dorward *et al.*, 1998, p. 11, citing North, 1990)

> ". . . in North's analysis, institutions – 'the rules of the games' – are distinguished from organizations, such as firms, community groups or government agencies – the 'players' in the game." (*Ibid*, p. 12)

These *institutions* and *organizations* sometimes overlap. For example: government agencies (organizations) often define the rules (institutions); and relationships between members of an organization are governed by a code of convention or rules (either explicit or implicit) (Dorward *et al.*, 1998). Any constructive analysis of organizations therefore soon strays into the sphere of 'new' (broad sense) institutions.

2

THE NATURE OF THE PROBLEM: INSTITUTIONS AND POVERTY

THE DIMENSIONS OF POVERTY IN SUB-SAHARAN AFRICA

Persistent poverty pervades Africa. Despite large inflows of aid, and the advances made in other regions in reducing poverty and promoting economic growth, economic growth rates in most sub-Saharan African countries have hardly kept pace with population growth. Instead, the post-independence period has been characterized by economic, social and political instability, with increasing incidence of poverty and food insecurity. In recent years there has been a growing consensus that Africa faces an institutional crisis (see for example Thomas-Slayter, 1994; Dia, 1996) and that sustainable development goals can be achieved only through concerted efforts to address institutional failings.

A narrow definition of poverty characterizes the poor according to their inability to generate income and to consume. However, poverty is increasingly considered to be a much broader concept, encompassing access to resources, assets and services, as well as the less tangible concepts of dignity and autonomy (Baulch, 1996, p. 2). Production limitations remain a fundamental component of poverty. The majority of the poor are substantially dependent upon the renewable natural resources (RNR) sector for their livelihoods, and many live in low-potential or marginal areas. Agriculture, pastoralism, fisheries and forests provide, directly or indirectly, a large part of the means of survival for the poor, as well as food for both rural and urban poor. (Poorer people spend a higher proportion of their income on food, and most of this expenditure is on locally produced products.)

Institutional development to reduce poverty necessitates a gender perspective. The majority of the poor in sub-Saharan Africa are women. Moreover, their role in the RNR sector is vitally important. The UN Development Programme (UNDP) estimates that 70% of the absolute poor are women, with female-headed households amongst the poorest and most vulnerable in most communities, and that women provide approximately 70% of total agricultural labour. Furthermore, the experience of poverty is profoundly different for men and women. Policy makers and programme designers must take account of the gender-differentiated nature of poverty and productive activities in the RNR sector if they are to make serious inroads on poverty in Africa.

Poverty reduction is not a means of securing gender equality, as the subordination of women is not caused by poverty. However, actions that do not address both poverty and gender-specific poverty problems simultaneously are unlikely to have a significant impact. The recommendations made below concerning increased public action and improved institutional performance can succeed only if gender issues are central to implementation.

Furthermore, in considering poverty the RNR sector should not be viewed in isolation from other sectors such as health, education and industry, with which there are important poverty-reducing synergies. Few of the experiences and recommendations elaborated in this paper are limited to the RNR sector in their applications, and the importance of cross-sector approaches is stressed.

INSTITUTIONAL FAILURE AND THE POOR

> . . . African governments have behaved in ways which are damaging to the long-term interests of the majority of their populations because they have served narrow constituencies. (Collier and Gunning, 1997, p. 1)

> The extent of 'government failure' in SSA is well-established . . . it is not difficult to cite examples of chronic over-staffing of public institutions, which have grown alarmingly fast and yet produce less . . . (Thirtle and Echeverria, 1994, p. 31)

> . . . states have literally collapsed, and along with them, the organizations charged with carrying out routine and development-oriented functions. (Grindle, 1997, p. 481)

It is useful to distinguish between different aspects of institutional failure because this highlights the nature of change required to address poverty in sub-Saharan Africa more effectively. (There is an obvious danger in generalizations. Sub-Saharan Africa is a diverse region, experiencing a multiplicity of environmental, social and economic conditions which obviously have implications for institutional development. However, there are some common characteristics of institutional failure and some principles for institutional development that have wide applicability.) Institutions have failed across all sectors and for the vast majority of the African population, not only for the poor, and it is therefore difficult to isolate those failings specific to the RNR sector and to poverty. However, key components of institutional failure are outlined here, along with their impact on the poor. This provides the building blocks for the analyses and recommendations in subsequent sections.

Policy failure

Government organizations are largely responsible for policy. Policy analysis and development is therefore an important part of institutional development. Yet policies are often poorly designed for tackling poverty.

Failure to understand the needs of the poor

Appropriate policy comes from an understanding of the issues which it is intended to address. Poor understanding of poverty and gender issues clearly inhibits the design of appropriate policies and programmes to address poverty. Box 2 describes the complexity and dynamic nature of poverty. Simplistic definitions fail to capture some of the key aspects of poverty and policies based on such definitions are unlikely to succeed. Box 3 lists causes of poverty in sub-Saharan Africa.

The effectiveness of anti-poverty policies is jeopardized by insufficient information on the needs of the poor. Lack of awareness of the needs of society has exacerbated inappropriate public-sector responses to those needs. The prevalence of a ‘state knows best’ ethic has led to top-down institutional structures for policy planning and implementation. The failure is two-fold: in the mechanisms for understanding poverty and the needs of the poor; and in the mechanisms for transferring this information to policy-makers.

Box 2 **Poverty concepts**

Poverty and degrees of poverty are not concepts which are easy to pin down, let alone quantify. What is required is a clear perspective on people who live in poverty so that policy makers can understand the underlying issues. When these are understood the planners, together with the poor, can design realistic and feasible projects. These will provide indicators of activity and output which are meaningful both to the poor and to development practitioners.

Poverty cannot be tied down to groups or places – it is pervasive. It turns up in varying degrees in all corners of the globe. It is relative and contextual. The poor cannot be listed. People are constantly moving into and out of poverty or between different levels of poverty. Purposefully vague terms such as the poor, rather poor and very poor (Lipton and Maxwell, 1992, p. 10) can provide food for thought rather than answers. These terms stimulate learning processes. The best place to learn is with the poor themselves.

Box 3 **Causes of poverty in sub-Saharan Africa**

- inadequate access to employment opportunities
- inadequate physical assets, such as land and capital, and minimal access to credit even on a small scale
- inadequate access to the means of supporting rural development in poor regions
- inadequate access to markets where the poor can sell goods and services
- low endowment of human capital
- destruction of natural resources, leading to environmental degradation and reduced productivity
- inadequate access to assistance for those living at the margin and those subject to transitory poverty
- lack of participation; failure to draw the poor into the design of development programmes

Adapted from World Bank (1996) p. 3

Policy reversals

Approaches to sustainable development (broadly speaking, growth with equity) have differed markedly. Central to the debate are the respective roles of the state and the market, and their impact on economic growth and poverty reduction. In sub-Saharan Africa, the post-independence period was initially characterized by excessive state intervention in the economy, followed by rapid (but patchy) liberalization and deregulation with a dependence on the market as the ‘engine’ of economic development (minimalist state intervention). This trend has been witnessed in all sectors of the economy, and has had a major impact on the RNR sector, for instance in agricultural input supply and marketing. More recently, there has been a ‘softening’ of this position, acknowledging an important role for the state in selected areas (see e.g. World Bank, 1997a).

State intervention in markets was considered necessary to promote national development. For instance, state intervention in agricultural input and output marketing was considered desirable so that inputs would be affordable, output prices guaranteed, and marketing services available to farmers, even in remote areas. Yet this public enterprise was often inefficient and ultimately fiscally unsustainable. Parastatal marketing boards often paid farmers poor prices (and often paid them late), and inputs, though in principle cheap, were often not available.

As a result, distorted pricing policies, inefficiencies, poor management and ineffective delivery systems had the opposite effect, and economic growth and equity goals were never reached, leading to a call for the reform of the state (see e.g. the so-called Berg report: World Bank, 1981). Although the inefficient parastatals, budgetary deficits and deteriorating external trade balances provided ample local justification for the reforms proposed, they were also an echo of the global shift towards slimmer government and unfettered (or at least, less-fettered) capitalism.

Even the poor would benefit from the reforms, it was argued, because economic growth would ‘trickle down’, reducing inequality, and is in any case a prerequisite. Yet in the agricultural sector, which is key to most economies in sub-Saharan Africa, the response to economic liberalization was uneven, and often disappointing. Some export sectors performed well, benefiting from devaluation (and hence more competitive export prices), competition amongst traders (and hence higher farm-gate prices), and selective investment in infrastructure. The supply response in the food-crop sector has been less encouraging, and poor farmers in remote areas have often found themselves particularly ill-served by private input suppliers and agricultural traders. Another major area in which economic reforms have given rise to concern is in their impact on particularly poor or vulnerable groups. (These two areas for concern are linked, moreover, because most of Africa's poor are still rural, and within the rural sector they are likely to be those in more remote or agro-ecologically marginal areas, less able to benefit from export marketing reforms.) The second wave of adjustment programmes therefore often included a 'social dimensions of adjustment' component, aimed at identifying and protecting the vulnerable from the worst impacts of the reforms.

There was therefore much concern that the reforms seriously jeopardized the services available to poor people in rural areas. NGOs and community organizations were sometimes able to fill this void, but even their performance in providing for the poorest has been mixed (Farrington and Bebbington, 1993). Excessive privatization, especially in the context of states with weak regulatory and monitoring systems, has led to wealth polarization and environmental degradation (Martin, 1993). These are the concerns which underpin the current shift to recognizing an important role for the state in selected areas, and no longer stressing a 'minimalist state' (reflected in the 1997 World Development Report: World Bank, 1997a).

Institutional incompatibility

The incompatibility of institutions has been identified as a major contributor to the current institutional crisis:

> [The origin of institutional crisis is] the structural and functional disconnect between informal, indigenous institutions rooted in the region's history and culture, and formal institutions mostly transplanted from outside. This institutional disconnect is shown to have several manifestations: the disjunctions between the state and civil society, between formal and informal private institutions, and between corporate and societal cultures. 'Institutional reconciliation' between these levels is advocated as the key to resolving the crisis. (Dia, 1996)

There is also distrust and lack of understanding between the state and the private sector, due in part to the public versus private debate, sometimes exacerbated by ethnic tensions. Poor relationships between the state and NGOs sometimes result from fears that NGOs fuel popular revolt, and from conflicts between their respective poverty agendas, although there is increasing evidence of collaboration and partnership. Institutional incompatibility is not confined to government; it occurs between and within all sectors.

There may be conflict between private and public interests in policy development. The state itself may not be acting in the public interest, but in the interests of individuals (bureaucrats and politicians) or in the interests of influential groups in society. Organizations within the commercial private sector generally only act in the public interest if this also coincides with profit generation. Given this, it may be unrealistic to expect too much involvement of the profit-seeking private sector in providing services for the poor, who lack purchasing power, are considered high risk, and demand goods and services only in small quantities.

Design and capacity failure

Even where appropriate policy is in place, the successful implementation of policy cannot be taken for granted. This is often due to inappropriate design or structure (the informal and formal rules which govern an institution), poor capacity, or the complete absence of institutions which provide a particular function or serve a particular group. This is particularly pertinent when considering the rural poor, and more pointedly the rural poorest, who are frequently excluded from institutions, whether formal or informal, local or national. Even if capacities of existing institutions are enhanced, there is no guarantee that they will ever cater for the poorest, unless gaps are filled and mechanisms introduced and implemented which will include the poor.

The ability to produce a desired outcome is to a large extent dependent upon institutional design and/or capacity to function. Much of the focus of institutional shortcomings in sub-Saharan Africa has been on the state. Whatever developmental role the state has assumed, whether as an economic manager, a regulator, a provider of public goods or a provider of services, it has frequently failed to operate effectively due to various internal, often structural, weaknesses. Budgetary constraints, poor monitoring, absence of staff performance incentives, lack of mechanisms to identify and respond to needs, and low quality of physical and human capital have all inhibited the capacity to act. Corruption is widespread, as are staff dissatisfaction and low motivation. Corrupt systems compound the exclusion of the poor, because the poor are unable to pay bribes.

The structure of organizations may be inappropriate to address poverty. Highly centralized bureaucracies are not ideal for managing resources at the local level and for responding to local needs. Despite efforts to decentralize in many sub-Saharan African countries, in practice, power has often remained at the centre.

Institutions that prioritize poverty reduction, such as NGOs, frequently lack the human and financial resources to fulfil their missions other than on a very small scale. Nor do they necessarily want to expand their operations in a way that changes the nature of their organization. State withdrawal from many activities has resulted in an increased onus on the private sector to fill the void. Yet, unlike South-east Asia where this has taken place, the private sector in sub-Saharan Africa has not risen to this challenge.

Despite the widespread recognition of institutional failings and the importance of institutional development in sustainable development and poverty reduction, successes in implementing institutional development strategies are few. World Bank evaluations frequently cite institutional development as the key determinant in project performance:

> . . . while components aimed at strengthening institutions feature in a high proportion of Bank-financed operations, and the approaches used in them are very diverse, many of the components are judged not to have had lasting positive effects. In many of the countries that most need it, there is rather little evidence of lasting achievement in institutional development through Bank-supported operations. (Paul, 1990)

The following sections draw on lessons from experience to identify practical steps which can be taken to improve institutional performance.

3

TOWARDS A NEW INSTITUTIONAL FRAMEWORK: LESSONS FROM EXPERIENCE

This section explores three key components of institutional development:

- public participation, to provide direction and foster accountability;
- institutional capacity, focusing particularly on improved effectiveness, efficiency and accountability;
- clearly defined roles and relationships between organizations.

PUBLIC PARTICIPATION

Understanding poverty, identifying the poor and the nature of their poverty, are prerequisites for the development of appropriate policies and programmes to reduce poverty. (Some programmes which indirectly reduce poverty, such as rural road construction and immunization, can be implemented with a more basic understanding.) Addressing the needs of the poor requires them to be more involved in policy development, project planning, implementation and service delivery. This calls for mechanisms that allow the poor greater influence in decision-making. Their role may be either ‘collaborative’ or ‘adversary’, or a combination of the two (Dreze and Sen, 1989). Both require that mechanisms for political activity are accessible to the public. This is one of the main justifications for decentralization of government, and working with representatives of the poor such as NGOs and community groups. Such policies aim to increase the interface between government institutions and the poor.

The poor tend to be more preoccupied with day-to-day matters. The fact that the rural poor have little political power is recognized as a factor adversely affecting the implementation of development programmes (World Bank, 1997b, p. 37). However, it is possible for the poor to generate pressure for change through self-advocacy and greater, more effective representation. Institutions can also create governance mechanisms which rely on participation and feedback; these are discussed later in this paper, in the context of accountability issues.

Self-advocacy

Self-advocacy involves people brought together by a common cause to add strength to their position. As the example in Box 4 indicates, this need not reflect a party political agenda, rather a common interest which can transcend party political divisions.

> Box 4 **Examples of self-advocacy from Peru and Chile**
>
> One lesson that has emerged, especially from the examples of Peruvian women and some of the organizations under the Chilean dictatorship, is a different conception of solidarity. Solidarity is often seen as something purely political. It is also often idealized and romanticized. The solidarity shown between the women in Chile and in Peru was based on practical as well as collective responses to problems of daily survival. The women in Peru came together to find land, build shelters and secure supplies of electricity and water. Women's clubs helped them cope with poverty and created ways of generating income compatible with their other household roles.
>
> Johnson (1992) p. 163

It is not easy for the poor to mobilize. If it were, it would have happened more often. Serious obstacles and possible means of overcoming them have been highlighted by Korten (1983) and are shown in Box 5. There are two additional points worth stressing. Firstly, it is essential to recognize that the poor are not a unified group. Secondly, the proposed mechanisms require skilled practitioners and training. Agricultural extension experiences, where the agent is technically capable but unable to function with the poor and poorest, strongly support this notion.

What emerges is a strong need for human resource development, in particular the capacity for prioritizing needs, and for advocacy. This is clearly not a government job but a role that could be undertaken effectively through partner organizations such as NGOs, unions, cooperatives and other grass-roots organizations. Technical assistance could be used to help committed organizations develop the necessary skills.

Box 5 **Community-level obstacles to mobilization and possible mechanisms to overcome them**

Obstacles	**Possible mechanisms to overcome obstacles**
Lack of appropriate community organization	Community organizer who works to spread awareness of programme and to develop needed organization or strengthen existing organization
Lack of organizational skills	Informal training by organizers helping leaders plan meetings, bring issues to membership, etc. Formal training in some specific areas such as record keeping
Poor communication facilities	Local organization builds communication networks within its membership and breaks down some tasks and discussions to smaller groups that can meet more easily
Factionalism and differing economic interests	Programme or project structured to minimize need for cooperation among strongly conflicting groups; incentives designed to strengthen local organization; community organizers support processes unifying people who must cooperate
Corruption	Procedures developed for system checks; broad understanding developed among members regarding nature of programmes and members' roles; member access to all decision-making and organizational records encouraged

Korten (1983) p. 190

Programmes can be designed and implemented with the aim of giving the poor and poorest an opportunity to influence the agenda. However, political will is key in supporting advocacy, and some governments may distrust potentially destabilizing popular movements.

Political representation

Representation in political circles is an important factor for the generation of change. There are two main requirements for this to happen. Firstly, the political structure needs to be such that it can represent the poor, who are the section of society with the quietest voice. Secondly, there should be incentives (not necessarily financial) for the politicians who represent the poor. This applies equally to the 'Champions and Change Agents' (ODA, 1995) who work to build the enabling environment, who are adjudged as achieving through representing the poor. Theoretically, in a properly functioning, inclusive democracy (one in which the electorate are informed, and exercise their voting rights without coercion), it is in the interest of politicians to represent the poor, because they are a large constituency. Yet in those same countries where the poor represent a large constituency, there may also be widespread illiteracy, and a number of economic and social pressures which limit or prejudice the participation of the poor in the voting system.

Perhaps the most widely studied case of extending participatory structures for political representation into villages is the Panchayati Raj (see e.g. Bhatt, 1987). This has the laudable objective of representative government by the people, but succeeds, as those familiar with rural India are well aware, only when the actors find it to their advantage. The law is now being changed further through the 74th Amendment to the Constitution, which takes political representation down to the ward level (affecting larger villages and urban areas) in an attempt by the Indian Government to give the poorest a voice in the political arena and link them to the government departments concerned with their well-being.

The Indian democratization experience gives reason for optimism. When those involved in political decentralization want it to succeed, the result will usually benefit those newly represented. However, political participation requires more than the establishment of systems for political rights and representation. In order to exercise their rights, the poor need the means to articulate their demands. Mass illiteracy prevails in India. In the absence of clear strategies to include the illiterate in these processes, the result is their exclusion from effective participation (Dreze and Sen, 1989). As a result, the full representation of the poor is still a long way off.

INSTITUTIONAL CAPACITY

Institutional capacity may be assessed according to its ability to deliver effectively, efficiently and with accountability

Effectiveness

Effectiveness is the ability to meet goals and objectives. Public participation and accountability mechanisms are needed to ensure that the goals are appropriate. Internal systems and appropriate external linkages are needed to ensure delivery on those goals.

A key aspect of effectiveness is recognizing where institutional competence lies. For instance, it was noted above that community organizations or NGOs are usually better placed than government agents to mobilize community participation. The latter may not have gained the trust of communities; may have little village-level presence; and may even find such activities in conflict with other agendas. Similarly, if a policy concerned with enhanced agricultural productivity and more use of purchased inputs is to succeed, careful consideration should be given to the choice of provider. Whilst state or NGO provision might be appropriate in areas with poor access to markets, in other areas the commercial sector (with its interests in profit and turnover), may do the job better and more sustainably than non-commercial players.

NGOs and community organizations (which are often better positioned to reach the poor) may provide a complement to state and private service delivery. This role must be set in the context of a supportive environment provided by the state, whether in direct partnership or in providing the appropriate legislative framework and political will. Membership organizations, ranging in size from individual villages to nationwide programmes, have a role though many are localized community organizations and cater only for a small proportion of farmers. These too may be biased against poorer farmers. NGOs frequently try to direct programmes towards the needs of relatively disadvantaged groups, including women and the poor; nonetheless they are often unsuccessful in reaching the poorest.

Efficiency

Efficiency considerations largely concern the cost of goods and services. The lower the cost of services, the greater is the ability of the poor to afford them. Whether as purchasers of private goods, or taxpayers, or users of public goods, there should be more goods and services available to the poor if they are provided efficiently. [According to economic theory, goods and services can be described as *public* or *private* goods, depending on their properties. Key to this is *excludability* (the degree to those who have not paid for a good can be excluded from consuming it) and *subtractability* (the degree to which the use of a good or service reduces its availability to another). Goods which are both highly excludable and highly subtractable can usually be provided by the private sector, and are known as private goods. (Carney, 1995a, p. 11)] Where the state has undertaken semi-commercial operations, such as agricultural marketing and input supply, it has often been justifiably criticized for running high-cost, inefficient operations which penalize farmers by paying poor farm-gate prices, and penalize consumers through the poor quality and availability of the goods and services provided.

The evidence on NGO costs is scarce, but a review of successful NGO projects (particularly those which had an impact on the poor and poorest) found costs to be greater than originally thought because of high levels of beneficiary and project staff participation, but small numbers of beneficiaries (Riddell and Robinson, 1995). However, Young (1993) looked at a number of paraveterinary programmes, mainly run by NGOs, and found that the services were used even when the full market price was charged. Elsewhere the picture is mixed; there is evidence that demand for veterinary services decreases as price increases (Cheikh, 1997; Lee Koma, 1997), but other evidence shows that income levels are not correlated with the use of veterinary services. Moreover, caution is needed in extrapolating from these results because some veterinary services may be generally purchased by higher income groups not typical of the farming population as a whole.

Increased involvement of the commercial sector provides, in theory, an approach for improving efficiency. This need not be restricted to the provision of private goods, but may also apply to partnerships with the public sector in the provision of public goods and services. Goods and services with public good characteristics can be privatized with close monitoring and regulation to ensure access for all, including the poor though the burden of regulation to ensure that private companies live up to their mandates may be onerous. Sub-contracting state services to the private sector may be a more feasible option.

Accountability

Accountability is 'institutionalized responsiveness to those who are affected by one's actions' (Carney, 1995a, p. 7). As such, it is closely associated with effectiveness, public action and participation. Political accountability, i.e. the responsiveness of decision-makers to the demands of society, can be expressed through the ballot box. This provides both a 'voice' and an 'exit' mechanism – voters can articulate their needs through their choice of candidate, and vote out a poorly performing candidate. Consumers of goods and services in competitive markets respond to providers through their willingness to pay for a particular brand or product.

Consumer pressure can be introduced to public services to some extent by cost-recovery systems. Examples include a research department charging for seed services, or a levy on an export crop to pay for extension. In some situations these may work well, but their relevance to poorer farmers is limited by (i) their inability to pay and (ii) difficulties in developing effective cost-recovery systems for public-good services such as extension. Moreover, where subscription is compulsory (as with an export levy), payment does not really constitute a vote of confidence in the service provided and if there is no alternative provider, there is no exit mechanism. Nonetheless, there is growing interest in such mechanisms, largely generated by the budgetary pressures faced by many public services, and this is an area which is likely to grow in importance.

There is increasing recent experience of participatory governance mechanisms, which allow users a role in setting the agenda for public institutions and in judging the results. In agricultural research, for instance, it is becoming increasingly common for planning and review meetings to be attended by NGO or community organization representatives. Whilst these people may not necessarily talk to the issues which preoccupy the poorest, it does signal a welcome move towards greater accountability and inclusiveness in the way that (some) public institutions are run.

> In Benin the Ministry of Health has given local health management committees' decision-making control over resources. Committee members are elected democratically; anyone may serve, provided that at least one member is a woman... Representatives of local committees sit on the board of the government's new drug procurement agency, which is one way of keeping the agency accountable, and on the Health Sector Co-ordinating Committee, which gives local representatives a voice in national policy. (World Bank, 1997a, p. 119)

DEFINING ROLES FOR PUBLIC AND PRIVATE SECTOR

Over the past 30 years, many countries in sub-Saharan Africa have seen a shifting balance between the public and private sectors. Although some of these changes have been irrelevant to the poor and particularly to the poorest, many have been affected by changes in agricultural policy and services. People living in remote areas benefited from the subsidies implicit in pan-territorial crop pricing policies and other marketing services provided, at least to the extent the parastatals were able to deliver on these policies. However, despite this, the poor have mostly remained poor, and the poorest of the poor have generally been least well served by formal institutions.

The recent history of sub-Saharan Africa indicates that neither excessive statist policies nor excessive *laissez-faire* can work. Clearly, a balance is required between the state and the market. The state has fundamental economic and social roles, though the effective performance of these roles requires the state to reform, whilst the private sector and the market remain important to increase economic efficiency and growth. The state and the market are complementary. There are legitimate roles for both market and state, often in partnership. The challenge is to define the most effective balance.

There is a growing consensus in donor organizations for a partnership approach to development, with the state working together with NGOs, the commercial sector and people's organizations, with the comparative advantage of each being exploited by the others. The process of state withdrawal from traditionally publicly provided services is ongoing. It is a critical time for assessing the relative merits of the public and private sectors in service provision. What emerges is not necessarily conclusive; it depends very much on local circumstances, in particular the relative strengths and weaknesses of different providers (be they public or private, NGO or community, formal or informal) in different countries and different sub-sectors.

Role of the public sector

There remains a strong need for continued state involvement in protecting the poor and providing services for the poor. A decline has occurred both in those areas where the state still has a legitimate role, and in those areas where it does not. A much more proactive involvement is required (potentially well suited to a decentralized model), with the state both providing those services not provided by the private sector due to market failure, and regulating markets to produce socially desirable outcomes. An argument can be made for intervention in the market to increase equity: targeted subsidies and asset redistribution. [Land reform can be market-assisted where it is the responsibility of the state to promote reform and to provide guidelines, enabling conditions, and finance, but the actual land transfer is a market transaction. The experience in South Africa will provide an important test of this model, though the initial indication is that transfer is taking place more slowly than planned (Carney, 1997).]

The economic rationale for the division of goods and services between the public and private sectors can have potentially dangerous repercussions for the poor if it results in the complete withdrawal of the state from specific sub-sectors. The low purchasing power of the poor, the difficulty in physically reaching some or many of the poor, and the relatively small quantities of goods and services demanded by the poor will tend to dissuade the private sector from servicing the poor, even for those goods and services which are prime candidates for privatization. Continued state involvement will be essential in such cases, whether acting independently or in conjunction with the private sector. [Neoclassical economics has it that the production and trade of all goods and services for which there are competitive markets should be carried out by the private sector, because the market economy will allocate resources efficiently. However, for the provision of public goods, where those not paying for a service cannot be excluded from its consumption and/or one person's consumption does not reduce its availability to another, state provision may be necessary. In addition, state intervention may be justified where markets are uncompetitive due to market failure. The main causes of market failure are: (i) externalities, in production or consumption, such that their costs or benefits are not fully reflected in market prices (for instance, polluting industries are not necessarily required to pay for the damage they cause); (ii) natural monopolies (for instance, in a sector prone to economies of scale – hence the tendency for consolidation); and (iii) imperfect information, which may restrict market access or assign unfair advantage and market power to one party over another.]

Where services have been provided by the state they have often been of poor quality or badly targeted. For example, newly independent African states inherited research and extension systems oriented towards the needs of commercial farmers, cash crops and high-input farming. There has been considerable ongoing change and re-orientation in research and extension, but there is still insufficient use of participatory and sustainable methods to understand the needs of poorer, small-scale farmers (often women) living in more marginal areas. With the increasing policy focus on poverty reduction, not only is there a need to improve the provision of these services, but there is a need to redirect their focus. More research and extension focused on the poor would involve research into sustainable agriculture (low-input, food security crops, regenerative practices); support to innovative extension systems (linking research, extension and farmers, including farmer-to-farmer exchanges); and support to farmer training in their own communities (Hinchcliffe *et al.*, 1996). For the state, decentralization measures and bottom-up planning could enable more demand-led and appropriate research and extension. Bazeley (1993) found that decentralized research and extension systems have resulted in programmes with a greater impact on production.

Similarly, the public sector has usually controlled common livestock diseases. It is in the interests of the state to ensure that adequate measures are taken to prevent the spread of livestock disease because an epidemic may threaten the livelihoods of many people and have far-reaching economic effects. Public provision of these services has been perceived to be largely inefficient (Holden *et al.*, 1996), but some governments have managed to control these diseases (such as rinderpest outbreaks in Tanzania and Kenya). However, vaccination programmes in some countries have been biased towards profitable exotic livestock belonging to commercial producers, rather than the predominant but less-profitable smallholder production. Consideration should also be given to livestock which are important to the poor as a source of subsistence or cash income.

Increased participation in the public sector: the role of decentralization

Decentralization has long been considered a remedy for inefficient governance in sub-Saharan Africa. Potentially it may:

- provide policy-makers with better information on local problems and needs, and on the nature of poverty;
- permit resource allocation which more closely reflects the needs of different areas and groups;
- strengthen links between local communities and central government; and
- foster constructive local-level partnerships between government and other groups.

Decentralization can be categorized according to degree: from deconcentration, to delegation, to devolution (see Box 6). Crucial questions need to be asked of decentralization policies: what activities are to be transferred? what types of decision (allocation of funds, etc.)? To whom are powers given – political appointees, elected representatives, local leaders? What form of power is transferred – judicial, administrative, political? Are the qualified people available to manage the planned structures?

Box 6 **Different types of decentralization**

- Deconcentration: transfer of management responsibility within the bureaucratic organizations of the state. Local government has responsibility for the implementation of central programmes, and has no financial powers.
- Delegation: clearly defined functions are made the responsibility of relatively independent organizations – organizations (such as parastatals) are given rather wide discretionary powers and are not directly controlled by superior hierarchical levels.
- Devolution: strengthening of sub-national units, with a defined legal existence. Responsibility to local constituency

Parker and Kirsten (1995)

There are few examples to date of successful decentralization in sub-Saharan Africa. Following independence, local government established in preparation for self-rule was variously neglected, weakened or abolished as federal governments centralized and consolidated their power (Development Administration Group, 1996). Lack of adequate funding was the single most important factor which undermined local government during this period (Parker and Kirsten, 1995).

Box 7 **Incorporating local needs into district planning: a case study from Ghana**

A renewed effort to decentralize was launched in Ghana in 1988, as a response to the inability of the centralized system to achieve economic growth and overcome poverty, particularly in the rural areas. Although the decentralization policy has succeeded in transferring power from the centre to the district level, it has yet to develop mechanisms for the integration of local people's needs into district planning, thus limiting its potential impact on poverty.

Lessons:

- lack of human and physical resources has constrained planning processes in district authorities
- lack of training at local level has hampered the collection of revenues, whilst funds from central government have been limited
- incompatibility between new political/administrative boundaries and traditional boundaries
- information flows between different levels of the administration have not worked well
- horizontal information flows between different sectors are poorly coordinated
- local people are not sufficiently aware of the planning and decision-making process, and may be hesitant in involving themselves, especially women and the poorest.

This experience strongly suggests that there is still a lot to be learnt about how effectively to involve local people in local government.

Recommendations:

- the government needs to provide a strong legislative framework, together with financial and human resources
- need to improve information flows, both vertical and horizontal
- functions and skills of Assembly Persons must be redefined and improved, especially in methods for contact with communities; they must become accountable to the communities and their work must be transparent
- greater awareness-building is required at the local level, with people encouraged to participate and speak out
- mechanisms for including all the community need to be developed, such as the establishment of women's groups

(Schiewer, 1995)

Decentralization in Africa in the 1970s was mainly concerned with administrative deconcentration. Local government officials then would have been appointed; now they may be elected. Local governments in the 1970s lacked power and a real role in decision-making. They lacked resources, and typically were not able to raise revenue independently of central government.

It is too early to judge fully the success of the more recent decentralization schemes, which are being implemented along with other initiatives to improve democratic processes. Recent experience in Ghana provides some useful pointers (see Box 7). South Africa is also interesting and should be monitored closely to see how it progresses; likewise the process in Uganda which is currently at an early stage. The effect on poverty is important, and analyses of decentralization processes so far have not focused on this issue.

> *South Africa* . . . has now emerged into the mainstream of African institutional development with a massive programme of restructuring and strengthening of local government, which is clearly going to play a central role. A cardinal feature is the fact that the new system resulted from a negotiated settlement of all the local stakeholders, and is thus a creation as much owned by the locality as a central prescription. The civic and community organizations built up in the 70s and 80s give added depth to the system, though there is a need for them to preserve their independence and build their resources. The role of local government is very clearly extending into the promotion of economic development and the critical need to generate additional resources from the private and community sectors. (Development Administration Group, 1996, p. 14)

Failings of decentralization

For decentralization to take place at all, the existing power base at the centre must agree to relinquish some of its power. This is the major dilemma. It can result in a cyclical process of establishing and abolishing local government because of a constant tension between central control versus the mobilization of active popular participation. True decentralization and local government should be characterized by an effective economic role in the major areas of public policy and intervention, delegated budgets and the capability to manage them, representative decision-making, separate legal existence and the ability to allocate resources. Two-way feedback between local and central government is needed.

There are potentially significant development benefits of decentralization, associated with local participation and empowerment. Yet these cannot be realized without capacity-building in local authorities. Effective community participation in decision-making and resource allocation demands new skills of civil servants. The lack of skills and experience at local level, and the difficulty in attracting people to work in provincial towns, lead many to assume that the quality of governance will decline as a result of decentralization. Furthermore, decentralization may, perversely, reduce equity in situations where local governments can be easily ‘captured’ by local elites. Small local elite groups are in a strong position to influence local officials.

It is difficult to assess the impact of decentralization: problems may not be due to decentralization *per se*, but to more general administrative, economic and development factors (Conyers and Kaul, 1990), plus a lack of capacity. The fact that it has not worked well to date may reflect more on the implementation than decentralization itself. It may also be the case that the extent of change in all levels of administration required in decentralization has been underestimated. The establishment of sustainable local bodies with real economic power entails quite radical change in social and political organization.

Role of the private sector

The market reforms of the 1980s assumed that many of the services previously provided inefficiently by the state would be taken up by the private sector. In the agricultural sector, private involvement in input supply and output marketing has in fact been highly selective (and heavily oriented towards cash or export crops). Private provision of other agricultural services, such as extension and research, has been even weaker, though not completely absent. In some areas, community organizations (including producer associations, cooperatives, grass-roots organizations and customary institutions) and NGOs have taken on services previously undertaken by the state. The extent of private provision varies between countries, regions within countries, and sectors. It reflects the differing degrees of liberalization, and other economic and market factors which influence private perceptions of potential profitability.

Commercial individuals/organizations

Private provision of goods and services for the poor in rural areas may be severely limited due to (i) clients' low purchasing power, and (ii) high transaction costs (particularly in relation to risk and information). Risk increases transaction costs, either directly when losses are incurred, or as a result of strategies adopted to reduce risk. For example, a trader advancing inputs on credit to a farmer risks non-repayment or must take steps to enforce repayment (such as frequent visits to monitor harvest dates). Similarly, information needs may be costly (or time-consuming). Traders need to know which farmers have crops to sell, when they are to be harvested, which markets will offer the best prices, etc. In remote areas, with poor roads and no telephones, where multiple smallholders produce rainfed crops, traders may judge transaction costs to be prohibitively high.

In the livestock sector, clinical intervention, distribution of drugs and vaccines, and diagnostic support are largely private veterinary goods. However, where privatization programmes have been pursued, private veterinarians have tended to locate in more lucrative urban markets, and smallholder farmers in rural areas have been neglected. It may be necessary to preserve a public role in rural areas if the needs of smallholders are to be met. Equally, it may be possible to extend private provision through partnership with paraprofessionals, permitting a monopoly on drug provision, and developing other mechanisms to exploit scale economies (Leonard, 1997).

Ways of improving the role of the private sector include partnerships and links between the public sector, commercial individuals or organizations, paraprofessionals and NGOs; and mechanisms such as subcontracting and the provision of incentives by the public sector to encourage greater involvement of the private sector. These partnerships are being increasingly viewed as a way to provide agricultural goods and services on a wider scale and address poverty reduction objectives. They will be examined in more detail later in this paper.

Non-governmental organizations

The definition of NGOs used here incorporates both northern and southern non-membership organizations, some of which implement activities in their own right and others that provide support to grass-roots organizations. The focus is mainly on service organizations, but advocacy and networking organizations are also important.

The role of NGOs has increased in significance, particularly in the 1980s and 1990s, partly as a response to perceived state failure, but also because of deregulation and donor initiatives permitting NGOs to flourish. Donors recognize multiple roles for NGOs: in civil society; as representative organizations which can balance the power of the state; as part of a web of diverse (and competitive) providers of services; and as sometimes more effective organizations through which to address poverty issues.

Most developing-country NGOs engaged in service delivery are small scale. Many work in communities where government and commercial private providers are weak or non-existent. NGOs can be significant actors in efforts to reduce poverty, and are said to have a comparative advantage in being able to reach the poor and improve their lives. However, it is difficult to reach an overall conclusion on the impact of NGOs on poverty because of lack of data, the influence of external factors on the outcomes of interventions, and lack of agreed methods of assessing impact.

Farmer groups and community organizations are increasingly used (or strengthened or established) by NGOs and donors. The experiences of some of these groups in agricultural service provision and institutional development are examined here. However, it should be borne in mind that there are many other group forms which are not NGOs (including indigenous groups and groups supported by government).

Generally NGOs do not provide goods and services themselves, preferring instead to establish associations among farming communities. They may be well placed to take on tasks which are economically unattractive to private firms, such as acting as a channel for inputs and credit, as well as the additional role of empowering local people. In the case of veterinary services, NGOs have been involved in training paraveterinarians and strengthening the indigenous capacity of associations so that they are capable of financing the delivery of goods and services. However, there is less evidence from Africa than Asia on NGOs forming new groups or targeting the poor, or of the importance of social and political objectives (Riddell and Robinson, 1995).

The majority of evaluations carried out on the impact of NGO projects on the poor have found that NGOs generally fail to reach the poorest (Tendler, 1987; Clark, 1991; Carroll, 1992; Riddell and Robinson, 1995). Those which have benefited the poorest have achieved it through rigorous targeting of beneficiaries, concentration on small activities (such as small loans), a high level of consultation with project staff, small numbers of beneficiaries and the involvement of whole communities, i.e. for common property resource projects (Riddell and Robinson, 1995).

It is widely held that NGOs have failed to reach the poorest because the landless poor can be assisted only by employment-generation schemes or land reform, and the very poor (sick, elderly, not economically active) are usually beyond the reach of most economic interventions and need improved social services. It is the next level of the poor, who are scattered, disorganized, living in resource-poor areas or dependent on the less poor for employment and credit, who could benefit from economic and institutional interventions, and thus might be the target for poverty alleviation projects and programmes.

Many of the factors underlying successful NGO activities are characteristic of small-scale projects, but some authors argue that there is no reason why larger projects should not adopt them. On the other hand, many of the constraints facing NGOs (see Box 8) concern issues of replicability, wider impact and scaling-up (Brett, 1992; Riddell and Robinson, 1995). Edwards and Hulme (1992) concur that there are good reasons for scaling up the activities of NGOs, though this is not always easy.

Box 8 **Constraints/limitations of NGOs**

- the poor are reached more than the poorest
- men benefit to a greater extent than women
- little evidence that beneficiaries have broken out of self-reproducing spirals of poverty
- costs are higher than previously claimed
- limited potential for sustainability
- limited potential for replicability
- tending to work locally and not to expand impact through promoting change in public policy

The general conditions under which NGO projects are more successful are detailed in Box 9 (Riddell and Robinson, 1995; Riddell *et al.*, 1995; Perrier and Norton, 1996).

Box 9 **Conditions for successful NGO projects**

- beneficiary participation
- effective management
- skilled and committed staff
- favourable external environment
- carefully prepared and designed projects
- flexibility, process approach
- simplicity (in strategy and structure)
- appropriateness

NGOs often play a key role in developing group activities. Conditions for successful group activities have also been identified and are highlighted below; some of these mirror the conditions for successful NGO projects.

- Matching skills and experience so as not to exceed current management skills of groups. Groups involved in marketing and procurement tend to be more successful than those involved in joint ownership of assets (for production and sale). For production, group action is more effective in the provision of capital, training and information than the activity itself. Group methods work better for services benefiting from economies of scale to which people feel access should be open.
- Internal dynamics of group, internal cohesion and a member-driven agenda.
- Strong business rationale and relationships with the private sector (Brett, 1992; Stringfellow *et al.*, 1997).

However, there is still a need for a special focus on the poorest (in particular women). Not everyone has a voice in groups, especially women because of their workload, lack of land rights and skill constraints; and the poorest because collective enterprises require higher levels of skill (Brett, 1992; Batterbury, 1994).

The impact of NGOs could be improved by scaling up their activities, but constraints to organizational growth (managing change, and not undermining the comparative advantage in reaching the poor afforded by being small and flexible) need to be taken into consideration. Moreover, NGO activities may be fragmented and designed to address specific needs of different groups, so are not easily amenable to scaling up.

Nonetheless, there may be ways in which the impact of NGOs can be extended, by working with governments, using NGO projects as pilots for larger schemes, and linking people at the grass roots with lobbying and advocacy. Partnerships and links between all organizational levels are increasingly recognized as necessary for coherent programmes, wider-scale activities and facilitating poverty alleviation strategies. This will be further explored in the next section.

Community-based groups and farmer organizations

> Farmer cooperation, especially among those having commercial potential, is widely perceived as one mechanism of improving their access to agricultural services. By working together farmers can realize the scale economies of bulk acquisition and enter into more stable relationships with suppliers or traders. By pooling resources to invest in transport or processing operations they can become more active participants in the marketing systems, adding value to their production. In recent years this view has influenced the design of many programmes of assistance to smallholders in Africa to the extent that donors and NGOs have often made group formation a prerequisite for accessing project resources. Additionally, from the donors' perspective, there are significant advantages in distributing project resources to groups rather than to individuals, as costs are lower and resources can be disbursed more rapidly. (Stringfellow *et al*., 1997, p. 1)

However, projects promoting farmer cooperation do not always lead to the emergence of viable farmer groups. Stringfellow *et al*. (1997, p. 1) made the following recommendations for sustainable farmers' groups.

- Donors wishing to promote farmer cooperation should refrain from rushing the process of group formation or from overburdening groups with too many or too complex functions. They should avoid providing subsidized credit or grants, but instead encourage farmers to develop their own forms of group organization, based on an analysis of their own situation and the resources at their disposal.

- Assistance should be provided in establishing links to banks, input suppliers and markets. Indeed, smallholders' access to markets for high-value commodities can be greatly enhanced through group lending activities organized in conjunction with outgrower schemes. The prospect of default is a deterrent to organizing such schemes, however, and there is therefore a need to develop new risk-sharing arrangements.
- Donors need to adapt their project planning procedures to the nature of farmer-controlled enterprises. Traditional quantitative measures of project achievement may not always be appropriate, especially in the early stages of a project.

Community organizations are sometimes able to achieve economies of scale in service delivery. This has enabled some to provide fully qualified veterinary services to their members and to reach farmers not previously reached by government. Similarly, various experiences with paraveterinarians have shown that they are able to reduce delivery costs and increase coverage, thereby increasing social and economic benefits.

Some community organizations have also been able to provide public goods, such as research and extension, or dipping facilities which have wide impacts (i.e. by preventing the spread of disease, which could affect animal and human health). The limitations of these activities are similar to those experienced by NGO projects: benefits may be localized and small-scale; professional resources and skills can sometimes be limited; and enforcing collective decisions and action on public goods is problematic.

Sub-contracting public sector work to private practitioners.

The provision of goods and services with externalities may require some form of state management. Inefficiencies in direct provision by the public sector have led to subcontracting arrangements being adopted in certain circumstances.

In the area of veterinary services there are examples of successful subcontracting of vaccination programmes to the private sector (e.g. private-sector contractors in Bolivia and Chile for foot-and-mouth disease, and paraveterinarians in Chad). The scale of inefficiencies under public-sector provision has often resulted in cost reductions when these services have come under private provision, which is clearly beneficial in terms of coverage and availability to the poor:

> In Morocco, sub-contracting state vaccination programmes to private practitioners reduced vaccination costs by 34%, increased the proportion of animals vaccinated from 52% under public sector programmes to 66% under private schemes and provided a valuable source of income to private practitioners who might otherwise not have been able to remain in practice. (de Haan and Umali, 1992, cited by Holden *et al*., 1996, p. 39)

In other cases, private veterinarians have been contracted by the state to provide certain public functions, and public servants have engaged in private activities (Umali *et al*., 1992). In either case, there have been advantages over public provision of the services because the individuals have personal profit incentives to work. Furthermore, where the transaction costs of these semi-private systems are lower, farmers may benefit from lower-cost services or wider coverage.

Role of public-private partnerships

A prominent part of current thinking on the roles of the public and private sectors is that the comparative advantage of different organizations must be taken into consideration, and 'pluralist' solutions are widely advocated. Thirtle and Echeverria (1994) point out several criteria for defining public and private activities, and that efficient institutional arrangements will be specific to particular activities or target groups. Public and private contributions should be viewed as complementary investments rather than substitutes. There is often a need to enhance the public role through partnerships with the private sector, or for the public sector to provide incentives to enhance the private-sector role (e.g. public-sector investment to 'crowd-in' the private sector), and for greater links between institutions to increase impact.

Yet in practice it may not be easy to develop effective partnerships (Carney, 1996). Steps which can be taken to facilitate effective partnerships have been identified. Each party needs to invest in understanding the other. When working with governments, the constraints of the system (lack of resources, poor motivation, slow-changing systems and structures) need to be accepted at the outset. Progress may be slow. Good relationships are essential, as is investing in partnerships so that they remain dynamic.

NGOs are small players when it comes to influencing governments, compared to bilateral and multilateral donors. However, greater success may be achieved if NGOs allow governments to take credit for progress in policy and programme development. NGOs can also complement or provide a counter to the considerable influence of the larger donors through coalitions reinforcing each other's influence and through concentrating their attention at central ministry level. The strategy must be approached with care:

> [The] decision to work with (but not for) government must be based on the 'reformability' of the structures under consideration, the relationship between government and citizens, the level at which influence can be exerted most effectively and (for international NGOs) the strength of the voluntary sector (Edwards and Hulme, 1992, p. 18)

Partnerships, although still in their infancy in many places, have proved beneficial. Two case studies (see Boxes 10 and 11) provide examples of successful partnerships between the state, NGOs and local communities. They have led to greater efficiency, improved motivation (both government and rural communities) and empowerment of local communities. In the Cantarranas project (see Box 11), participation in planning and implementation enabled a focus on local needs, and the use of villagers for extension and training activities reduced costs and meant that the project achieved wider impact.

The Cantarranas project was careful to avoid using direct subsidies. This differs markedly from many other examples where capacity building is subsidized, at least for a time. Although a case can be made for carefully targeted (and non-permanent) subsidies to address particular issues (e.g. increased use of inorganic fertilizer by resource-poor farmers in Africa), ill-considered and widespread use of subsidies can create a culture of dependency, undermine the sustainability of interventions and crowd out commercial activity in areas where it is sorely needed.

In sum, there seem to be a variety of possibilities for poverty reduction. They require professionally functioning and flexible institutions to succeed.

Yet institutions often find it difficult to fulfil their mandates or respond to developmental challenges. In the next section, important factors internal to the institutions are discussed with a view to improving their capacity to act. If these are successfully tackled then institutions should be better placed to respond to some of the key challenges.

Box 10 **The Production through Conservation Programme (PTC II) Lesotho**

This is a Ministry of Agriculture initiative supported by the Swedish International Development Authority to encourage farmers to improve husbandry of their land, so as to achieve better conservation and production. It aims to do this by fostering self-sustaining rural communities capable of planning the development of their own resources for sustained use.

The programme promotes institution-building from village level upwards, facilitating flows from the village and village development council to the District Agricultural Officer, the Board of Farmers, the District Development Council and on to the various national ministries. The programme specifically sets out to raise interest and create demand among villages, whilst increasing the supply of information, goods and services to satisfy these demands.

There are strong feelings among rural people that they do not like plans to be made for them by others and so they are now fully involved in developing joint plans with the Area Teams. It had been expected that 'encouragement' would be needed for villagers to implement resource-conserving practices. Instead farm families are now stating what they wish to do so, and thus pressing the government to give them support and help.

There have already been a wide range of impacts, particularly in the government agencies. Staff are positively motivated by better relations with farmers and by better exchanges with their colleagues. Because of a better understanding of local needs, district planning and budgeting can be more targeted on expressed needs, which should lead to more efficiency in future. Other benefits include the elimination of unnecessary journeys, and more efficient use of transport.

Adapted from Pretty (1995) p. 230, Case 14

Box 11 **World Neighbours in Cantarranas, Honduras**

The Cantarranas Integrated Development Programme was a collective effort between World Neighbours, the Ministry of Natural Resources, ACORDE (a Honduran NGO) and Catholic Relief Services. The programme focused on soil conservation in areas where maize yields were very low and where shifting cultivation, malnutrition and out-migration prevailed.

Factors in the success of this programme:

- paternalism was avoided (nothing was given away, no subsidized farmer activites or inputs)
- it started slowly and on a small scale, so that local people could participate in planning and implementation
- limited technology was used, appropriate to the local area, and fine-tuned through experimentation by and with farmers
- extension and training were carried out largely by village farmers, making it possible to reach a large number of farmers

The adoption of velvet bean has tripled maize yields. Labour requirements for weeding have been cut by 75%. The focus on village extensionists was not only more efficient and less costly than using professional extensionists, it also helped to build local capacity and provide crucial leadership experience.

Adapted from Pretty (1995) p. 220, Case 4

4

NATURE OF INSTITUTIONAL CHANGE REQUIRED

Institutional change or development is considered crucial for successful and widespread implementation of poverty reduction programmes. Areas have been identified where action is required, and examples provided of specific actions which have yielded good results. In this section, specific measures are proposed better to equip institutions in the fight against poverty.

Chambers (1997, pp. 221–237) and others have highlighted the problems faced when seeking to change institutions. Chambers focuses on the need for personal change and a new kind of professional, committed to reversing paradigms and 'putting the last first'. Much of this requires fundamental attitudinal change. It is difficult to imagine such changes within government bureaucracies in the foreseeable future. There are too many vested interests, particularly relating to individual power and corruption.

Here, a more modest agenda is proposed which aims to improve institutional effectiveness by a number of straightforward, practical steps. These take account of the *status quo* and limited scope for rapid change, but gradually move the system towards the required longer-term reversals. Although the focus here is the RNR sector, these actions are equally relevant to other sectors. In fact, inter-sectoral cooperation is essential for success. The action areas are divided into two principal groups.

- Inter-institutional – coordination of policy development and vertical integration. These areas must be addressed in order to develop achievable and coherent strategies for poverty reduction which can be monitored and managed.

- Intra-institutional management – capacity building, and changes in approach and attitude. These areas must be addressed in order to increase the likelihood that coherent strategies will be adopted and properly implemented.

Both inter- and intra-institutional actions must take place concurrently to promote coherent development processes capable of effecting sustained poverty reduction.

Table 1 categorizes institutional types and shows areas where action is required to improve poverty focus and consideration of gender. Although organizations in the same category may have broadly similar needs, individual institutional assessments would be needed to provide detailed pointers on need. Table 1 assumes that the community-level organizations are willing and well-motivated development partners, and so are, for instance, already trying to be poverty-focused and inclusive. Each of these areas is explored in more detail below.

Table 1 Summary of action areas and the degree of action required for different types of institution

Type of institution	Intra-institutional actions			Inter-institutional actions	
	Capacity building	Approach and attitude change	Incentive/ disincentive system	Policy coordination	Coordination
Donors	Major	Major	Some	Major	Major
National/ government institutions	Major	Major	Major	Major	Major
Commercial organizations	Some	Some	Major	Some	Major
Private development institutions	Some	Some	Some	None	Major
Community-based organizations	Major	Some	None	Some	Some

COORDINATION

It is important that actions both within and between the various institutions are coordinated and integrated so as to be mutually supportive and that those organizations which represent or work closely with the target group are able to inform the actions of ‘higher-level’ organizations.

At the grass-roots level, this requires the involvement of all or most organizations, regardless of sector or nature of interest (e.g. NGO, private, farmer organizations, local representatives, government or public services, research services) and implies a facilitating role to kick-start (and possibly maintain or occasionally revitalize) this coordination. It is not clear who should perform this role, and this may vary depending on local circumstances. A government/NGO partnership might be an effective provider, with each partner bringing different perspectives and competence, and the partnership itself underlining the commitment to dialogue and coordination. As always, finding mechanisms to include and represent the poor and the poorest will be the particular challenge, but will probably be easier at the local level, where the poor are likely to be a more visible constituency, than at other levels.

Depending on local circumstances, apex structures might usefully collate or represent fragmented project experience across a number of sectors or institutions. In local government, the community development unit sometimes performs this role, at least with regard to the provision of public services (in, say, agriculture, health and education). In some areas, there have already been initiatives to instigate a process of dialogue across sectors and interests sometimes facilitated or convened by a locally active NGO. Commercial interests may be represented by the local Chamber of Commerce although, in practice, its constituency may not include rural areas.

The results of this ongoing consultation process should then inform higher-level decisions. This link is made easier where there is genuine decentralization. Where this is not the case, it will require willingness and flexibility on the part of the national organizations (particularly public sector) to take account of local views. This is unlikely to work consistently well unless there is explicit recognition of the need to use local-level processes to inform higher-level actions, reinforced by management processes and systems which facilitate, monitor and reward this, and a supportive institutional culture. In some countries, the time has never been better for this, with so much institutional change intended to foster greater participation and improved effectiveness.

Table 2 suggests some of the processes within and between organizations required to encourage greater sharing of information, and more coherence in their activities and focus, reflecting local needs and priorities. Some of these ideas come from the management literature and might seem out of place to some local-level organizations but the concepts which underpin them are still relevant, and could be introduced (in an incidental way) as part of the facilitation process needed to bring local-level organizations together.

Table 2 Actions to improve coordination

Type of institution	Actions required			Main actors
	Clear delineation and sharing of responsibility	Joint planning	Clear reporting and messages	
Donors	Delegation of decision-making	Provide planning framework	Provide more funds for communication. Share reports	Management
National/ government institutions	Delegation of decision making. More management staff	Bring together concerned parties	Improve message presentation	Senior officials. Management consultants
Commercial organizations	Sharing decision-making with partners	Plan and fund commercial inputs to projects	No action necessary	Commercial management
Private development institutions	Delegation of decision-making	Improve coordination	Share reports	Management
Community-based organizations	More management	No action necessary	No action necessary	Management

BUILDING CAPACITY TO ADDRESS POVERTY AND GENDER ISSUES

When looking at institutional performance the first (and often extremely difficult) step is recognizing the need for reform. The next is to assess management needs and undertake management training. These actions are rarely taken systematically.

A needs-driven capacity-building programme is important. In the past, this was rarely considered since it requires high-level commitment to a programme with poor visibility. Improved staff efficiency at a regional office does not make the front page of a newspaper. Now, agencies such as UNDP are recognizing that capacity-building is critical to their poverty reduction programmes (UNDP, 1995, pp. 29–30). This applies not only to partnerships with government, but also to NGOs and community groups. It is particularly important in the RNR sector where institutional linkages are often weak and ineffectual.

Table 3 shows the actions required to implement a capacity-building programme. This follows a similar process to that increasingly adopted in community development programmes. It is essential to understand clearly that the process must be allowed to run its course if it is to succeed. Capacity building may be a suitable candidate for grant-funded assistance because the pay-offs are long-term and indirect.

Table 3 Capacity building programme actions

Action	Responsible parties
Needs assessment (within the organization and to canvass views outside, e.g. amongst client groups) to identify recruitment, training and material needs plus a means to monitor and evaluate the process	Institutional development consultants
Purchase of equipment	Donor or institution
Official training programmes, especially human resource development	Training consultant. National, regional and international training institutions
Field-level process support	Institutional development consultants. National field teams

Capacity-building programmes should emphasize gender issues. A large proportion of the poorest are women, and their interests are currently under-represented in institutions at all levels. The specific actions to address gender issues given in Table 4 are based loosely upon experiences in the Philippines where gender mainstreaming actions have been under way for many years (Valdeavilla, 1995). These would benefit from statutory protection to prevent gains made being reversed under different political circumstances (Edwards, 1988, pp. 39–52). Without such provisions, poverty reduction programmes are unlikely either to achieve or sustain satisfactory levels of improvement.

Capacity building may add to management costs. There may be a need for ongoing in-service training, or the establishment of an internal monitoring unit; critics argue that these higher costs are often unsustainable beyond the life of a project. For capacity building to be effective, it must draw on realistic resource levels.

Table 4 Specific capacity-building actions to increase gender representation

Action	Responsible parties
Well budgeted gender and development unit within each institution	Institution management with donor support
Positive discrimination in recruitment practice	Institution management
Specific training programmes to upgrade women's skills to the same levels as men	Training consultant. National, regional and international training institutions

A good management information system (i.e. one that is simple and therefore used) may provide managers with the information to enable appropriate and timely action. Management information tends to be poor in most institutions. There is over-reliance on official reports or subjective impressions. In donor organizations, managers may be over-stretched, having portfolios covering many countries and projects. Inevitably, much project monitoring is superficial. Budgetary and fiscal-year pressures mean that project managers often focus on financial indicators. Yet donors are increasingly concerned with social indicators, which provide important information on progress towards Development Assistance Committee targets. (In 1996, following a number of inter-governmental meetings, the donors signed up to targets on poverty reduction, social development and environmental sustainability and regeneration. The social development targets included: universal primary education by 2015; elimination of gender disparity in primary and secondary education by 2005; reduction in infant and maternal mortality rates (by 67 and 75%, respectively) by 2015; and access for all to reproductive health services, through the primary health care system, by 2015.)

Historically, social indicators of achievement have been undervalued and few organizations know how to collect them. The result, with respect to poverty reduction, is illustrated by the World Bank analysis of Country Assistance Strategies (World Bank, 1997c) where it was shown that poverty reduction had not been properly addressed for several years. A carefully designed management information system might help implementing institutions and project managers to recognize poverty focus as a potential problem, permitting corrective action to be taken at an early stage.

This situation could also be alleviated by better use of management tools such as logical frameworks with milestones (as used by DFID), and by more and better-trained managers. There is a dilemma here: development organizations are rightly called to account over how they spend their resources, and increased investment in management rather than in 'sharp-edge' activities is usually interpreted as detracting from their development mission and effectiveness. And in NGOs, where there are more managers on the ground, the experience has been similar.

There is increasing emphasis in DFID, after the 1997 White Paper on International Development, to meet poverty and human development targets by the 21st century. In preparation of country strategies, the incorporation of human development targets is encouraged. The integration of these targets forms part of the institutionalization process of a poverty eradication focus within DFID's work.

APPROACH AND ATTITUDE CHANGE

It is not simply the design of the intervention that matters; attitudes are also key. Preconceptions concerning the poorest may include some or all of the following, that:

- they are dirty, poorly dressed persons who carry disease;
- women are second-class citizens;
- they are stupid, uneducated and difficult to train;
- they are unreliable;
- they are living in places which are not nice and are difficult to visit;
- they are people who cannot pay bribes;
- they are unlikely to generate success in any programmes implemented with them; and
- they are not the sort of people who earn promotions for those working with them.

This kind of prejudice is not confined to those working in their own societies. It also applies in many instances to project design and implementation, where the poorest are omitted because it requires too much time and effort to work with them. It is rare indeed that poverty focus, and particularly extreme poverty focus, is retained from planning through to implementation. When determining the ways in which institutional change can result in effective poverty alleviation and eradication programmes, it is thus essential to take account of the attitudes of those responsible for taking action. There are several ways this can be achieved.

The World Bank and UNDP have emphasized a change of language. Poverty has now become the over-arching principle of both organizations. Within this, gender issues are given priority. Staff may not discuss action without including poverty. The rhetoric of development in these organizations is now one of poverty. This does not mean that action results, but it may reinforce a change of emphasis. Another example of this was seen recently in Uganda. Background to the Budget 1998/9 (Budgeting for Poverty Reduction 1998).

The second step is for institutions to become ‘learning organizations’ (Chambers, 1997, p. 224). Chambers outlines six areas for action to achieve this:

- Commit with continuity – enabling conditions include a favourable policy and staff stability.
- Network with allies – change-minded people from different organizations should gain strength from each other.
- Start small and slowly – this will not threaten people.
- Fund flexibility – spending targets should be removed, and more should be spent on exploration, training, learning, capacity building and processes of institutional change.
- Train, encourage and support grass-roots staff.
- Build out and up from grass-roots success.

Some of these are primarily dependent on initiatives by individuals within organizations. Within certain types of institution (such as NGOs) it might be possible to change rapidly the structure in order to promote these actions. However, within larger and more monolithic structures it is difficult to see how such actions will become routine unless there has been a very slow and patient effort by individuals, with strong support from management. Moreover, two of the steps (funding flexibility and starting small) may conflict with widely used expenditure targets and budgetary planning procedures.

The third step is to have specific departments and posts in which poverty and gender components of projects are critically assessed and monitored. DFID has been pioneering in the extent to which it uses social development advisers in its work (see Box 12). The internal reorganization of the World Bank has ensured that country programmes are vetted by the social unit before they can be implemented. Many donors now have gender units at country level which ensure that gender issues are taken into account. As yet, there are few poverty-focused units which have a central role in programme formulation and approval, but this must change imminently given the current focus on poverty alleviation. Governments and national organizations should be encouraged to commit to and place poverty and gender at the top of their agendas.

Table 5 gives some examples of incentives and disincentives which could be used to reinforce a change of culture. Their use does not require special skills if the institution is well-organized. However, prior to implementation, an appraisal of how the incentives can be applied to poverty reduction programme implementation is required.

Table 5 Incentives and disincentives to good work

Action	Description
Incentives	
Salary increases	Higher salaries for persons willing to work in difficult or remote areas
Performance bonuses	Extra money paid for reaching agreed targets
Promotion	Increasing responsibility and rewards for those performing well (but beware of promoting people to jobs beyond their capacity or outside their realm of expertise)
Official recognition	Responsibility for certain areas of work; announcements in newsletters, notice boards, certificates, etc.
Disincentives	
Reprimand, demotion and dismissal	Radical action which needs to be taken more often if poor performance is to be discouraged
Transfer	Move persons to places where their inputs are less critical

POLICY COORDINATION

It is clear that a great deal can be achieved through policy coordination and harmonization. Three issues are particularly important: how grant and loan funds are used; the extent to which donors should channel funds through local organizations; and the capacity and willingness of organizations to coordinate their activities.

Box 12 **Institutionalizing a poverty focus in DFID**

The move to a greater focus on poverty eradication within DFID has been largely influenced by the work of the Social Development Department, and the adoption of a social development-oriented approach, which in turn is a reflection of overall changes in international development paradigms. The Social Development Department itself has rapidly expanded in the last decade (this is demonstrated by staff expansion from just two social development advisers (SDAs) employed in 1988 to 38 in 1997).

The institutionalization of a pro-poor approach has been achieved through the provision of social development advice based on three elements:

- a set of issues (poverty, gender, participation, social capital, marginalized groups, livelihoods);
- specific analytical professional background grounded in non-economic social sciences; and
- expertise in a set of applied field methodologies (participatory planning, qualitative research, stakeholder analysis, field project skills).

Recent mechanisms for systematizing the pro-poor approach within the whole organization include the production of reports on different methodologies, such as stakeholder analysis in the project cycle and on approaches to participation, gender equality, and participatory poverty assessments. Other innovations have included creating information and communications/media posts; developing an internal research strategy to assess the approaches and risks of projects in terms of social development goals; introducing an SDA training strategy; carrying out formal evaluations of DFID activities; and developing an intranet for the DFID's Social Development Department.

A policy information marker system (PIMS) has been used since 1993. This uses strict criteria to score projects on the basis of their contribution to key development concerns. A PIMS marker on gender equality (different from previous Women in Development markers) was developed in 1997, and a marker for children's rights is currently in the pipeline.

Good project-cycle management is now seen to involve stakeholder consultation at an early stage, although matching practice to theory is a significant challenge. Recently, interest has been expressed within DFID in the practice of social auditing – a process which is aimed at improving accountability to stakeholders.

Larger project proposals are scrutinized at a higher level of DFID management (including, above a specific threshold, by the Projects and Evaluation Committee) than are smaller projects. At the concept-note stage, larger projects are appraised by the Chief Social Development Adviser of the relevant geographical desk (much easier now that SDAs have been appointed for all the different geographical regions).

Donor views on the use of grant- and loan-based funds

- Loan funds should be used in areas where the recipients feel that the investment made will have a significant economic return (e.g. infrastructure for economic development, such as rural roads).
- Grant funds should be used to support important activities which cannot currently be the top priority of recipients because of severe budgetary constraints (e.g. institutional and community development).
- Programmes will be stronger and more coherent if the complementarity between grant and loan funds is exploited by donor organizations.
- Clear and consistent distinctions between activities which may be grant- and loan-funded will (i) reduce the tendency for loan recipients to look for the best deal among competing donors, and (ii) encourage more efficient utilization of funds.

The extent to which donors should channel funds through local organizations

Two issues predominated when this question was discussed with representatives of donor institutions. These are issues that mostly concern large donor institutions, although certain smaller NGOs might face similar problems.

Firstly, should donors be active themselves at the field level, or should they work through other local organizations? The argument presented was that if the donor has weak capacity actually to respond to the demands of participatory processes and monitor them, then it is better to work with better placed partners or subcontractors. An example is the funding of NGOs and community-based organizations for participatory project implementation. Such subcontracting arrangements require that donors should have the capacity to assess the capability of partner institutions.

Secondly, should donors seek to significantly increase programmes which work directly with the poor and poorest, or should they focus on programmes which have indirect impacts on poverty? An example given was the urgent need to improve rural infrastructure in sub-Saharan Africa. Rural road-building projects, in particular, could be managed and monitored by donors in close coordination with national partners.

There is no single answer. The appropriate approach will depend on local circumstances and the organizations present. Coordination is clearly important such that key areas are not completely overlooked, and responsibilities match institutional competences and resources.

The capacity and willingness of organizations to coordinate their activities

There are many examples of different institutions implementing competing programmes to tackle the same problem in the same area. Rural credit is typical: community members are sometimes able to choose between diverse packages on offer. Coherence rather than competition will come about only if the institutions make certain changes.

Table 6 Actions to improve coordination

Type of institution	Actions required			Main actors
	Defining limits to activities funded	Direct or indirect funding	Harmonize activities	
Donors	Country-level agreements with all parties	Establish capacity plus strengths and weaknesses	Good MIS. Persons appointed with coordination function	Management
National/ government institutions	Inter-Ministerial and Departmental cooperation	Establish capacity plus strengths and weaknesses	As above	Senior officials Management consultants
Commercial organizations	Awareness of business opportunities	Financial planning to include assessment for grants and subsidies	System to feed information into the MIS of other institutions	Commercial management
Private development institutions	Country and regional level agreements with all parties	Establish capacity plus strengths and weaknesses	Good MIS	Management Management consultants
Community-based organizations	Local agreements	A community-level issue	Persons appointed with coordination function	Management

Table 6 indicates the actions required to improve coordination. The main responsibilities lie with donors and governments. Note that although there is a role for management consultants in this process, northern management consultants may be inappropriate for development programmes if they are unable to take into account different social and cultural conditions. What is needed is a combination of relevant management and social skills. Yet, as with the earlier discussion coordination between different types of organization, this is only likely to be sustained where there is a facilitator of this process, and where the need for such coordination is recognized as an intrinsic part of the policy development process.

5

CONCLUSIONS

Persistent poverty in sub-Saharan Africa indicates that the policy framework and associated institutions have yet to achieve effective mechanisms for poverty alleviation and elimination. The manifest failure of earlier state- and public sector-driven models, especially in agriculture, has led to the focus upon liberalization and reliance on private-sector provision. However, the liberalization process itself has overestimated the extent and speed at which private sector provision can replace that of the public sector agencies.

More recent thinking therefore emphasizes a continuing, if diminished, role for the state, which is coupled with a much broader array of institutional partners. In part this represents a more interactive and collaborative role between public- and private-sector agencies. The public sector can contribute to the enabling environment for private-sector activity (e.g. through provision of infrastructure, legal and financial legislation), and also more directly in partnership, for example complementing the private sector in the provision of agricultural services.

There is also a need, especially within the natural resources sector, for interaction with other bodies, notably NGOs and farmer or community-based institutions. This need is most acute where attempts are being made to involve the poorest of the poor, although even grass-roots bodies may have difficulty in providing an effective interface. Selected NGOs may provide the capability to target and work with local communities and the poor, either as agents of government (or donors), or in partnership with government and/or private-sector agencies. Farmer or community-based institutions may be critically important in helping to improve participation and representation in development initiatives, from planning to implementation and appraisal.

The move towards greater decentralization cuts across the diversification in institutional engagement noted above. Decentralization potentially provides an array of benefits, not least the possibility for much greater local influence in development activity. Such initiatives, however, also entail both a radical change in social and political systems and a substantial improvement in local institutional performance. It is an open question whether decentralization *per se* will provide a more effective model than other approaches which encourage a greater role and effectiveness for bodies such as community- or farmer-based enterprises. In any event, social and political commitment towards local empowerment is likely to be more important than the institutional detail of particular models.

Development of institutional effectiveness and capability is a central theme whichever institutional model is to be followed. This paper has indicated four areas of action to strengthen institutional performance: improved coordination within and between organizations; capacity building to strengthen poverty focus; changes in attitude and approach; and coordination of policy. Within these, capacity building is of particular importance and may require technical assistance. Even more difficult may be the improvement in coordination and collaboration between bodies which until now have followed largely separate agendas. There is a need, for example, to overcome the suspicion of many public agencies over collaboration with the private sector, or that of NGOs, with respect to both private- or public-sector partners. In targeting the poor and the poorest, new and more imaginative initiatives to engender institutional collaboration will be needed.

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ABBREVIATIONS

ACORDE	Association Coordinadoru del Desarrollo
DFID	Department for International Development (UK)
EU	European Union
MIS	Management Information System
NGO	Non-governmental organisation
ODA	Overseas Development Administration (UK) (now DFID)
PIMS	Policy information marker system
RNR	Renewable natural resources
SDA	Social Development Adviser (DFID)
SSA	Sub-Saharan Africa
UNDP	United Nations Development Programme

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