

A sourcebook

# Institutional and organizational analysis for pro-poor change: meeting IFAD's millennium challenge



Enabling poor rural people to overcome poverty



A sourcebook

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# Acronyms

AfDB	African Development Bank
CBO	community-based organization
COPROFAM	Coordinadora de Organizaciones de Productores Familiares del MERCOSUR
CPM	country programme manager
DFID	Department for International Development (United Kingdom of Great Britain and Northern Ireland)
GMC	Common Market Group
HLFFDP	Nepal Hills Leasehold Forestry and Forage Development Project
MERCOSUR	Southern Cone Common Market
RCU	regional coordination unit
REAF	Specialized Meeting on Family Farming
RFSP	Rural Finance Support Programme
RSI	relative success indicator
SWOT	strengths, weaknesses, opportunities, threats
WOTR	Watershed Organization Trust

# Foreword

IFAD works towards “enabling the rural poor to overcome poverty” to realize its commitment to the Millennium Development Goals. The development of organizations that empower poor people to secure sustainable access to assets such as land and water, to technology, finance and other services, and to efficient markets – and that allow them to participate in decision-making – is central to rural development. IFAD’s overarching concerns are the diverse opportunities and constraints on rural women and men, but this necessitates the associated aim “to enable the rural poor and their organizations to influence policies of relevance to rural poverty reduction”.

Formal and informal institutions within which poor people and their organizations interrelate have a vital function in sustainable rural development. Most initiatives aimed at poverty reduction must involve processes of institutional change. Appropriate institutional analysis can provide the basis for initiating such processes, as well as a better understanding of how those processes can be directed and managed to achieve specific results. In process-oriented projects and programmes, carrying out institutional analyses that involve a range of key stakeholders can help actors within institutions understand where changes are needed, so that they can initiate processes of institutional change themselves. IFAD identifies support to institutional and organizational development as a strategic issue – even more so in view of the Paris Declaration, the aid effectiveness agenda and emerging trends towards country programme support and capacity-building of grass-roots institutions at local and national levels.

IFAD is making efforts to (i) enhance internal knowledge based on institutional analysis; (ii) better articulate and integrate institutional issues into project design and implementation; (iii) give the topic more attention and prominence during project supervision, monitoring and evaluation processes; and (iv) promote robust rural institutions for broader impact and sustainability. Additionally, the need for conceptual grounding in institutional and organizational analysis and practical tools for undertaking such analysis are key concerns for IFAD staff involved in project design and implementation. This sourcebook aims to respond to the needs of country programme managers, consultants and project implementers as well as our partners in the field. It is part of a collaborative response by IFAD to encourage more systematic institutional analysis in project design and implementation and to contribute to in-house and in-country capacity, learning and knowledge management. The sourcebook should not be perceived as conclusive, but rather as a living document, which will be revised regularly to reflect the dynamism of the topic and rapidly growing body of experience and knowledge in this area – knowledge that will need to be fed back into the sourcebook.

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Rodney Cooke  
Director, Technical Advisory Division

# Introduction

As part of its obligations undertaken to achieve the Millennium Development Goals, IFAD committed itself to enabling the rural poor to help themselves out of poverty by increasing their organizational capacity to influence institutions of relevance to rural poverty reduction (policies, laws and regulations).

As a result, IFAD has embarked upon a process to strengthen its own organizational competencies in institutional analysis and dialogue.

This sourcebook, entitled *Institutional and organizational analysis for pro-poor change: meeting IFAD's millennium challenge*, is an attempt to complement and further this process. It has been written keeping in mind the needs of country programme managers, as well as consultants working with IFAD.

The need for conceptual grounding in the area of institutional and organizational analysis and practical tools for undertaking it was a recurring theme in the many discussions the author had with key IFAD personnel. Accordingly, this sourcebook has adopted a dual approach: while being firmly focused on practice, it nevertheless attempts to explain the theoretical underpinnings of the approaches adopted and the purpose of the analytical methods used. It is also situated within the context of IFAD's mission and the experience of its many projects.

The sourcebook contains two sections: the first consists of four chapters that explain the essentials of institutions and organizations and how they influence each other. It also explains how policies are made and what makes organizations change.

The second section consists of another four chapters describing institutional and organizational analysis and offering various tools for investigating the various components and processes involved. This section also offers an approach to the crafting of effective strategies and interventions that create 'space' for poor people and facilitate their empowerment. The approach is premised upon IFAD's focus on policy and organizational change in specific areas and sectors. It is built around the instrument of a development investment project or programme. Taken together, the sections help one understand the institutional and organizational landscape in which a project operates, and unravel the complex weave of institutional, organizational and individual relationships and interests that determine outcomes, as well as the quality of life of poor people.

A book of this nature is necessarily an 'evolving work' and can only become that much more applicable and adaptable to the extent that the reader constantly critiques, validates, applies, reviews and 'rewrites' it to reflect the multitude of experiences and learning that are continually emerging.

I hope that this work, which for me was a very stimulating and challenging exercise, will help you leverage more space and power for poor people. Your comments, observations and suggestions would be more than gratefully welcomed.

Section 1  
Institutions, organizations and IFAD

Chapter 1  
Defining the institutional and  
organizational milieu

## Definitions

The words 'institution' and 'organization' are usually used interchangeably or inclusively and often lead to misunderstandings and misguided interventions.

The most widely used definition is the one propounded by North (1993), who pithily described institutions as "rules of the game" and organizations as "the players".

**Institutions** exhibit both a formal nature (constitutions, rules, regulations, laws, rights, etc.) and an informal nature (sanctions, customs, mores, traditions, etc.). North (1991) characterized them as follows:

- They are societally determined and govern social, political, cultural and economic exchanges and interactions.
- They define the range of choices, regulate risk and uncertainty and determine transaction and production costs and hence the feasibility and profitability of engaging in economic activity.
- They evolve incrementally, linking the past with the present and future.
- They provide the incentive structure of an economy and set the tone of societal development.

**Organizations**, on the other hand, refer to a group or association, formal or informal, in which there are defined and accepted roles, positions and responsibilities structured in some relationship to each other in order to achieve a specific objective(s) (Uphoff 1992).

Organizations exist to secure and advance the interests of their members within the existing institutional framework, while constantly seeking to influence that framework so as to achieve greater advantages and benefits. They are found in all sectors of society – private (family, commercial entities and corporations), civil (associations, membership-based groups, NGOs) and public (government and its various organs, government-owned enterprises). They are also found at all levels, extending from the micro (family, community, community-based organization (CBO)) to the meso (local, regional, provincial), to the macro (national) and international level (e.g. United Nations, World Trade Organization, multilateral organization). They perform a variety of roles and functions in order to fulfill the needs and meet the interests of their members and clients.

## Institutions, organizations, development and poor people

Institutions matter. They determine the growth path (social, economic, political, technological and cultural) of society, as well as distribution of benefits, access to resources and power. In other words, representative, robust and effective institutions play a significant role in advancing the development of a society and enhancing the quality of life. North (1990) argues that an enabling institutional environment plays a central role in economic development by reducing transaction costs and risk, and thus promoting trade and specialization – the prerequisites for growth.

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### Box 1 The rich keep getting richer

At the beginning of the nineteenth century, the ratio of per capita income between the richest and poorest countries was about 3 to 1; at the beginning of the twentieth century, it was 10 to 1; today it stands at 60 to 1! (van de Sand 2002). A major reason for this disparity is the absence or ineffectiveness of the existing institutional environment.

Countries that have an underdeveloped institutional framework are unable to ensure a stable environment that minimizes risk and encourages specialization, exchange and economies of scale (Kydd 2000). In other words, they do not create the right incentive structure in the economy and society. *The World Development Report 2002* underscored the importance of effective, representative institutions (and of building them up where necessary) for equitable growth and poverty reduction (World Bank 2002).

It must be noted that, until recently, the problem of poverty was seen largely as a problem of resource scarcity rather than of access to resources. Currently, however, it is being increasingly acknowledged that access to resources is actually the decisive factor in the well-being and progress of societies and communities. And access to resources is actually an outcome of the institutional environment, which either facilitates or hinders inclusion of poor people and restricts access to a privileged few (usually urban).

There is an intimate and dynamic relationship between institutions and organizations. The interactions between them not only determine outcomes but also the terms of exchange and access (which reflect power relationships) and thus have profound consequences for the growth and stability of society. Institutions set the parameters – the ground rules, as it were – and organizations mediate, comply, enforce, manipulate, violate, embody and seek to influence or change them.

Thus, even if progressive legislation such as land reform is implemented and actual possession is realized, it might well turn out that the farmer may eventually be in a worse situation than previously if s/he has no access to credit, technology and a safety net in the event of drought or natural disaster. Establishing development agencies per se is no guarantee that resources will flow to poor people or the target group. For example, many countries have set up agricultural development banks in the hope of stimulating rural development and accelerating poverty reduction. The result, in many cases, has been disappointing, because they operated with a mindset that ignored the special circumstances and potential of poor people and concentrated on the better off, who did not prioritize repayment. This has led to the undermining of the capital base of these institutions, thus reducing even further their potential to assist their original target group.

Institutions are usually creatures of the rich and powerful groups in society. It is these groups that frame the rules determining access to resources and opportunities in a manner that primarily secures and advances their private interests. Examples of the institutional causes of poverty would include the following (DFID 2003a):

- economic – restrictions on access to land, markets, finance, technology, labour opportunities, education;
- legal – ambiguous property rights, victimization, prejudicial application of the law, inadequate legal protection;
- social – exploitative patron-client relationships, barriers to upward mobility (e.g. the caste system, rigid class structures), restrictions on access to public and recreational spaces.

Additionally, cultural mechanisms that maintain and reinforce exclusion, discrimination and subordination (gender relations, untouchability, beliefs regarding destiny, etc.) also contribute to institutionalizing poverty.

It thus follows that when institutional transformation is the objective, both the rules and organizations (players) must be addressed simultaneously if lasting and desired change is to take place. In fact, institutional arrangements are created to help realize the interests of various groups (particularly the dominant ones). They reflect the relative power of groups vis-à-vis each other in terms of market power (access and ability to deploy resources in alternative forums) and non-market power (access and ability to use social, legal or coercive means).

This does not mean, however, that institutions are immutable or that they are implacably hostile to the interests of poor people. If groups in power perceive it to be in their interests to develop institutions encouraging trade and a greater sharing of surpluses generated, then poor people can and do benefit. Such groups also often support measures that amount to pro-poor redistribution, such as universal health or educational coverage. And with shifts in the environment – the emergence of new technologies, changes in the geopolitical situation in neighboring countries, the introduction of binding global conventions, increased information access, variations in the power equations between social or economic groups, etc. – circumstances arise that provide opportunities for poor people to influence institutions and obtain a greater representation in governing organizations. Institutions do change, albeit slowly, but this is by no means a given – pro-poor change must be proactively catalysed and facilitated.

In subsequent chapters we shall explore how policies and institutions evolve; how organizations function and how IFAD can foster and support pro-poor change.

Section 1  
Institutions, organizations and IFAD

Chapter 2  
IFAD and poor people:  
institutions and organizations

## The context

IFAD has been a significant player in the rural development scene for the last quarter of a century. Aid effectiveness research has shown that “aid helps spur growth essentially in countries with good policies and good governance” (IFAD 2007). As a result of such research, and of IFAD’s commitment to the Millennium Development Goals (MDGs) – the first of which is to reduce the proportion of people living in extreme poverty by half by 2015 – the Fund developed the Action Plan (2007-2009) that builds on the Plan of Action of 2004-2006; and the Strategic Framework 2007-2010 which builds on the 2002-2006 Strategic Framework, and also shaped by the findings of the Independent External Evaluation of IFAD conducted in 2005.

The action plan focuses “the organization on direct impacts on the livelihoods of rural poor people through targeted, efficient and cost-effective project and programme design and implementation; and on broader indirect impact, through pro-poor transformation of policies and institutions” (IFAD 2007).

The strategic framework outlines the Fund’s development objective, namely, “rural women and men in developing countries are empowered to achieve higher incomes and improved food security at the household level”. In one of the two sets of operational outcomes envisaged to achieve the strategic objectives is “strengthening of in-country capacities for agricultural and rural development, in terms of strengthened organizations and institutions of, or supporting the interests of, poor rural people” (IFAD 2007) .

Concretely, through six strategic objectives IFAD aims to ensure that, at the national level, poor rural men and women have better and sustainable access to, and have developed the skills and organization they require to take advantage of:<sup>1</sup>

- natural resources (land and water), which they are then able to manage efficiently and sustainably;

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### Box 2 Making a difference – institutions matter

The IFAD-supported Institutional and Policy Support Programme to Reduce Rural Poverty in the MERCOSUR Area (Southern Cone Common Market) is a pioneering and instructive example of the new role IFAD seeks to play in terms of policy dialogue and institutional change, in addition to its ongoing projects and programmes.

In 1997, an IFAD-organized workshop held in Montevideo, Uruguay, recommended that a regional coordination unit (RCU) be set up within the framework of MERCOSUR to create converging country agendas for rural poverty and to help coordinate political strategies for combating poverty within the commercial and economic agreements that were the foundation of MERCOSUR (the Treaty of Asunción). Its purpose was to ensure that the rural poverty dimension was integral to the process of commercial and economic decision-making. In 1999, IFAD approved a grant to support establishment of the RCU; it was officially accepted by the Common Market Council, MERCOSUR’s highest executive body. In August 2000, MERCOSUR formally established the RCU at Montevideo, and the IFAD/MERCOSUR Programme, as it is commonly called, became operational.

This was of truly path-breaking importance. One must recall that MERCOSUR was primarily established to promote economic and commercial integration and foster growth in the southern cone region of Latin America. It is largely a customs union, evolving towards a common market, and was not directly concerned with poverty issues. In 2000, the topics of family and peasant farming and rural poverty eradication were completely missing from the MERCOSUR agenda, and there was no institutional mechanism or forum to champion these causes. With this development, IFAD was able to ensure that poverty reduction and rural development issues would be institutionalized within the economic and commercial policy formulation processes of the constituent governments, as well as at the regional level.

The RCU has not only helped place rural development high on ministerial agendas, but has also provided support to IFAD-financed programmes in the region, as well as to constituent government programmes.

1/ The following six objectives have been well defined and described in the IFAD Strategic Framework (2007-2010).

- improved agricultural technologies and effective production services, with which they enhance their productivity;
- a broad range of financial services, which they use for productive and household needs;
- transparent and competitive agricultural input and produce markets, with which they profitably engage;
- opportunities for rural off-farm employment and enterprise development, which they profitably exploit; and Local and national policy and programming processes, in which they participate effectively;
- local and national policy and programming processes, in which they participate effectively.

IFAD seeks to achieve these objectives by playing a catalytic role “not only in the traditional terms of concrete results on the ground through its investment projects, but also in terms of results of its institutional analysis, dialogue and advocacy for pro-poor change at the local and national levels and, beyond, at the global level”.

The *strategic implications* for IFAD as spelled out by the strategic framework commit IFAD to:

- fostering social development, gender equity, income generation, improved nutritional status,
- environmental sustainability and good governance;
- concentrating investments, research and knowledge management efforts, policy dialogue and advocacy on the attainment of the six strategic objectives;
- helping establish government's priorities and policies, institutions and programmes in support of poor people (IFAD 2007).

### The conceptual framework

IFAD views the lack of access to productive resources, rather than their scarcity, as the principal

In Paraguay, for instance, it facilitated creation of an apex organization of the five most important smallholder cooperatives, which resulted in their being linked to the main value-added commercial chains. It has helped ensure convergence of macroeconomic, trade, agricultural and social policies for rural areas – and consistency between policies and projects as instruments of policy change.

In addition, the RCU has furthered partnerships, relationships and communication channels among key small-farmers' organizations and related governmental agencies. One direct result has been the establishment of the Specialized Meeting on Family Farming (REAF), which is an official forum within MERCOSUR for policy dialogue between organizations representing the rural poor and family farmers and government representatives. Poor people now have an instrument to ensure that their voices and concerns are integrated into MERCOSUR's policy-formulation and decision-making processes. Another small grant was approved in 2006 in favour of the Coordinadora de Organizaciones de Productores Familiares del MERCOSUR (COPROFAM). It seeks to build the capacities of rural representatives and organizations of poor people to negotiate with governments on the adoption of policies favourable to family farming and the rural sector, while remaining consistent with the overall integration processes underway in the region. Following an evaluation of the IFAD/REAF programme in 2007, follow-up support to both the REAF and COPROFAM processes will be considered in 2008, with substantial cofinancing by MERCOSUR member governments, which strongly support this policy process.

By seizing the initiative – and backing it up with resources in the form of the RCU and institutional leverage – IFAD is positioned as an important participant in the formulation of the MERCOSUR agenda and is recognized by both governments and rural organizations as a key partner in facilitating pro-poor dialogue and policy formulation. The IFAD/MERCOSUR and IFAD/REAF programmes have been innovative and politically responsive. They represent an instructive example of how the goals defined in IFAD's strategic framework can be achieved.

cause of poverty, especially in rural areas. It argues that secure access, which is equitable, efficient and sustainable, must be *market-based*, subject to the following qualifications (IFAD 2007):

- Poor people must have open access to markets (input, output and services), and markets at all level must provide a level playing field.
- Since markets in themselves do not favour poor people, institutions and policies should be enacted and enforced that ensure market inclusiveness and non-concentration of power in the hands of the few.
- Poor people must be organized into effective groups, or, where existing, such groups should be strengthened so they can ensure that pro-poor policies are enforced. In the event that such policies do not exist, they can ensure that they are enacted.

### Strategy and approach

Given IFAD's mandate and its focus on empowering poor people to help themselves out of poverty through self-organizing and institutional transformation, the Fund has adopted a strategy built on the following elements (IFAD 2007):

- capacity-building for a wide range of organizations of poor people, especially at the grass-roots level, so as to enable them to choose among options and to influence decisions;
- facilitating the development and transformation of the institutional landscape – rules, norms and policies – that empower poor people, especially women, and that enable secure access to productive resources, markets, technology, and financial and other services;
- creating forums for dialogue among people and between them and their organizations, governments, private and civil society sectors and donors so as to ensure the establishment and enforcement of pro-poor policies;
- coordinating with other donors to ensure “comprehensiveness and full complementarity in the coverage of pro-poor institutional transformation needs”.

### Organizational implications

The implications of IFAD's mandate and impact objective are broadly twofold (IFAD 2007):

- IFAD needs to strengthen its own organizational competencies in institutional analysis and dialogue.
- It needs to strengthen the capacities of poor people and their organizations to influence institutions relevant to poverty reduction.

Section 1  
Institutions, organizations and IFAD

Chapter 3  
Understanding how policies are  
made and institutions evolve

In this chapter we shall explore what policy is, how it is made and influenced, and what actors and processes are involved.

*Defining policy is rather like the elephant – you know it when you see it, but you cannot easily define it.*

Cunningham 1963<sup>2</sup>

Policy arises from the existing institutional framework (social, political, economic and cultural) as a response to emergent changes or existing lacunae. Policies can either represent growth (evolutionary continuity) or herald new directions (a radical break with the past). The processes by which policies emerge are dynamic and complex.

### Perspectives on policymaking

There are two broad views on how policies are made. One of them, called the Linear Model, sees policymaking as a *'problem-solving process'* that is rational, balanced, comprehensive, analytical and linear. The rational perspective sees policy as *'speaking truth to power'* (Keeley 2001) – issues are seen largely as amenable to technical analysis and solution. An example would be the application of cost-benefit decision-making models or other such techno-scientific approaches. The model is linear in that the process of decision-making is viewed as being comprised of consequent stages, beginning with agenda-setting and followed by decision-making and implementation (Grindle and Thomas 1990). Here, policy implementation is seen as a separate activity, beginning after the decision has been made (Pasteur 2001b). If policies do not achieve their intended objective, then the fault is not in the policies themselves but in faulty implementation, lack of resources or lack of adequate support from the political and bureaucratic establishment.

The other view sees *'policy as practice'* (Keeley 2001) – policymaking as chaotic and open-ended. Clay and Schaffer (1984) describe it thus: "The whole life of policy is chaos of purposes and accidents. It is not at all a matter of the rational implementation of the so-called decisions through selected stages."

In this perspective policymaking is viewed as:

- (i) **Non-linear, complex and incremental.** There is no such thing as an 'optimal policy', only one that participants agree upon. Here, policymaking is largely remedial in nature, based on existing

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#### Box 3 Empowerment of the rural poor in a volatile policy environment

There is an increased realization and awareness in Sudan among policymakers, administrators and development professionals that existing land legislation is not adequate to address the challenges of rural poverty reduction, peace-building and the combating of desertification. The issue is not one of reforming existing legislation: the history of land legislation in Sudan has seen major legislation passed nearly every decade for the past three decades. The very process of deliberating and making land policies must be modified to respond to the challenges of wealth- and power-sharing embodied in the Comprehensive Peace Agreement – as well as to the challenge of equity, given the pattern of growth with poverty that dominates the Sudanese economy. In particular, the policymaking process should be inclusive and should respond to the needs and economic growth opportunities of the broader constituency of traditional, largely subsistence-oriented resource users: farmers, pastoralists and fishers.

IFAD and the International Food Policy Research Institute have collaborated with the Ministry of Finance to analyse the policy process for land tenure legislation during the period from independence to contemporary times. The analysis has highlighted the following:

Decision-making community. In Sudan, policy decisions have historically been initiated by the bureaucracy. The legislative assembly does not initiate legislation, it only endorses it. Membership in the decision-making community belongs to the elite and follows criteria of size of land ownership and security of land tenure, engagement in commercial agriculture and level of organization of the interest group. This has meant that traditional resource users and their representatives have been largely excluded from this community.

2/ Cited in Pasteur 2001a, who cites in turn from Keeley and Scoones 1999.

practices, experimentation and the addressing of problems as they arise through small changes (Sutton 1999). Lindblom (1980) describes the process as “one of disjointed incrementalism or muddling through”.

- (ii) **Influenced by practice.** Implementing a policy often has unintended effects and sets in motion unanticipated processes, which in turn determine changes in policy or at least in implementation. Groups that are adversely affected begin lobbying for change. Implementers and administrators, ‘street-level bureaucracies’<sup>3</sup> – depending upon their knowledge, power, time and bureaucratic procedures – exercise considerable discretion and shape outcomes that may be considerably different from those intended by the policymakers (Sutton 1999). “The concept of intervention ... is an ongoing, socially constructed and negotiated process, not simply the execution of an already-specified plan of action of expected outcomes.” (Long and Long 1992).
- (iii) **Influenced by interest groups, actor and policy networks and coalitions.** Many groups, representing diverse and often conflicting interests, jostle and maneuver to influence policy or mitigate its impact to their advantage, using a variety of mechanisms. Often these groups are linked to one another by way of associations or networks, thus creating circles or webs of influence and persuasion that have a bearing on policy formulation and implementation. It is in the intra- and interrelationships of networks that “connections are made from micro to macro, between state and civil society, across departments or organizations. Through network webs, orthodoxies can be reinforced or new ideas put into circulation” (Keeley 2001). A policy network or coalition consists of groups, organizations and individuals who share similar objectives, approaches, beliefs, codes of conduct and assumptions, and who come together in order to initiate or influence policymaking. Such networks can be open and flexible or restrictive, depending upon who is privy to privileged information. In the latter case, such a network or coalition is called a policy or ‘epistemic’ community. Its members come from a range of backgrounds and organizations – academia, NGOs, research agencies, government, etc. – and these communities can have a significant impact on policy discussions, particularly

Coalition to advance certain interests. The most powerful lobbies at federal and state levels are the security/military apparatus, the federal administration and the Gezira irrigation farmers and corporations. Businessmen, merchants and tenants of mechanized farming schemes come next.

Position rules. Criteria of political affiliation and loyalty rather than technical merit have progressively determined the membership of technical and advisory committees preparing proposals for policies and legislation. Veto power remains in the hands of political authorities, who are free to accept, ignore or modify the recommendations of the technical committees.

Authority rules. There are indirect and/or informal authority rules, linked to the status of the individuals involved in the committees.

Information rules. Members of technical and advisory committees do not have adequate information on the intentions and preferences of the highest political authorities. The Government routinely keeps most of its deliberations and proceedings classified for a certain period. The end result is that the general population has virtually no idea, let alone any specific knowledge, of what information exists on key policy issues that it would like to access.

Results. This way of making policy has led to legislation that allows the Government to capture rents from land resources, rather than protecting or developing them. In the context of formulating and enacting new land policies, as stipulated in the Comprehensive Peace Agreement, the design of the policymaking process and the clarification of new rules for policymaking are essential in reaching a more socially equitable, economically viable and environmentally sustainable outcome.

3/ A phrase coined by Lipsky (1980) referring to schools, police, lower courts, welfare departments, etc. and cited in Sutton 1999.

since quite a few of the members have links with government decision makers (Sutton 1999). An example of these would be the so-called 'think tanks', which are focused on specific agendas and have a membership open only to those who share their values, goals and established patterns of behavior.

- (iv) **Influenced by the governance and political context.** The political context sets the tableau and determines what is achievable. It also establishes the mechanisms and processes by which policy is fashioned and implemented, as well as the avenues by which it can be informed and influenced. The culture, organization, mindset, capability and commitment of the bureaucracy are also key factors. Another important factor of influence is the level of organization of civil

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#### Box 4 What works doesn't always spread

Oxbow Lakes is an area of standing water bodies in the Greater Jessore and Kushtia districts of Bangladesh, where meandering channels of the old Ganges Delta were isolated, or partly so, when the main river channels moved eastward over the centuries. These lakes are a valuable natural resource, providing whole communities with a source of income as well as protein.

The IFAD-supported Oxbow Lakes Small-Scale Fishermen Project was started in October 1989 and closed in December 1996. Its objective was to assist development of fisheries in selected lakes and adjacent water bodies in order to increase production and incomes. The project also promoted the active participation of the poorest fishers, the landless and women in the development and management of these common property resources. It was effectively implemented in 22 lakes and 50 ponds adjacent to the lakes.

Prior to the project, the lakes used to be leased annually by auction. Since the lakes are an open-access resource and are surrounded by a number of villages, poaching was a common phenomenon. This meant that there was no incentive to invest in capacity-stocking, which resulted in lakes relatively devoid of fish. Further, though the leases were given to so-called fishers' societies, these were in fact controlled by powerful local people, who organized and financed the entire operations of the lakes. The fishers themselves were actually share-fishers, retaining only 25 per cent of the catch.

The project sought to change this situation by: (i) introducing long-term leases (50 years, renewable) to improve investment and incomes; (ii) establishing rules and criteria to ensure that the really poor, and women in particular, secured fishing rights; and (iii) establishing common property regimes for the lakes, so as to allow for long-term sustainability and a fairer distribution of benefits.

In March 2004, 7 years after project closure, an on-site review was carried out. It found that, on the whole, most of the key expectations of the project had not only been met, but had also been sustained over the years. The lakes and ponds were in good condition (both water and infrastructure) and were substantially more productive. In the majority of cases, income earned by fishers ranged from 50 to 60 per cent of the catch, compared with the 25 and 40 per cent earned respectively in private and government-managed lakes. Some of these fishers' groups have become creditworthy and have taken out loans for home improvements and the purchase or leasing of agricultural lands.

Women, too, have seen their incomes increase, improved their housing conditions, purchased livestock and improved their food intake. Their status at home and in society has risen because they are now asset holders, that is, holders of legal user rights to the ponds.

Despite the success of the project and its widespread documentation and dissemination, the hoped-for scaling up through a national policy for such lakes and water bodies has not occurred. In fact, in the subsequent IFAD-sponsored Agriculture Development Project, the lease period was reduced from 50 to 20 years! In the various community-based fisheries management projects, the lease periods are even shorter. One possible explanation is that the very success of the project – showing that awarding secure long-term access to poor groups can achieve a high, sustained level of income – has worked against its replication. Private interests are clamouring for longer leases on both these and other lakes, while rent-seeking government officials would like them to be in their control and would prefer shorter leases.

Sometimes, the best can become the enemy of the good!

society – the ‘space’ it enjoys, the instruments to which it has access to effectively make its voice heard and ensure accountability of public authorities and the political establishment. All these factors render policymaking and implementation clearly a non-linear and chaotic affair.

- (v) **Influenced by policy/development narratives.** A development narrative is a story with a beginning, middle and end (Roe 1991). It seeks to explain why things are as they are, the interrelationship of cause and effect, and to justify a particular course of action. The ‘tragedy of the commons’ is one such narrative, which seeks to explain how overgrazing by pastoralists can lead to degradation and a ‘lose-lose’ situation for all involved – the land, the wider community and the pastoralists themselves.

Narratives often serve the interests of certain groups, usually the epistemic communities (who only accept one part of the story) or the policy networks, and result in the marginalization and transfer of responsibility and ownership from the primary stakeholders (indigenous groups, local inhabitants, primary users, traditional grazers, cultivators) to the ‘experts’ and outsiders who claim to know and do what is right (Sutton 1999). Leach and Mearns (1996) argue that the “interests of various actors in development-government agents, officials, donor organizations and independent ‘experts’ are served by the perpetuation of orthodox views, particularly those regarding the destructive role of local inhabitants”. However it may not always be possible to trace a narrative to a clearly identified interest group. Narratives sometimes arise incrementally and become the way things are thought of over time (Keeley 2001).

Narratives are pervasive and persuasive because they come across as received wisdom and are embodied in institutional structures supported by networks of policy-actor groups. An analysis of these helps in understanding the influences outside of governance, bureaucratic and political contexts that affect the policy process.

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#### Box 5 ‘Forest’ communities<sup>4</sup> – a happy ending?

Narratives are very pervasive and have a profound effect on the policy process and the lives of the people affected by that process. In India, for instance, until recently, narratives about how local people degrade forests were used to justify excluding them from access to forest areas and forest produce.

These narratives, which originated during the British colonial period, resulted in the establishment of a regulation-cum-enforcement agency called the Forest Department and in legislation that expropriated vast forest areas that were common property resources. Tens of thousands of forest communities traditionally depended upon these forest areas for their livelihoods, and they exercised customary rights over their use. For the British, the forest areas promised abundant sources of timber and forest produce for commercial exploitation. For the forest communities, this spelled their ruin – denied customary access to forest resources, they became ‘law breakers’ in the eyes of the authorities whenever they cultivated ‘forest lands’, cut trees or collected forest produce of economic or commercial value (as they had done for millennia). In their own traditional lands (their ecological and livelihood space), they now became resource-deprived, assetless and ‘encroachers’. This led to the marginalization, impoverishment and cultural degradation of once proud, free, self-governing and self-sufficient communities.

After independence, these policies were wholeheartedly embraced and continued by the Forest Department, which continued to serve the interests of the ruling elite. These groups obviously have a vested interest in creating and propagating narratives that discredit, vilify and disempower local or ‘forest’ communities.<sup>5</sup> It is heartening to note that in recent times the Forest Department has realized the need to involve local inhabitants and forest communities in the utilization and management of forest resources.

4/ These are groups/communities that live in or near forests and whose livelihood and sustenance are largely drawn from forest resources (firewood, timber, fibres, food, biomass, edible and commercial leaves, fruits, wild animals, flowers, birds, honey and other forest products).

5/ Such exclusionary policies also benefit rent-seeking officials (both from the Forest Department and other departments), who collude with contractors in appropriating commercially valuable forest produce and in illegal logging. These interests are often at the forefront of those blaming local communities and forest dwellers for the destruction and degradation of forest resources.

(vi) **Influenced by development discourses.** “A discourse is an ensemble of ideas, concepts and categories through which meaning is given to phenomena. Discourses shape certain problems ... distinguishing some aspects of a situation and marginalising others. ... they have serious material consequences on the process of policymaking” (Sutton 1999). A discourse is a particular way of thinking, naming and classifying that highlights certain issues and de-emphasizes or excludes others. It also defines the framework and invites consideration of some possible solutions, to the neglect of others. Grillo (1997) ascribes the influence of discourses to the fact that they “identify appropriate and legitimate ways of practicing development as well as speaking and thinking about it”.

Though seemingly similar, development narratives and development discourses are not quite the same thing. A discourse encompasses ways of thinking, values and fundamental ways of approaching and addressing issues; a narrative outlines an approach to a specific problem (Sutton 1999).

Deconstructing discourses helps reveal whose perspectives and interests are shaping policy and facilitates the framing of alternative approaches to addressing policy problems.

The use of language in this context is also important. Language is a powerful tool in framing issues, shaping perspectives, precluding certain options while predisposing towards others, and generating the required emotional commitment to carry decisions through. When a particular decision has been made, it can be couched in language that makes it the ‘obvious choice’, one that ‘stands to reason’ and is therefore the ‘inevitable outcome’. In this manner, a political problem is depoliticized and presented in a neutral, scientific, unemotional and rational manner. According to Shore and Wright (1997), “This masking of the political under the cloak of neutrality is a key feature of modern power.” The real purpose is to legitimize a particular approach and provide a mechanism whereby decision makers can be absolved of responsibility in case things go wrong.

Words such as ‘target group’, ‘landless’ and ‘peasant’, while apparently neutrally descriptive, are actually mechanisms that simplify and gloss over the range of interests, outlooks, needs, impulses and diversity of experience of the described groups. This process of labelling results in a situation in which target groups are viewed as passive objects of policy rather than as actors in their own right, having their own competencies, agendas and resources (Sutton 1999). Such categorization and labelling depersonalize these groups and ‘disarm’ them of political potency.

(vii) **Influenced by international regimes.** An international regime can be defined as “a set of implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations” (Krasner 1983). In today’s increasingly globalized and integrated world, international regimes cover a variety of issues that have cross-border, regional and international implications such as climate change, desertification, trade, intellectual property rights, etc.<sup>6</sup> These regimes shape national policies and have implications that reach through the meso to the macro levels and have a profound impact on the way things are done. Often behind these regimes are ‘definition’ epistemic communities that raise the issue, frame the debate, outline possibilities, disseminate information and argue for a particular approach consistently and persistently. And if there is consensus among these communities, then policymakers are likely to take up the issues raised. From the above, it is easily observed that the policymaking process is anything but linear and orderly. It is non-linear, complex and incremental; influenced by practice, interest groups, actor and policy networks and the governance and political context; and shaped by development discourses and narratives. This is understandable, since policymaking in the real world is political and contested – there are complex and varied contexts in which competing and overlapping agendas jostle for limited space and resources. This also explains why there is often a big gap between policy prescriptions or statements and what is observed in the field. Policies are mediated by institutions (markets, laws, procedures, media), organizations (courts, departments, NGOs, civil society bodies) and sometimes by powerful leaders. The impact and outcomes depend upon the knowledge, capacity and commitment of these agents, as well as the nature and extent of their interactions with the people. Furthermore, these same agents also provide forums for people to express dissatisfaction, make demands and challenge the assumptions and thinking behind the policy. For example, research may challenge the dominant policy narratives or provide alternative scenarios and approaches (Pasteur 2001a).

Section 1  
Institutions, organizations and IFAD

Chapter 4  
Understanding organizations and  
what makes them change

## Organizations as open systems

Expanding upon the definition in Chapter 1, organizations are comprised of coalitions of people who share values, goals and perspectives and who are organized to protect and advance their own interests. There are various ways one can examine organizations: in this document we adopt the Open Systems Model (Figure 1).

This model situates an organization within the wider external environment (both institutional and organizational), traces out the various links among the external 'forum' and the organization, the internal forum (within the organization itself) and the outputs and outcomes that result from this interaction. It draws attention to how and why organizations respond to external and internal stimuli and provides a framework to guide analysis and diagnosis.

The Open Systems Model is premised on a biological metaphor – the ecosystem. It views organizations as members of sets of nested hierarchies that are in dynamic interaction with each other – inter-set, intra-set and intra-organizationally – and which are part of a larger system or 'milieu'. These interactions – which take the form of exchanges, resources, inputs and conversions, stimuli and feedback, outputs and outcomes – impact the stability, dynamism and robustness of the system as a whole. This, in turn, influences and shapes the nature, functioning and outcomes of the constituent organizations and determines their viability.

Thus, far from being isolated actors, organizations form part of a web of interactions within and among themselves, as well as with the wider surrounding context. These relationships cover a range of tones and combinations extending across the spectrum, from dynamic to defunct, synergistic to destructive, cooperative to antagonistic, mutually beneficial to opportunistic, collaborative to competitive, long term to one-off, future-oriented to temporary, wide-ranging to specific, positive to negative, etc. The nature and quality of these interactions and arrangements determine the overall health of the wider environment and system, as well as of its constituent parts. The wider environment referred to here can range from the local through the regional and national to the global, depending upon the issues involved and on the purpose and scope of interest or investigation. Figure 2 illustrates the individual organization as an open system.

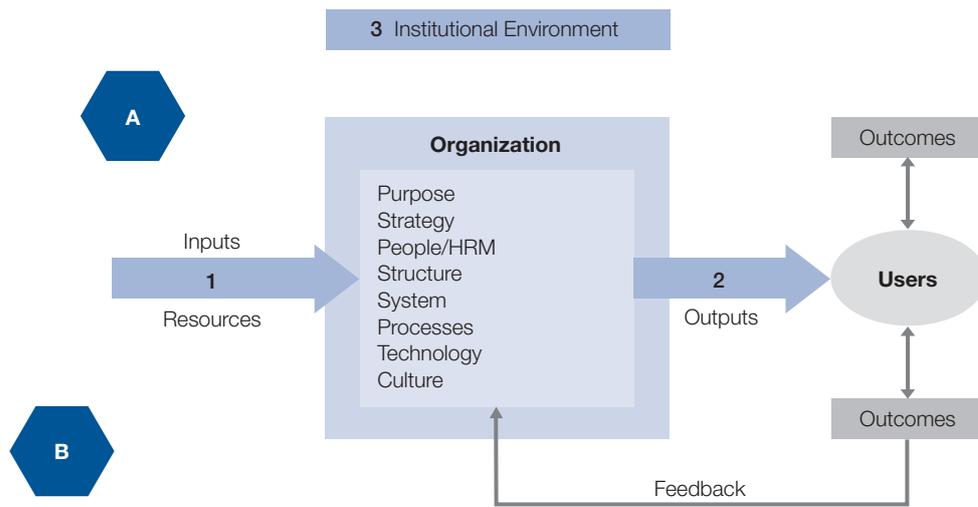
## Types of organizations

There are a variety of organizations in public (e.g. legislative, executive, judiciary, parastatal and semi-governmental bodies), private (e.g. economic and commercial bodies) and civil society groups (e.g. CBOs, NGOs and membership-based bodies), stretching from local to international levels. Based on their roles and functions, however, such organizations can broadly be classified into three groups: enabling, delivery and user agencies (Hobley and Shields 2001).

**Enabling agencies** are of two kinds: the constitutional agencies and the collective choice agencies (Shields 2003). Constitutional agencies are those that set the framework, guidelines and boundaries within which all organizations function and that enforce compliance (the various wings and organs of government). They also set the standards for service delivery and accountability. Collective choice agencies are those that operate within the boundaries set, but which also seek to influence constitutional agencies and change policies and institutions. These bodies are representative of local power structures and make decisions and policies that help realize mandated goals and objectives, as well as accommodate the needs of local interest groups. Such examples are district- or provincial-level bodies that are comprised of elected representatives, officials and representatives of various interest and affinity groups.

**Delivery agencies** are providers of goods and services. They are found in the public, private, mixed (having both public and private ownership) and civil society sectors. Examples would be utility companies, industrial and commercial units, public distribution systems, various registries and charitable institutions.

Figure 1 Open Systems Model – an ecological approach

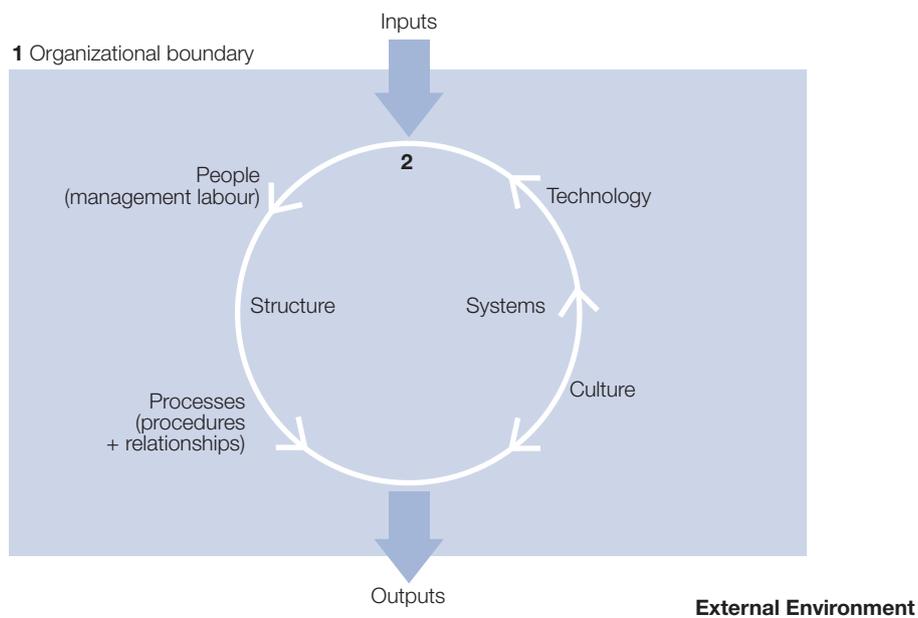


Legend:

A, B = other organizations

- 1 Inputs come not only from the external environment, but also from within the organization itself in response to new insights, changes in internal and external stimuli, the incentive structure or perspective changes. Hence the input/resource arrow is a continuum through the 'organizational boundary', drawing attention to the fact that the two are closely interrelated, though not identical.
- 2 The process of converting inputs/resources into products and services results in outputs that are not only externally oriented (i.e. for outside users), but also impact the internal dynamics of the organization itself. Thus this may result in changes in management structure and processes, reallocation of personnel and adoption of new technologies for the purpose of increasing efficiency and cost-effectiveness. Hence the output arrow is a continuum beginning within the organization itself and extending through its boundary into the external environment, indicating close interrelationship, though the two are not identical.
- 3 The external institutional environment can range from local to global, including the various intermediate levels, depending upon the level of interest.

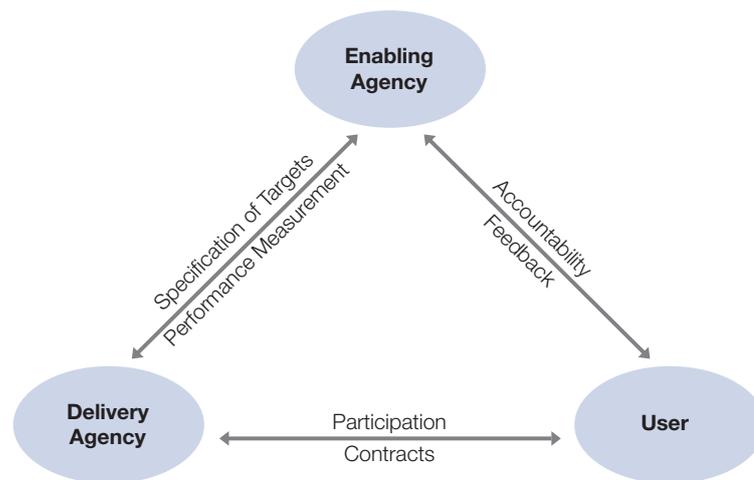
Figure 2 The organization as an open system



Legend:

- 1 The organizational boundary refers to that which defines an organization and sets it apart as a distinct entity. It consists of the instruments of incorporation, purpose, strategy, goals and objectives.
- 2 The circular representation underscores the fact that all these elements are dynamically interrelated and constantly influencing each other in terms of performance and substance – technology choice, reorganization, redundancy and reallocation, product mix, etc.

Figure 3 Types of organizations and relationships



Source: Department for International Development (DFID 2003a), from Hobley and Shields (2001). "Note that the delivering agency might be a public body, NGO or in the private sector."

Note: For an example of the various types of organizations, see Case study 1 on the IFAD-financed Rural Finance Support Programme (RFSP) being implemented in Mozambique (Chapter 6).

**User/client agencies** consist of two categories: consumers of goods and services (individual buyers and clients), and interest or affinity groups (e.g. consumer groups, trade unions, manufacturers' associations and chambers of commerce), which constantly seek to create space for their members in order to access resources and benefits.

It should be noted that the line between the deliverers and users is not fixed – the borders are fluid. Thus, at one time an employee in a government agency is a service provider (delivery agency) and at another a user, either as a consumer or as a member of a trade union or other affinity association.

These three kinds of organizations are in constant interaction, influencing and being influenced by the other (Figure 3).

In the following section we shall focus on delivery agencies in the public sector and user/client agencies – the latter from the perspective of poor people. Given that the nature of interaction at the level of enabling agencies is largely political, the process is complex and usually outside the purview and influence of development agencies. In other words, the variables are largely out of one's control, whereas private delivery agencies are subject to the discipline of market forces and change accordingly. Hence, this sourcebook will not address the enabling agency level of analysis.

### Public delivery agencies: putting people, especially poor people, at the centre

If delivery agencies are to be made accountable to their users and also deliver quality services, they will have to reorganize and undertake fundamental changes, particularly in relation to organizational culture and attitude. The following areas would be key focuses of change:

#### (i) Attitudinal

Since public agencies are, de facto, rarely accountable to their clients (unlike private commercial enterprises), the attitude adopted is one of either indifference or patronage, expressed by often-heard phrases such as "Be happy with what you are getting and quit complaining", "Take it or leave it" and "Your feelings don't matter; after all you are not paying me!"

This mindset will have to be confronted with determination if any improvements are to be made. Incentives for change would include: exposure to places where things are done differently; focused training in the essentials of public service; and public accountability and client relationship management – coupled with transparent but rigorous outcome-based evaluations of performance or service delivery, linked to career development. One method is

to adopt approaches that approximate market processes in varying degrees. An example would be the school voucher system in the United States, which gives parents the right to choose their public school. Another is to link compensation to periodic evaluation by clients. Severance packages should be adopted that provide incentives to move on for those unwilling or unable to change, as well as recruitment procedures that enlist those who are flexible and have the appropriate attitude and prerequisites.

Often, at the heart of this problem, lies the belief that public service means lifelong employment with iron-clad security of tenure and benefits. Unless this mindset is modified, together with the conditions of employment, there will be no compelling incentive to change. While government can assure a job (even lifelong), it should not guarantee tenure – the latter must be earned and secured by the employee. At present, the dual security of job and tenure is seen as identical in public agencies, thus creating no real incentive to change to become more client-responsive.

#### (ii) **Structural**

Usually such agencies are heavily structured, having many layers with clear hierarchies, compartmentalized functioning and tedious procedures. Such organizations are not engineered to respond to the people and their needs, but rather to the demands of the political and bureaucratic authorities. Their first fealty is to the latter rather than to those they are tasked to serve.

Such structures will have to become flatter (less layered), horizontally oriented (focused on the clients), responsive and flexible in operation (easy interdepartmental collaboration and sectoral collaboration across agencies). They also must be open to seeking partnerships with other organizations in the private and civil society sectors, and not only in the public sector. Issues such as decentralization (shifting of power from the centre to the periphery), devolution (decentralization in regard to law-making and the creation or revitalization of local bodies with legislative powers) and deconcentration (shifting power within the bureaucracy from the centre to the local level) (Carney 1995) would also have to be addressed. Structural changes such as these have far-reaching impact and have to be undertaken carefully and with clearly defined outcomes.

Such structural changes will enable organizations to maximize their potential, increase the choices they offer people and enhance the quality of service.

#### (iii) **Functioning and processes**

**Approach and procedures.** The services provided tend to be largely supply-driven rather than demand-driven. Based on priorities that are assumed to be shared by poor people, they rarely meet the needs of poor people and often end up being captured or accessed by those for whom they were not intended. Compounding the problem is the working style – cumbersome procedures, target-driven approach, inflexible budget line items, unrealistic deadlines and an 'on-off' mode of functioning (funding and technical assistance often do not come on a regular, planned basis, but in accumulated amounts towards the end of the financial year, creating spending pressure rather than increasing the provision and quality of services).

Change would have to focus on simplifying procedures, moving to flexible budget and funding arrangements and adopting an outcome-oriented approach with realistic, multiple time frames.

**Multilevel and inter-organizational collaboration.** Different agencies providing services often tend to work in isolation. This frequently results in working at cross purposes, thus generating losses and nullifying gains. For instance, a road department will surface a road only to have it ripped up subsequently by the gas or electricity utility intent on laying pipelines or cables. It is important to develop mechanisms that facilitate and encourage coordination and collaboration.

It is also important that different levels of government work together so that the gap between micro and macro realities is bridged (Pasteur 2003). All too often, policies tend to be made at the macro level without correct information about ground realities or adequate consideration of the implications at the field level. Thus well-intentioned policies can sometimes obtain the opposite effect from that desired.

**Expert knowledge and poor people's knowledge.** Another problem pertains to knowledge and perception. Since public agencies, generally, are staffed by educated and technically oriented people (often coming from the elite or dominant classes), an attitude of intellectual snobbery (the 'expert syndrome') divorced from the reality of poor people tends to prevail. The perspective, knowledge and competencies of the underclass and the marginalized are discounted and looked down upon as backward. Statements such as "If they were really right and know more than we do, then why are they poor and backwards?" and "We've done our homework and know what must be done – they [poor people] must do as they're told if they are to improve their lot" are usually heard from planners and officers, who cannot figure out why their carefully thought-out plans don't seem to be successful!

Bringing about changes in perceptual and cognitive frames is only possible if a culture of 'reflection, learning and inquiry' is introduced into an organization. The key to growth and change is doubt – the insight or suspicion that, even in one's 'plenitude of knowledge', one could be wrong or, at the least, not know enough. This is an arduous task, but an effective way to shake complacencies and open doors, however slightly, is to organize 'immersion exposures' into the lived reality of poor people. When people are introduced in a non-threatening way to the 'universe of poor people', a dialogue and exchange at the human level is established. In many instances, this has proven to have profound beneficial outcomes not only in the personal realm, but also at organizational, institutional and operational levels. Poor people are more fully recognized as 'persons' having a face, and this has consequences for the way their concerns are identified, viewed, approached and addressed. Participatory processes are more easily accepted and properly implemented when the knowledge and priorities of poor people are 'validated', as it were, by the system.

**Patronage and rent seeking.** In many instances, the agencies and services provided are used by politicians and bureaucrats as opportunities to acquire influence and resources, dispense patronage and create dependencies. These services then become instruments for self-enrichment and self-promotion when used to 'punish' or 'reward' so-called 'appropriate behavior'. When a situation occurs in which public agencies become 'privately controlled', such

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#### Box 6 Good intentions aren't enough

In 1997/1998 Indonesia was hit by a financial crisis that saw it plummet from a middle-income country (per capita income of US\$1,150 in 1996) to the status of a low-income country (per capita income of US\$460). The wrenching social, political and economic changes that this brought about created an environment conducive to reform and institutional change.

The balance of power tilted in favour of civil society. Since then, there have been changes in the governance relationships of the central and provincial governments. The role and function of customary law, especially regarding control of natural resources and village self-government, is being increasingly recognized.

Forest cover is a distinguishing feature of East Kalimantan and is one of its economic mainstays. Since the 1960s, external interests supported by the Government have been extensively logging these forest areas, which have invariably included land and forest resources traditionally claimed by local communities under customary law. However, the local communities were neither consulted nor compensated for the massive logging.

In keeping with the changed circumstances, the Ministry of Forestry implemented a new system allowing the allocation of logging rights to rural communities under a new facility called the Community Utilization Forestry Right (HPHH). HPHH regulations gave the head of the Bupati District authority to issue logging licenses to individual households for 100-hectare (ha) parcels of forest.

The underlying hope was that, given secure rights, people and communities would manage these forest resources in a commercially sustainable manner. The opposite happened. Very few villages chose to nurture their remaining forests through sustainable production; most chose rather to maximize short-term

agencies become fiefdoms accountable to none and objects of contention and dispute. Inevitably, poor people suffer!

Such a situation is not easily remedied in a situation in which illiteracy is widespread, genuine information is scarce, governance structures are weak and substantial alternate resources are not available to poor people. However, by building alliances with those that can and want to address the situation (such as some members of the press, concerned members of the ruling and administrative establishment, citizens, associations and organizations at various levels) and by ensuring widespread dissemination of information, one can create the conditions that could restrict such abuse, if not eliminate it altogether.

**(iv) Accountability/transparency**

This is the key to participation of all stakeholders in decision-making processes, empowerment of poor people, cost-effectiveness and efficiency of services. While the governing elite, in general, may support change, it is not without hesitation and resistance that they accept this aspect of change. A variety of ruses and 'reasons' ranging from national security to the 'malicious tendency of people to misuse such information' are put forward to counter or delay adoption of transparency- and accountability-enhancing mechanisms.

Empowerment of poor people is only possible if they are given access to information as a right and are involved in all significant aspects of a particular intervention. By being involved, not only can they make their preferences known and competencies availed of, but they can also broaden their horizons, acquire fresh perspectives and learn new skills.

Accountability that works both ways – vertically and horizontally, wherein both the agency and the people are held to standards – greatly increases efficiency and cost-effectiveness and results in the achievement of lasting outcomes.

**(v) Human resource development, skills and competencies**

Changing situations and shifting paradigms require significant cognitive, perceptual and behavioral changes. Issues and perspectives need to be reframed and approached differently.

benefits by extracting as much timber as quickly as possible. The local elites monopolized the scheme and cornered most of the benefits. The HPHH was repealed in March 2002, although it could have been a valuable contribution to the sustainable management of village forest resources.

Several adverse circumstances contributed to this unexpected outcome: lack of awareness/information at the village level regarding the value of the resource; lack of knowledge of sustainable production practices; cultural changes (from community centredness to individualism, from subsistence living to profit-taking, from communal ownership to privatization); and corruption of government and village leaders involved in the decision-making processes. Moreover, uncertainty regarding implementation of the new regional autonomy laws resulted in either increased mismanagement ('open season' mentality) or abrogation of responsibilities ('hands-off' attitude).

This underscores the fact that policy changes create uncertainty and present a whole new situation and dynamic. Policy implementation must therefore be prepared for and planned for. The capacities of various stakeholders, especially poor people, must be built up before, during and after the transition – accompaniment, monitoring and follow-up. This is because the nature of the institutional and governance/administrative context in which change is occurring and the underlying structures – social, political, economic, cultural and power relationships – determine outcomes, and in particular winners and losers.

Without taking these factors into consideration, even well-intentioned policies can have unforeseen consequences in which poor people are adversely affected.

This requires regular enhancing of human capital in terms not only of skills and competencies, but also of attitudes and cognitive processes. This latter aspect is often neglected, as it involves significant investment in terms of time and resources. Nevertheless, without it, it is unlikely that the momentum for meaningful change will outlast the initial enthusiasm. Regrettably, this aspect of capacity-building is not factored sufficiently into so-called 'change initiatives'.

A related aspect is the personnel policies adopted. Trained people are often not given the task for which they are equipped or are transferred to unrelated jobs that have little use for their skills. Not only is this a sheer waste of scarce resources (the qualified individual as well as the resources that went into making him/her what s/he is), but it discourages others from undergoing the discipline of training and 're-equipping'. Hence, before major investments are made in personnel capacity-building, a well-thought-out action plan should be formulated and rigorously adhered to. This would mean having the courage and political will to make the necessary changes in the practice and also the rules of personnel policy – no mean task in the face of unionized employees.

**(vi) Service conditions and incentives**

In many public agencies, especially in developing countries, service conditions are generally poor and there are hardly any adequate mechanisms to motivate people to excel or go beyond the call of duty. Staff often have to work in unhealthy or depressing surroundings, are made to do chores that they were not hired for (doubling up as domestic help for their bosses, for example), or do not see fair chances for advancement or career development. Those who are enthusiastic and dedicated are often made to carry the burden for those who do not deliver; while the latter are not only not disciplined (often either being 'useful' to their superiors or having political connections), but are even rewarded! It is often these details – usually overlooked in ambitious change programs – that make the difference between success and failure.

Another aspect that is often lacking is incentives (positive and negative) – be they monetary compensation, additional benefits, public recognition or personal growth opportunities. Staff should be involved in devising incentives that reward commitment and effectiveness and penalize non-performance. Moreover, open, transparent and representative systems for performance and personal evaluation and career advancement should be set in place. Only a satisfied and motivated staff will be willing to undertake the unpleasant task of doing things differently and make 'customer satisfaction' and the well-being of poor people a dominant motive for their actions.

**(vii) Budgeting and funding**

The solution to this problem usually does not lie with insufficient funding, but in the timely and adequate disbursement of funds. This aspect of funds release and the required supporting documentation must be looked into, so as to ensure continuity and quality of services. Moreover, the ground situation may be different from what was envisaged at the time of budget formulation, and circumstances can change once action is initiated. For these reasons, funding processes need to build in flexibility, especially with respect to purpose and phasing.

Additionally, in view of growing financial stringency, new ways of financing public services in which the users not only contribute or pay, but also have a say in how their monies are used need developing.

In Madhya Pradesh, India, as a result of the incorrect behaviour of many teachers in remote rural schools, the Government empowered local communities to decide if the teacher should receive his/her salary, as well as to disburse it. Such market-like approaches, where the end-user can effectively signal his/her choice and satisfaction level, should be explored in a participatory fashion so that standards of quality and fairness are developed and adopted.

## When does change occur?

Change can result from developments in both the external and internal environment. The following are some drivers of change:

### (i) Crisis

Growing financial instability (rising budgetary deficits), declining terms of trade, increased competitive pressures due to globalization, and rising local expectations force people and organizations to take stock and to question existing beliefs, assumptions and usual ways of doing things. A sense of insecurity is a powerful impetus to review and adopt new ways, especially when it is realized that the costs of not changing are far greater than the costs of maintaining the status quo.

### (ii) New ideas

New and alternative perspectives are often powerful instruments that shake the complacency of people, the establishment and organizations, especially when these have been adopted elsewhere and have resulted in advantages and benefits. The power of ideas and their change potential is particularly enhanced and multiplied given the current interconnectedness of most places and organizations and the spreading reach of communications systems.

### (iii) Leadership

The emergence of charismatic and reform-minded leaders – who champion change, are able to convince the majority of people that change is in their interest, and are able to manage the opposition and marshal the necessary resources to stay the course – is crucial to initiating and sustaining far-reaching changes and to restructuring processes, systems, beliefs and outlooks. Such leaders create space for reform-minded individuals and groups at lower levels to seize the initiative and set the agenda and pace for change.

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#### Box 7 Opportunity for change doesn't mean that change will happen

Following the financial crisis of 1997-1998, the Government of Indonesia passed the Regional Autonomy Laws, giving greater powers to the provincial and district governments and greater access to and control of local resources to local communities. Nevertheless, little seems to have changed in the area of forest management in the regions where the IFAD-financed Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas (PIDRA) is being implemented.

Despite repeated representations from local and provincial governments to the central government, PIDRA communities in Bima District had already been waiting 2 years for a formal order to gain sustained access to degraded forestlands, which they could then reforest and use for agricultural purposes. In order to bring home the precarious state of affairs, IFAD offered a grant to the National Development Planning Agency (BAPPENAS) to study the policies and regulations governing the forestry sector, their impacts on the rural poor and the modalities for granting long-term usufruct rights to local communities. The grant was not accepted at first. The message was: "What, you are paying me to do my job?"

BAPPENAS finally accepted the grant and agreed to do the study when it was pointed out that their inaction was causing untold suffering and poverty in West Nussa Tenggara Province, resulting in over 380,000 people migrating each year in search of a livelihood. Following the study, it was realized that land degradation due to increasing pressure on natural resources by impoverished people had reached a point where the once lush and forested island of Sumbawa was on the verge of becoming irreversibly barren and desertified. BAPPENAS then prevailed on the concerned central authorities to give the local inhabitants access to degraded forest lands for agricultural, livelihood and reforestation purposes.

For several years now, the communities have been allowed to reforest the barren lands and use them for livelihood purposes. However, a long-term policy with legally binding arrangements is still awaited. Until this happens, it is unlikely that the trends of poverty-driven migration and land degradation will be halted and reversed.

**(iv) Dissatisfaction**

Dissatisfaction can be both internal (specific to the organization) and external (the clients/users of the organization). When a mismatch arises between the espoused goals and values of the organization and what is actually realized or experienced, there arises a sense of disquiet that calls into question the very *raison d'être* of current practices and beliefs. Such a situation can catalyse change, especially when policies and developments in the legitimizing environment support experimentation and new modes of functioning.

The way the client group/users view a particular agency is also a stimulus for change. If the former are dissatisfied with the services or goods provided and are able to make their feelings and choice known effectively, conditions can arise that provoke a review and re-engineering, particularly if the existence of the service provider is dependent (even if only partially) on the users.

**(v) Success and failure**

“Nothing succeeds like success,” the saying goes, especially if the benefits are tangible and noticeable. This is particularly important because policymakers and development managers are usually risk-averse. If alternative ways of doing things prove successful in achieving objectives that current policy and practice do not achieve, they can provide a basis and incentive for authorities to adopt new perspectives and ways of doing things. An example is the current widespread acceptance and adoption of participatory processes and stakeholder consultation, which are now routinely factored into the design of development projects.

**(vi) Social and political pressure**

When people organize in a manner that presents a clear agenda and strategy and demonstrates that they can make their voice heard – through the ballot box, representations, protests, etc. – the leadership and establishment take notice. In democratic set-ups, in particular, a large-scale emerging consensus is eventually reflected in attitudinal, structural and procedural changes. Even in less-than-democratic situations, some changes are effected, even if reluctantly. Poor people, when organized and networked, can ensure that their issues are put on the agenda of political and public discourse and can ensure that pro-poor policies are enacted and enforced.

**User groups: organizations of poor people**

As is evident from the above, organizations and institutions do not change because it is desirable to do so or because they want to, but rather because they have to. In other words, only when circumstances and pressures build to the point at which the existing situation becomes untenable or threatening to the dominant interests will they change in order to accommodate emergent demands. Service providers and enablers will respond to the needs of poor people only when poor people are able to make their voice loudly and effectively heard.

For this to happen, poor people must organize. They must: mobilize, articulate their interests, prioritize them; work out mechanisms for conflict management, equitable benefit and burden sharing, representation (especially for women), transparency and accountability; develop their collective capacities; work out strategies to influence policies and organizations; contain transaction costs; and constantly renew and re-engineer themselves in step with changing realities.

While organizing and federating, such groups should also seek partnerships with pro-poor groups and strategic alliances with others whose interests may, on occasion, be similar. Such partnerships should stretch across all levels – from the micro and meso to the macro and global. This would then result in a pooling of resources and the creation of synergies that would open up spaces for poor people and avenues for them to realize their agendas.

This kind of organization and capacity enhancement would build the necessary pressure and momentum for change. It would result in the empowerment of poor people – the ability to “influence policy, enforce pro-poor policy, participate in the markets and hold governments and service providers accountable” (IFAD 2002b).

## Section 2

Unweaving the institutional and organizational fabric – analysing, understanding and facilitating change

## Why conduct institutional and organizational analysis?

Institutions and organizations are closely interlinked. Institutions set the context and framework within which organizations operate. The quality and extent of outcomes or services that organizations can provide to their members or users/clients is greatly dependent upon the incentives, opportunities and resources that the institutional framework provides. Organizations, in turn, also influence policies and priorities of the government, either directly (lobbying, commissioning of studies, non-cooperation, publicity campaigns, etc.) or through their members/service users, who then act directly through the political process.

In India, for instance, for decades after independence, consumer choices and services were greatly restricted due to a policy of self-reliance (leading to import restrictions and substitution), massive resource allocations to the public sector (which became bloated, inefficient and non-accountable to the consumer) and crippling controls and regulations, which discouraged entrepreneurship and initiative. Over the last decade, however, due to changes in the external environment and rising expectations of a growing middle class, pressure has increased on the bureaucratic and political establishment to liberalize the economy and cede considerable power and space to market forces. This has resulted in a wide variety of quality goods and services being made available to consumers as a result of increased competition and access.

To effect policy changes and arrive at desired outcomes, it is important to understand the institutional and organizational landscape in order to identify 'policy and organizational spaces', devise acceptable and effective ways of proceeding, access local resources, secure allies and ensure local commitment to change. The landscape consists of actors and their interests, networks and relationships, instruments and mechanisms of change and resistance, dominant cultural values, existing incentives and 'dampers'.

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### Box 8 Identifying policy 'spaces' – catalysing change

In the late 1990s, Uruguay was a stable, democratic country enjoying relatively good growth. However, due to changes in the external environment, its terms of trade and competitive advantages were under severe stress, leading to large-scale closure of small, rural enterprises. Impoverished landless people migrated to towns and cities on a large scale. The elite and political establishments, while concerned about the situation, were loath to formally recognize the 'poverty crisis' gripping the rural areas and, in particular, the small-scale and artisanal sectors.

The IFAD-financed National Smallholder Support Programme – Phase II, building upon the experience and relationships established during the first phase, was able to identify this 'policy space'<sup>7</sup> – in which rural poverty was not formally recognized by the Government – studied its dimensions and was able to present it as an issue of national concern. By identifying and clearly defining the issues involved, IFAD was able to persuade the Government to formulate a poverty eradication policy and create a specialized unit in the Ministry of Livestock, Agriculture and Fisheries to implement it.

7/ This phrase has been adopted from Keeley (2001).

## Defining the scope of intervention

At the outset, it is important to clearly define the level or scope of intervention: are we interested in undertaking overall structural changes at the national level (which impact all sectors of the economy and society, such as the structural adjustment programmes of the World Bank and International Monetary Fund) or do we seek to address specific areas or sectors? Clarity at the outset is important, because the nature and extent of one's analysis and intervention (as well as the resources that one would have to marshal) will depend upon one's mandate and the choice one makes.

Given IFAD's specific mission, current practice and competencies, it would appear that sectorally focused interventions would be an appropriate fit.

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### Box 9 Joining hands, reaching wide

The Agricultural Services Support Programme is a sector-wide national programme of the Government of the United Republic of Tanzania. It seeks to transform the current, poorly responding agricultural services system into an effective client-responsive one. It is a large, multi-donor programme (US\$221.2 million) in which the Tanzanian Government is the largest contributor. IFAD's contribution constitutes 11 per cent of the total.

Usually, poor people and their organizations are bypassed in such large-scale programmes and often become worse-off relative to the 'better-offs', who manage to garner a disproportionate share of the benefits.

Yet, by responding to the Government's request for assistance and being proactively involved in the formulation of its approach and strategy, IFAD has ensured that its priority focus and interests – technology transfer and support to grass-roots institutions of poor people – have been woven into the components, approach, instruments and mechanisms of the programme. By converging its interests with those of the other major donors and agencies involved, IFAD has created synergies, built alliances and leveraged its strengths.

IFAD's expertise in these areas can now be applied more widely – national as opposed to regional – than would otherwise have been possible.

Section 2  
Unweaving the institutional and  
organizational fabric – analysing,  
understanding and facilitating change

Chapter 5  
Getting to it – understanding and  
mapping the institutional milieu

## The focus

In this chapter we focus on those formal and informal elements that set the framework and that influence and govern interactions and exchanges among parties/actors in society. Formal elements are broadly of two kinds: the legal provisions that sanction a particular event (constitutions, acts, laws, ordinances, etc.) and the instruments that operationalize and regulate these provisions (rules, regulations, systems, procedures, etc.). Informal elements include traditions, customs, practices and taboos.

## The key question

What are the formal and informal institutional factors that affect the sectors the project cuts across and how do these in turn impact the project?

## Formal institutional factors: an approach

An approach to undertaking institutional and policy analysis and change:

- (i) **Identify formal elements (policies, laws, directives) in the institutional framework that need change (relevant to the sectors affecting the project) and prioritize or rank them. This will enable one to determine a starting or entry point, as well as sequence the change interventions.**

Often, many problems faced in the field, or anticipated at the time of project formulation – for example degree of ownership perceived by the target group, level of participation, ease of operations, issues regarding equity – can be traced to specific provisions or elements of the institutional framework that affect the sector(s) in which the project operates. It is thus important to make a thorough study of the formal and legal conditions that govern the relevant sectors in order to identify those provisions causing problems. For instance, if land tenure is not secure, one cannot expect farmers to invest in soil and water management

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### Box 10 Getting institutions right

In Zimbabwe, agriculture provides the most important single source of employment, representing 40 per cent of merchandise exports and more than half the raw materials for the industrial sector. Until recently, it was a highly dualistic sector, with the best lands (about 11 million ha) being owned by 4,500 large-scale commercial farming enterprises and the rest (19.6 million ha), largely low-potential, occupied by over a million smallholder farmer households.

Smallholder farmers working on these low-potential lands produced a limited range of crops for subsistence and sale. Of 153,000 ha of lands that have been developed for irrigation, smallholder irrigation schemes covered only 9,300 ha (6.1 per cent)! In spite of this meager claim on water resources, smallholder farmers in Zimbabwe faced considerable problems in accessing irrigation water.

The Government realized that the institutional and organizational set-up was not conducive to smallholder participation and had not provided any incentive for them to invest in the maintenance and upgrading of publicly owned irrigation systems.

In order to remedy the situation, the Government and IFAD jointly funded the Smallholder Irrigation Support Programme. A key component was financial support for a review of: irrigation management committees (IMCs); the implication, at scheme level, of the then proposed water act and establishment of the Zimbabwe National Water Authority; and the constraints faced by IMCs in the enforcement of by-laws and their relation to any contractual agreements to be established. The review was also to examine the implications of transforming informal IMCs into registered water users' groups or other legal entities, as an aid to promote commercialization. (An outcome of this study could be identification of the need for an irrigation act, which the programme would support if found to be necessary.)

The programme thus provided an opportunity to plan for longer-term development by contributing to the identification of land and water resource-related institutional issues specifically for future investments in smallholder irrigation.

measures. This would obviously influence the level of participation and impact the sustainability of the project itself.

Moreover, in an otherwise progressive law or act, there may be items that actually prevent some of its objectives, which the project may share, from being realized. In both cases, it is necessary to identify the provision/s to be changed, detail the problems caused and define the proposed change.

**(ii) Clearly specify the nature of changes required and the reasons for them.**

It is important to be precise about the nature and extent of desired changes so as to stay focused, craft an effective strategy and work out its impacts on various levels, across sectors and on the diverse actors, and in particular on poor people. Change must be justified. Dysfunctionalities or unintended negative effects arising from current policies or institutions must be well documented in order to sustain a case for change. In this regard, one should bear in mind that even though policies may appear appropriate on paper, it may well be that, due to local variations or circumstances, they may not be uniformly applied or even not applied at all. Moreover, the environment may have changed, resulting in adverse though unintended effects that make a case for change. Thus geographical as well as temporal dimensions should be considered when doing institutional analysis (Pasteur 2001a). A useful tool in this regard is the Problem Tree Analysis Method (DFID 2003b).

Policy affects different groups in different ways. Before proposing changes, an impact analysis of likely consequences, particularly on poor people, should be made (IIED 2001a). Impacts may be assessed at three levels: immediate outputs of action; intermediate effects of those outputs; and long-term outcomes of those effects (IIED 2001a). A useful tool in this regard is the Impact Analysis Method (DFID 2003b).

Policy processes are complex, and the effects and outcomes of the policymaking process can run through several levels (from local to provincial, state, national and international) and various sectors (forestry, agriculture, industry, foreign trade, etc.). They can also be differentiated in their effects on the affected parties. Thus the various interlinkages and influence channels as well as the likely outcomes of the proposed changes should be mapped out and assessed. If sensitive changes with significant consequences are proposed, it might well be worth doing a Change Forecasting Analysis (DFID 2003b).

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**Box 11 Reaching poor people by creating enabling institutions**

With the prospects for peace that followed Mozambique's liberation struggle and civil war, the Government has been committed to poverty reduction, reform and increased private-sector participation in economic development.

The challenges are indeed great. Eighty per cent of Mozambique's population lives in rural areas, and 54 per cent of the overall population lives below the poverty line. Inadequate rural financial services are a major obstacle to the growth of agriculture, fisheries and the rural economy. At the time of its formulation, the banking network was largely restricted to urban areas. There was no overall enabling institutional and legislative framework to regulate and accelerate credit provision in remote rural areas. While the national Action Plan for Reduction of Absolute Poverty (Mozambique's poverty reduction strategy programme) mentions the need for rural financial services, no strategy or 'road map' is indicated. This presented an opportunity to IFAD, which identified the lacunae and came forward to help address them.

Based on the experiences and lessons learned under the Agricultural Markets Support Programme (PAMA), the Sofala Bank Artisanal Fisheries Project and the national Agricultural Sector Investment Programme (PROAGRI – a sector-wide approach (SWAp)-based programme), IFAD designed the Rural Finance Support Programme (RFSP) to meet this challenge. The specific focus of the RFSP has been to address the institutional and regulatory context as well as to involve, expand and build the capacities of rural financial institutions in the private sector and at the community level. The programme was approved in December 2003 and has been underway since 2005.

**(iii) Find out the process by which policy is made as well as the strategies employed by the various actors in order to achieve their ends.**

Political as well as governance contexts differ from country to country. They also can differ from state to state within a federal polity. One should therefore familiarize oneself with the structure, mechanisms, approaches and processes of policymaking in the concerned country or state – the entry points, steps, procedures, stages, levels, agencies, channels, stakeholders involved, ways of operation and doing business, as well as instruments used in order to proceed effectively.

Proposed policy changes may have to run the entire gamut of the policy process or may involve only some components, depending upon the sensitivity or likely impact of the proposed changes and the issues involved. Issues such as health and education may raise concerns different from those raised by market or social security reforms. It is important to identify the ‘process stream’ appropriate to the proposed change; for instance, some changes require legislative approval and therefore have a different process from those that can be achieved through executive fiat.

Policymaking usually involves high stakes, and stakeholders will employ a variety of stratagems to secure their interests. In order to steer change, one must not only identify allies but also opponents, and map out the means they employ to get their point of view across – forums and formats (media, public debates, academic and scientific seminars/conferences, campaigns), the messages they emphasize, the issues they focus on, the channels they use to access and use influence, their negotiating style, and the trade-offs, threats and compromises they put forth to secure favourable terms for themselves.

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**Box 12 Securing one’s interests at the expense of others**

The Gash Sustainable Livelihoods Regeneration Project seeks to revitalize the Gash flood irrigation scheme in the eastern Sudan. Deterioration of the scheme was principally due to: the marketing constraints of the main cotton cash crop (which it was intended to produce), severe drought, population growth, displacement of people affected by the civil conflicts in this area, and centralization of the financial management of the scheme. These situations led to collapse of the scheme: the cultivated area per tenant decreased to 0.5 feddans (0.2 ha), insufficient to feed a household; the total cultivated area decreased from 80,000 to 30,000 feddans (33,600 to 12,600 ha); and the land usufruct shifted from the traditional subsistence-oriented agropastoralists to civil servants, merchants and the tribal elite. The project became effective in 2004 and will close in 2012.

The revitalization of the Gash flood irrigation scheme is based on a two pronged approach: land and water governance reform in tandem with physical rehabilitation. The governance reform is intended to ultimately shift the management of the scheme from parastatal management to co-management by the Government and user associations and to devolve land allocation and water-fee collection from the scheme management to water users’ associations. Moreover, the new arrangements for land governance have stipulated the allocation of 3 feddans (about 1.3 ha) per tenant, effectively increasing the landholding size for smallholders and decreasing it for civil servants, merchants and the tribal elite.

Project management had to negotiate the implementation of these reforms with the following set of stakeholders:

- The federal government, which is the primary financier of the rehabilitation works. It supported the proposed changes because it perceived them as less costly than no reform, and it provided a means to bring tangible benefits in terms of food security and cash income to populations long suffering from civil conflict. The federal government provided additional financing to physically rehabilitate and develop the scheme.
- Scheme management resisted the proposed changes, because they effectively meant relinquishing power over land allocation, dealing with water users’ associations whose roles and capacity were not clear, and re-examining existing staffing levels in view of a new division of roles and responsibilities between scheme management and the water users’ associations. It initially did not collaborate fully with project implementation: upholding its original land allocation mechanism;

**(iv) Analyse policy and development narratives and reframe where needed.**

Understanding narratives is important to understanding why particular policies have been instituted, why things are done the way they are, and the justification and ‘legitimacy’ arguments advanced in support of actions, especially those that have benefited some interests and groups to the exclusion and marginalization of others, usually the original stakeholders. It helps us understand the dominant cognitive frames, the perceptual biases or predispositions, and the emotional content surrounding institutions and policies. Analysing and understanding narratives gives us the chance to assess the odds we are up against, as well as to devise a strategy to challenge the underlying assumptions and beliefs.

An approach towards analysing narratives would be to ask the following questions (Keeley 2001):

- What is the basic problem/issue they are trying to address? What sources or experiences shaped this perspective or view?
- Who does the narrative bring to centre stage? Who gets more power or resources from the narrative?
- Who is left out? Who loses power or resources? Whose interests and perspectives are ignored?

An effective response to discriminatory narratives is to challenge the basis of their assumptions by exposing them as wrong, simplistic or both. Evidence for this can be obtained either from existing literature or by conducting research. Another way is to devise ‘counter-narratives’. Narratives, being simple, straightforward and widely accepted by those who matter, become convenient references and justifications for policymakers. Thus Roe argues that since policymakers tend towards simplification of complex problems, narratives that present beliefs,

and focusing on standard physical rehabilitation rather than the design adjustment needed to enable water users’ associations to manage water at the secondary level. The situation is slowly changing: the increased allocation of land is leading to increased production and income, as well as the ability of tenants to pay the water fees. In the areas submitted to land and water governance, payment of water fees increased from 48 per cent in 2003 to 90 per cent in the agricultural season 2006/2007.

- The Farmers’ Union expressed reservations regarding the water users’ associations, as it perceived them as competitors. At present the agendas of the Farmers’ Union and the water users’ associations are aligned: both types of organizations are calling for physical rehabilitation and improved production techniques to improve farmers’ incomes. Project management has also been considering various options to build the capacity of the Farmers’ Union.
- The tribal elite, also represented in the state Parliament, expressed reservations concerning the proposed land allocation. They felt that the scheme rehabilitation should work towards accommodating the largest number of beneficiaries – taking into account the displaced population – even if this meant a smaller landholding per tenant, rather than allocating an economically viable landholding size and by definition restricting the number of beneficiaries. They called for more ‘flexible’ screening criteria for potential tenants and delayed the issuance of identification cards to farmers. They also objected strongly to the fact that the project interventions were only considering rehabilitation, rather than expansion of the flood irrigation scheme and protection of the main cities and villages from flooding. This demand was met by increased allocation for irrigation development and flood protection from the federal government. At the 4-year mark, the contribution of the Government of the Sudan has reached US\$20 million, which is 220 per cent of its planned contribution at project appraisal of US\$9 million over the 8-year period.

A recently completed assessment of the land allocation process indicates that the project is making relatively good progress on institutional matters, that the reforms are perceived as equitable by the beneficiaries, and that elite capture has been contained. However, the economic benefits of the institutional reforms and physical works have not yet fully materialized: the beneficiaries feel that they now achieve a higher level of food self-sufficiency, but that the project has not yet made a sufficient dent in poverty.

values and perceptions counter to those of the original narratives would offer alternative choices to the policy process. “If project designers are to reject the blueprint, they must have another story whose design implications are equally obvious to them” (Roe 1995).

(v) **Analyse development discourses and propose alternative perspectives.**

As indicated, a development discourse reflects the discussions, thinking, assumptions and perceptions of the development community and policymakers at a particular time. For instance, Grillo (1997) has shown that post-war development was considered the duty and prerogative of the state (“state-engendered order”); during the 1970s, the dominant view was that the development function should be left to the market (“market-engendered spontaneous order”); in the 1990s, the “discourse of the public sphere” was dominant, where civil society actors were considered the main drivers of development interventions; since the early part of the new millennium, the “partnership-based approach” between public, private/market and civil society actors has been seen as the way forward.

Deconstructing the dominant development discourses helps uncover the assumptions, perceptions and interests of those shaping policy. This facilitates the reframing, crafting and promotion of alternative arguments and perceptions. The pervasiveness and tenor of the discourse (is it lively and open or is it definitive and entrenched?) will also help assess the chances of getting proposed policy/institutional changes through.

Having completed the above steps, we will by now have arrived at an assessment of whether the desired changes are really achievable or whether the existing policy is immutable, at least for the period of the life of the project.

### Procedural factors

The approach outlined above may be adopted with respect to rules, regulations and procedures. In these matters, the problems often arise from the legal provisions on which they are based. In this case, change is possible only if the legal constraints are removed. If this is not possible, then one should attempt to either simplify the procedures wherever possible or arrive at arrangements that ensure that the operation or applicability of the problematic item is sufficiently attenuated or reduced. If neither change nor sufficient attenuation is possible, then one would have to assess how critical and urgent the required change is to the success of the project. One would have to decide whether to abandon the project or modify it so that these constraining procedures are not triggered or, if so, only incidentally.

### Informal institutional factors

We focus here on those factors that apply particularly to the target group, and which present an especially difficult challenge. It might be easier to change legal structures (as difficult as that is) than to change a society’s practices, beliefs, customs and traditions. ‘Society’ here means not only the target group (the villagers and poor people, in this case), but also the organizations they interact with and the nature of these relationships.

- (i) Given the relatively short span of a project’s life cycle, it wouldn’t be advisable to undertake projects where prevailing conditions are inimical to attaining the project’s objectives. At the very least, ‘prospective conditions’ must be present. Prospective conditions are those that, even if not favourable at the outset, are at least incipiently amenable or conducive to change. Put differently, there should be a minimum amount of enabling social capital that can be built upon. This is also conditioned by the fact that IFAD’s projects are primarily developmental in nature and not aimed at fundamental societal transformation (referred to in the literature as ‘cultural transformation’ or ‘revolutionary’ in nature). This should not be understood to mean that laudable and necessary projects that are initially resisted by the dominant groups should be abandoned. In fact, the degree of opposition is itself often a confirmation of a project’s relevance! Rather, careful preparation should be undertaken in order to adequately lay the groundwork so that the target group is empowered to access the resources and opportunities provided.

- (ii) A socio-cultural/anthropological study would be able to map and identify the extent and type of social capital existing in a community/target group, as well as the likely causes, triggers and sources of potential trouble. Nevertheless, it would be helpful, and would also attenuate risk, to consider devising a practical test or graduated series of tests (a kind of ‘qualifying process’) to gauge the receptivity of a community and its milieu to the desired project outcomes. For purposes of convenience, from now on we shall refer to the community and the organizations/persons it interacts with on a regular basis as ‘society’.
- (iii) The basic purpose of a qualifying process is to determine whether a society shares, even if broadly, the project objectives; has a strong desire to work towards a better situation; and can find within itself the resources and wherewithal, even if latent, to confront and overcome its internal constraints and contradictions. Without these minimum prerequisites, progress and growth will not be achievable and sustainable. Societies that are not able to meet the qualifying criteria could be considered, at least at that point in time, as not having the minimum social capital required for the successful conclusion of the development projects in which IFAD usually invests. If the decision is to go ahead, nevertheless, then the pre-investment project undertaken should at least build the requisite amount of social capital and capacities, so that the target group may take full advantage of the large-scale development project.
- (iv) The essence of an effective qualifying process is to devise ‘self-selecting conditionalities’ through which the task of disclosure and affirmation is transferred from the project authorities to the people. In effect, the decision – whether a society is ready or not – rests not with the project, but where it should rightly be, with the people themselves. This kind of approach greatly reduces failures or serious problems later during project implementation.<sup>8</sup>
- (v) These self-selecting conditionalities are project-, locale- and society-specific. They can be obtained by first determining what is the single most crucial requirement to make the project a success (e.g. a people’s trust in one another, which is indicated, for example, in their ability to organize themselves to make voluntary contributions). Then choose the activity component that forms the bulk of a project (for instance, in a watershed project, area treatments involving soil and water conservation form a major component of treatment). Now, based on information gathered from the field and discussions with local people and knowledgeable members of the target groups, select that subactivity of the determined activity component that best reveals and requires this crucial input (trust and organizational ability, in this case) if it is to be successfully undertaken. Usually, this activity is the most difficult to undertake. For example, in the case of a watershed development project, the digging of trenches across the hill slopes should normally be undertaken first if a ridge-to-valley or a hydrologically correct approach is to be followed. This activity is comparatively the most difficult to undertake because of location and terrain conditions. Then fix the ‘qualifying criteria’ for this activity – for example, stipulate the amount of work, the minimum number of active participants and the time period during which the designated task is to be completed by self/voluntary contribution. People will agree to this and organize themselves for the effort only if they really need the project, are convinced about its likely benefits and trust both the project authorities and their own leadership, thus revealing the quality of the relational and institutional life of the community.<sup>9</sup>

8/ This method was developed by the Watershed Organization Trust (WOTR), based at Ahmednagar, Maharashtra, India ([www.wotr.org](http://www.wotr.org)), and used with great effect in a large-scale programme in Maharashtra, the Indo-German Watershed Development Program, funded by the Government of Germany.

9/ In the watershed projects implemented by WOTR, only those villages that undertake soil conservation works equivalent to four person-days of voluntary labour on their own, as proof of intent and commitment, are taken up for consideration. In dry areas where the majority of people eke out a subsistence living from the land, this is a substantial contribution and indicates need, a sufficiently cohesive community, and a functioning and trusted leadership – the minimum amount of social capital needed for complex projects and interventions to succeed.

If the self-selecting conditionalities have been arrived at after discussions with knowledgeable local actors, one could be reasonably sure that this would be a reliable indicator of the nature and extent of social capital existing within the community.<sup>10</sup>

- (vi) Once a community qualifies by meeting the requirements of the self-selecting conditionalities, work should begin as soon as possible. This cements trust and confidence between the target group and project authorities – a crucial requirement for success and a ‘goodwill reserve’ that can be drawn upon when rough patches are (invariably) hit during implementation. Hence, it is important that the qualifying process be initiated only when the project is in a position to undertake operations. At the same time, the dynamics that occurred during the qualifying phase should be analysed to assess the strengths and weaknesses of the community. This will enable the formulation of a customized capacity-building strategy with a view to empowerment and sustainability. Moreover, the issues that emerged while fulfilling the conditionalities should be referred back to the community for discussion, clarification and resolution. This process is sensitive and takes time. It should preferably be handled and accompanied by actors in whom the community has confidence and should be factored into the capacity-building process.

We shall now bring together in a matrix the key institutional elements requiring change and the related sectors and principal actors (Table 1):

Table 1 Institutional change matrix – formal and procedural elements

Level: micro, meso, macro, global (if applicable).

Note: each of the four levels will have a similar matrix.

Name of the project: \_\_\_\_\_

Level under consideration: \_\_\_\_\_

Sectors involved	Primary agency	Related agency/units	Required outcomes	Elements requiring change <sup>a</sup>	What change (specify)	Reasons for change	Rank priority <sup>b</sup>
1							
2							
3							

<sup>a</sup> This refers to the particular policy/law/rule, etc. that must be addressed, as well as the relevant provisions.

<sup>b</sup> Rank: 1 = most important; 2 = important; 3 = desirable.

10/ Even though a community is nested within an organizational and interactional milieu (the external context or environment), it is sufficient, for practical purposes, to focus on the community/target group, because its internal state and response level is usually the mediated outcome of the interaction with its external context or environment.

Section 2  
Unweaving the institutional and  
organizational fabric – analysing,  
understanding and facilitating change

Chapter 6  
Getting to it – mapping the  
organizational milieu

## Purpose

Basically, we want to know the following:

- the 'lay of the land' – who are the actors/stakeholders involved in the particular issues/sectors with which we are concerned?
- how to assess them, in terms of realizing our goals – their interests and responses/reactions to a proposed intervention, areas of indifference, cooperation and potential conflicts or difficulties;
- how to deal with them, with respect to the objectives we have in mind – how to create incentives for cooperation and mitigate adverse reactions.

We shall now outline an approach to undertake this task – organizational analysis – in a manner that facilitates change and the achievement of objectives.

### Step 1. Mapping stakeholders: identifying who's involved or likely to be

This helps us identify all the related stakeholders, examine their roles and functions and separate them into categories of importance. It enables us to focus on those that are important for our purposes and to determine what we can expect from them.

#### What is a stakeholder?

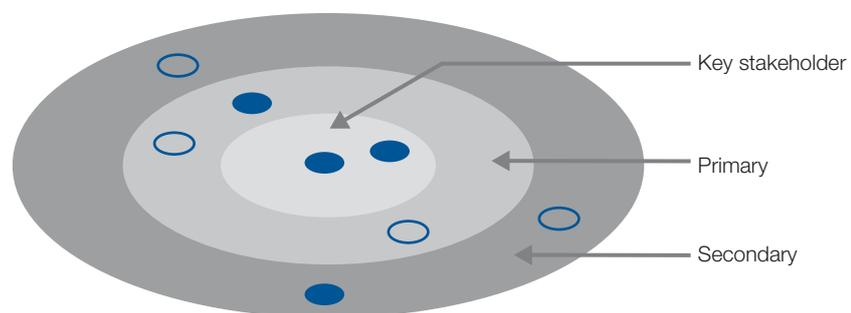
A stakeholder is any individual, group, community, association or organization that has a stake in the outcome of a project or intervention. By 'having a stake' we mean that they are either affected by the project/intervention positively or negatively ('gainers' or 'losers') or are in a position to influence the activity either positively or negatively.

Stakeholders can be divided into three categories:

- **Key stakeholders** – those who can significantly influence, or without whose support the project/intervention will not be successful;
- **Primary stakeholders** – those who are directly affected by the project/intervention, either favourably or negatively (these are the so-called gainers or losers);
- **Secondary stakeholders** – those with an interest or role in the project/intervention but not directly affected.

These distinctions are not exclusive – some primary and secondary stakeholders may also be key stakeholders.

Figure 4 Stakeholder (SH) identification matrix – types of stakeholders



Legend:

- Key stakeholders
- Primary or secondary stakeholders

Summarize as follows:

(Names of the stakeholders/actors)

Key stakeholders: \_\_\_\_\_  
Key primary stakeholders: \_\_\_\_\_  
Primary stakeholders: \_\_\_\_\_  
Key secondary stakeholders: \_\_\_\_\_  
Secondary stakeholders: \_\_\_\_\_

### An approach

(vii) All stakeholders involved to a significant degree with the project (directly or indirectly) should be identified. This is valid for all related sectors (e.g. agriculture, forestry, finance), operational areas (e.g. planning, administration, technical support, monitoring) and across relevant levels, from the lowest to the highest, from the local to the national and international, as the case may be.

Identification of stakeholders can be done through discussions with knowledgeable people, and by reading available documentation and records. Some key questions towards facilitating this would be:<sup>11</sup>

- Who are the parties (individuals, groups, organizations) that have/are likely to have a stake in the issues concerned? Which persons and groups have an interest in the issue and would necessarily be involved in the process and outcome?
- Where is authority and formal power vested in regard to the issues under consideration? Who are the persons, agencies and organizations with the related mandate and authority?
- Who will be directly affected by a change in circumstances (for better or worse)?
- Who will be indirectly affected by a change in circumstances (for better or worse)?
- Who are the existing and potential beneficiaries of the proposed changes?
- Who are existing 'losers'?
- Who might potentially be adversely affected by the proposed changes (these may include existing beneficiaries)?
- Who have existing rights and claims? Who of these actually enjoy them and who are left out?
- Of those left out, who are the voiceless (those who have rights and claims but cannot make their presence or demand heard)? Who of these voiceless are likely to benefit and who will be further disadvantaged?
- Who are likely to resent change and mobilize resistance to it?
- Which are the parties (with resources and access) whose support would be helpful to successful pursuit of changes in policy and their institutionalization?

(viii) Examine the role that the identified stakeholders perform, the tasks they execute and the responsibilities they discharge. Identify those that can effect or are affected by the change, as well as those concerned with policy, implementation and compliance.

(ix) Now, based on the definition of the kinds of stakeholders given above, separate these actors into key, primary and secondary stakeholders.

It might be helpful to map these on a diagram. In Figure 4, the stakeholders are situated within three concentric circles – the secondary stakeholders being in the outermost, followed by the primary and key stakeholders moving towards the centre. Since some secondary and primary stakeholders may also be key stakeholders, it is suggested that a particular notation or symbol be used for key stakeholders and that they be identified across all the circles. This is a preliminary layout. As one works through the analytical steps outlined in the following pages, one may reconsider the categorization (and layout) of the various actors involved.

11/ Some of these questions have been taken and/or adapted from IIED 2001b.



The key to success is to know whom we are dealing or likely to be dealing with, what drives them, their social and power base and the constraints under which they labour. Once we are familiar with this ‘actor topology’, we can craft an effective approach and strategy that could further the achievement of our goals and objectives.

In order to facilitate this process of exploring and uncovering the relational and power dynamics among the stakeholders/actors, we propose a *series of tools* that would enable us to map the:

- nature of relationships existing among the various stakeholders;
- authority and influence levels they do or can exercise over each other;
- interests that drive them and the constraints under which they operate;
- likely impacts of the changes proposed, as well as the likely responses or reactions;
- networks of the various actors and their proximity to those who can make a difference (the key stakeholders); and
- tonality or quality of their relationships.

Finally, since this entire exercise is oriented towards assessing the likelihood of achieving change in an institutionally sustainable and effective manner, we shall also assess stakeholder power and examine who could possibly be our allies (either naturally in these circumstances or by persuasion) or foes.

### Case study 1 Rural Finance Support Programme – Mozambique

#### Identifying stakeholders and classifying agencies/actors

In the Rural Finance Support Programme (RFSP) in Mozambique,<sup>12</sup> a large number of actors from various sectors are involved. They can be classified in terms of their type as stakeholders, as well as the types of organizations they represent.

#### Types of stakeholders

Based on the role the various actors play in the programme, the following classification arises:

##### Key stakeholders (KSH)

These control finances, determine the ‘rules of the game’ and policies and set the framework for the entire programme. Without their consent and support, the RFSP would be a non-starter. These are the Economic Support Development Fund (FARE), Ministry of Planning and Finance (MPF), Bank of Mozambique (BOM) and programme donors (IFAD, African Development Bank (AfDB) and Norwegian Agency for Development Cooperation (NORAD)).

##### Key primary stakeholders (K+PSH)

These are the various intermediary financial channels through which the bulk of programme funds will be routed. They are directly impacted by the programme (their interests are affected) and their cooperation and involvement are crucial to its success. These are the participating banks, development credit institutions, microfinance institutions (MFIs), and rural and community-based financial associations.

##### Primary stakeholders (PSH)

These are the end clients, the direct beneficiaries of the programme, the target group whose interests are directly affected. This group consists of small farmers, artisanal fishers, business marketing groups, traders, warehouse operators, rural enterprises and agroprocessors.

##### Key secondary stakeholders (K+SSH)

These groups are not directly affected. However, by virtue of their mandates, capacities and networks, they have a key role to play. Without their cooperation, the programme’s full potential would not likely be achieved. They are from the public sector (e.g. the Ministries of Agriculture and Rural Development, Industry and Commerce, and Fisheries) and from the so-called ‘partner organizations’ of the private and civil society sectors, such as market organizations, out-grower companies, trader organizations, rural enterprise groups, market support projects and NGOs.

12/ The background to this project is described in Box 11, “Reaching the poor by creating enabling institutions”, in Chapter 5.

### Secondary stakeholders (SSH)

These groups are not directly involved in the programme and their interests are not directly affected by it. However, they are crucial actors in the rural financial and development sector. They thus retain an interest in the outcomes of the programme. They can also impact it positively or negatively by their actions.

In this category, there are two distinct groups: foreign donors and financiers (e.g. the United States Agency for International Development, Food and Agriculture Organization of the United Nations, United Nations Capital Development Fund, United Nations Development Programme, AfDB, World Bank, NORAD, European Union, DFID) and local institutions such as the Mozambique Microfinance Facility, as well as local inhabitants and groups living in the project area, but who are not part of the target group.

### Types of organizations

Based on the functions the various actors perform and/or the goods and services they provide, and using the model that was outlined earlier (Chapter 4, "Types of organizations"), the following classification arises:

#### Enabling agencies ('Enablers')

These are the agencies that define the institutional framework and set the 'rules of the game'. They are also, in this case, the key stakeholders: FARE, MPF, BOM and the programme donors (IFAD, AfDB, NORAD). In this particular case, one group of secondary stakeholders, namely, the other donor group, can also be included as 'enablers', although they do not cofund this programme. Through their various programmes, however, as well as their involvement in the donors' coordination group, they do contribute to influencing the institutional framework.

#### Delivery agencies ('Deliverers')

These provide goods and services. They are comprised of the key primary and key secondary stakeholders listed above.

#### End users/client agencies

These are the users of the goods and services provided by the programme and consist of the primary stakeholders.

The secondary stakeholder group, consisting of non-beneficiary local inhabitants, can also be considered indirect end users. As the income and well-being levels of the direct beneficiaries increase, this group will also benefit indirectly through improvements in the local business and market environment as a result of increased demand for normal and higher-value goods and services.

## Step 2. Mapping relationships and their nature: power, authority, influence

Relationships hold the key to outcomes. The better an understanding we have of relationships among the stakeholders (especially the key ones), the more easily we are able to set realistic goals and go about pursuing them in a manner that increases the possibility of realizing them.

Relationships determine possibilities as well as limits; they establish communication channels as well as avenues of access. They also situate actors in identifiable structural modes, be they hierarchical, formal or informal. They determine (and are the result of) power relationships and the extent of influence exercised. In other words, knowing who is where in the institutional, personal and social relational matrix helps determine who the key actors are and also helps define the contours of a strategy of intervention, engagement and communication.

Mapping relationships, power, authority and influence helps understand how the stakeholders relate to each other structurally. It uncovers the hierarchy and authority structures, the degree and direction of power and influence, where such influence is located (persons,

departments, units, groups) and how it is exercised. Mapping also facilitates identification of entry points and the creation of an appropriate strategy of communication and engagement. The constraints under which the various stakeholders operate become manifest and this engenders the setting of realistic expectations.

Authority relationships can be of three kinds – hierarchical, formal and informal – and can evolve through a variety of conditions: one's place in the system and accountability structure, access to power, social standing, track record, obligations entered into (or imposed) and ties (e.g. financial, familial, personal, social). An example of the creation of a formal and non-hierarchical authority relationship would be when an NGO receives funds from a government department to which it would be accountable, albeit in this respect only.

In every relationship, be it hierarchical, formal or informal, there is an exercise of power or influence among the parties involved. Usually, the word 'power' is used in the context of hierarchical and formal relationships, whereas 'influence' is used in informal contexts. In this text, 'influence' is preferred since it is an inclusive term – the outcome of power exercised is, after all, influence. It is important to identify the degree of influence exercised among the parties so as to determine the key stakeholders and those with access to them – or who have a measure of influence over them.

Some key areas and questions that facilitate this mapping among and within organizations and groups in a *hierarchical and/or formal relationship* could be:

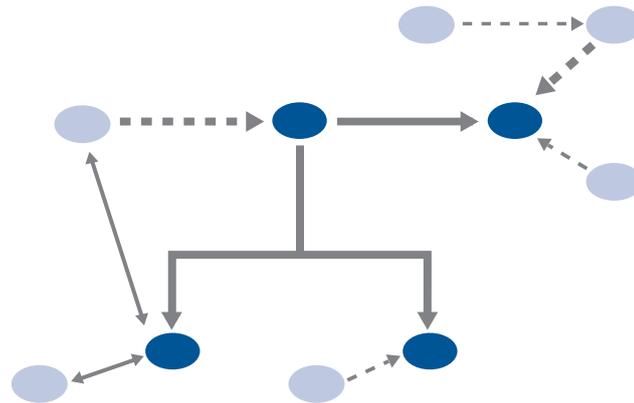
- **Accountability**
  - Who reports to whom? Who is whose superior?
  - Where are formal and informal authority located? Are they in the same person or are there other centres of influence/power?•
- **Subsidiarity**
  - How much autonomy does the organization/unit/official have?
  - Which are the areas where autonomy exists and where it doesn't?
  - How does the superior authority exercise control?
- **Resources**
  - What resources do the stakeholders have access to?
  - Which authorities control access to key resources and how?
  - How are pooled resources shared or distributed to subordinates by the superior authority?

Among (and within) organizations, groups and individuals in an *informal relationship*, the questions to ask could be:

- Who defers to whom? Whose voice finally carries?
- What is the tenor of interaction among the parties? Is it that of equals or is there a 'superior-subordinate' relationship/hierarchy?
- What is the extent and nature of obligation or 'coercibility' among the parties (i.e. the ability to persuade the other or get the other to accept one's demands)?
- Who depends on whom? What is the 'arc of vulnerability' of the parties vis-à-vis each other?

These relationships are illustrated in Figure 5.

Figure 5 Authority, power and influence relationships 1



Legend:

- Stakeholders in hierarchical relationship
- Stakeholders in a non-hierarchical relationship (either informal or formal)
- Hierarchical authority/relationship
- ↔ Formal authority/relationship
- - → Informal authority/relationship

Stakeholders in a hierarchical relationship are depicted as boxes and those in formal and informal relationships as circles.

The *type of lines*, whether continuous or broken, would indicate the nature of relationships. Usually, thick continuous lines with arrowheads at one end are used to depict hierarchical relationships. Formal relationships are depicted with continuous lines, (which may be capped on both ends, though not necessarily so), while informal relationships are depicted with broken lines.

The *thickness of lines* indicates the degree of authority or influence exercised – the thicker the line, the greater the degree of authority or influence.

The *direction of the arrowheads* indicates how authority or influence flows.

The lines that are *capped at both ends* indicate reciprocity in relationships and imply that both parties can influence each other (the extent of influence being dependent upon the relative autonomy of the parties and the issues involved); unlike in the case of hierarchical relationships, where authority flows in one direction only. This is not to say that subordinates cannot influence superior authorities; it only indicates the location of executive power in organized relationships and formal structures.

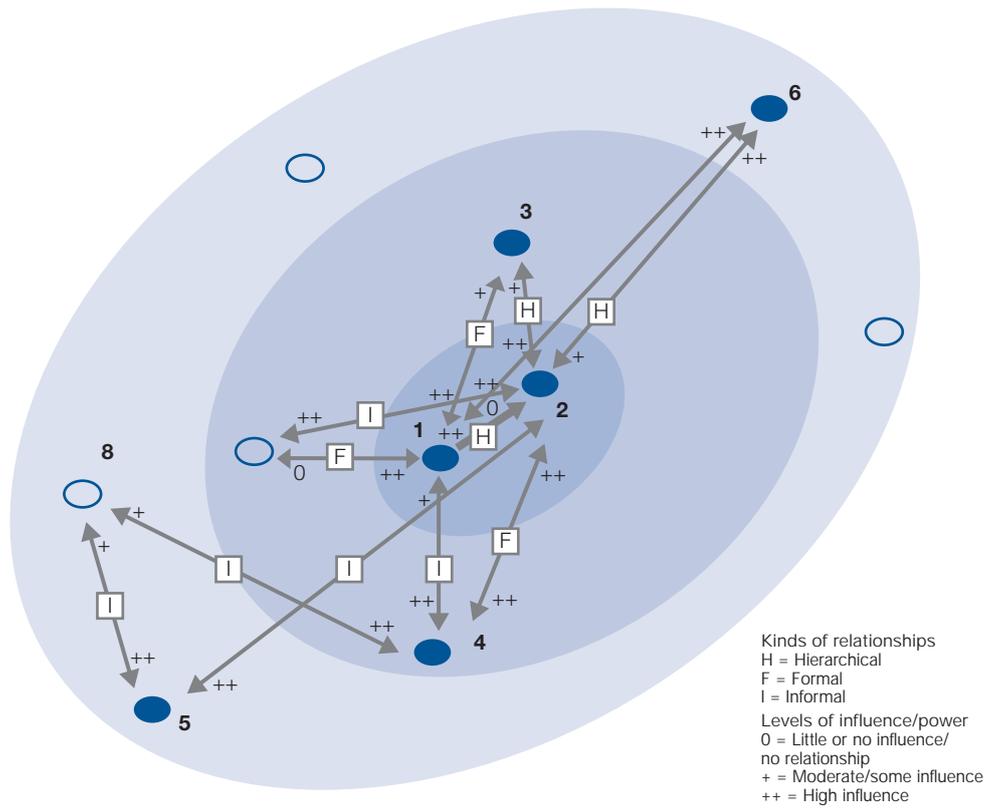
Lines depicting informal relationships may or may not be capped both ways, depending upon whether a reciprocal relationship exists among the parties. In the case of both formal and informal relationships, it is usually taken for granted that a degree of reciprocity exists and the lines are capped in one direction (though not necessarily so; it is not a requirement) to indicate who has the greater influence.

It should be remembered that there are situations in which formal or hierarchical relationships exist but don't necessarily translate into effective authority or influence (orders given by the appropriate authority may be ignored in practice by subordinates). Further, for a variety of reasons, subordinate parties in formal or hierarchical relationships/structures may exercise considerable influence on their superiors.

When analysing power, influence and authority relationships, one must also take into consideration the degree of control (enforceability) and influence (realizability) exercised, especially where formal structures and arrangements are involved.

Another way of depicting authority relationships and power/influence levels is diagrammed in Figure 6.

Figure 6 Authority, power and influence relationships 2



Legend:  
 ● Key stakeholders  
 ○ Other stakeholders

The concentric circles represent the three kinds of stakeholders, with the innermost being that of key stakeholders (key stakeholders are represented as dark dots), the middle that of primary and the outermost that of secondary stakeholders. In order to reduce clutter, only some relationships have been depicted.

Authority relationships in the diagram are depicted lines, which are capped both ways. The nature of relationships is indicated by the symbols H, F and I.

The thickness of lines has no significance and the degree of power/influence exercised is indicated by the symbols ++, + and 0.

Location of power/influence symbols (+/0): these symbols are located near the respective stakeholders and indicate the level of influence exercised by that agency/party over the other agency/party with which it has a relationship. For example:

- Key stakeholder 1 exercises a high level of power (++) over key stakeholder 2, who is hierarchically subordinate to the former (the symbol ‘++’ is placed against the arrow beginning from stakeholder 1 pointing towards stakeholder 2).
- Key stakeholder 2 exercises no influence on stakeholder 1 (the symbol ‘0’ is placed against stakeholder 2 near the same arrow ending at stakeholder 1).
- Similarly, stakeholder 2 exercises only moderate influence (+) over stakeholder 6, whereas the latter wields considerable influence (++) over the former, even though stakeholder 6 is hierarchically subordinate to stakeholder 2.

A format to collate and organize the data thus gathered is presented in Table 3.

Table 3 Authority, power and influence relationships 3

Level of influence/power exercised over Stakeholders	1	2	3	4	5	6	7	8
1		H/++	F/++	I/+	O/O	O/O	F/++	O/O
2	H/O		H/++	F/++	I/O	H/+	I ++	I/+
3	F/+	H/+		H/++	H/++	I/+	I ++	I/O
4	I/++	F/++	H/+		F/++	I +	I/+	I/++
5	0	I/++	H/+	F/++		H/++	O/O	I/++
6	I/++	H/++	I/++	I/+	H/+		F/+	O/O
7	F/O	I/++	I/+	I/++	O/O	F/++		I +
8	O/O	I/++	I/++	I/+	I/+	O/O	I/++	

Legend:

Here, the various stakeholders are not separated into categories (except for the key stakeholders, who have been identified), as the main purpose of this mapping is to identify relationships and levels of influence/power among the various actors. However, since in the diagram the actors are classified into stakeholder categories, they can be quickly identified. The ochre colour identifies the key stakeholders. Moreover, some relationships/influence levels indicated in the matrix are not represented in the diagram to prevent cluttering, that is, they do not have corresponding relationship/influence indicators.

In order to fill up the matrix efficiently, when one box of influence levels has been filled (for example, that of agency 1 in respect to agency 3), we should immediately go to the corresponding box (that of agency 3, in this case) and fill it. This will do away with confusion and ensure consistency.

Table 4 Relationship and power/influence levels matrix

Having "High/Significant" Influence/Power with/over Stakeholders	1	2	3	4	5	6	7	8
1		●	●				●	
2			●	●			●	
3				●	●		●	
4	●	●			●			●
5		●		●		●		●
6	●	●	●					
7		●		●		●		
8		●	●				●	

Legend:

1, 2, 3... 6 Key stakeholders

● Hierarchical relationship

● Formal relationship

● Informal relationship

Such a matrix helps us identify those over whom significant power/influence is exercised and by whom. It further enables us to identify the 'focus points' as well as those that have access to them (the 'gatekeepers', 'power mediators' or 'brokers').

In the case above, it is clear that actor 1 has significant influence on actors 2, 3 and 7, whereas actors 4 and 6 (on which it has no significant influence) exercise considerable influence on it. These would then be access points to actor 1, if the need arises. They could be described as 'gatekeepers' to 1, who is a major key stakeholder.

This way of organizing information also helps us trace out networks of influence and access, which are vital if an effective and appropriate strategy for intervention is to be developed. For instance, actors 1, 2 and 3 have a strong influence on actor 7 (actor 7 also has a strong influence on actor 2); whereas actor 1 has a formal relationship with actor 7, both the others have an informal relationship. Actor 7 also has a strong influence on actor 6, which none of the earlier actors (1, 2, 3) have. Understanding these relationships and 'networks of influence' helps us work out an effective and appropriate approach to engagement.

In order to further narrow down the information thus gathered and make it useable and actionable, the matrix in Table 4 could be useful.

Depending upon the number of stakeholders we are dealing with, as well as the complexity of the situation, one can select those that have 'moderate/some' as well as 'high' levels of influence or only 'high', as the case may be, and map these only. Those having '0' influence need not be mapped.

In the case under discussion, we select only those relationships and influence levels that are mapped as 'high'.

### Step 3. Mapping interests and constraints/influences

This step enables us to discover what drives and motivates individuals and groups. By differentiating between short-term and long-term interests and the degree of 'non-negotiability' attached to each, we can devise a strategy and package of arrangements or options that facilitates accommodation by the key stakeholders, and without which the envisaged change will not carry through. Understanding the constraints under which the stakeholders operate also helps set realizable goals and realistic expectations.

Some key questions that facilitate this discovery would be:

- What are the organizational and personal interests involved? What agendas are the relevant stakeholders pursuing?
- How do they see the proposed changes affecting their interests? Which of these impacts are long term and which are short term?
- What is the extent of the stakeholders' identification/commitment to these interests? Which are negotiable, non-negotiable and non-issues (ignorable)?
- How 'non-negotiable' (i.e. those elements that constitute the 'irreducible minimum') are the ones in conflict? In whose interests are these?

- Which of these interests are congruent with the objectives of the policy change? Which are in conflict?
- What is the legitimacy of the conflicting interests? Which of them are against the interests of poor people in the immediate, medium and long run?
- How important or powerful are those stakeholders whose ‘non-negotiable’ interests are likely to be challenged?
- What resources would the parties deploy to secure their interests? To what lengths would they go?

Regarding constraints or limitations that individuals and groups operate under, there are a range of influences that act upon stakeholders and that determine their ability to act or respond to situations:<sup>13</sup>

- **Institutional/organizational factors.** These include mandates, rules, functions, strengths/weaknesses and institutional culture.
- **Motivational factors.** These include ideological inclinations, own career promotion or that of one’s organization, political objectives and professional expertise.
- **Access to resources.** These include financial, economic, political, social and organizational contacts, networks and relationships (familial, personal, professional) and managerial skills and competencies.

It should be remembered that interests are not easy to identify, especially those that are self-benefiting. In fact, the more they are self-benefiting, the less evident they are. Hence, a declared or stated aim or objective of a person/institution should not be taken to be necessarily a fact – the opposite might well be true. The number of iterations and the passion accompanying professed commitment should lead us to look more closely. Many interests are only revealed slowly, and there are others that may well have to be left uncovered or let alone (even if adduced) for reasons of prudence and in the larger interests.

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#### Box 13 Confluence of interests

In Uruguay, as in other MERCOSUR countries, the IFAD/REAF programme is considered highly innovative and successful. REAF is an advisory body of MERCOSUR; its mandate as an institution is to assist the Common Market Group (GMC) in its areas of expertise: family farming within MERCOSUR and related differentiated policies. Through this social and political process, the influence and active participation of poor and non-poor family farmers in the design and implementation of public policies for rural areas and communities have been enhanced and regional integration improved. At the eighth session of REAF in Montevideo, Uruguay, and now in preparations for the ninth in Argentina, in June 2008, the agenda items include: (i) trade facilitation; (ii) land use policy, land access and agrarian reform; (iii) rural youth; (iv) gender equity policies in family farming; (v) insurance and risk management for family farming; (vi) policy on financing and access to credit; (vii) horizontal cooperation among participating countries, mobilizing state resources and accumulated knowledge.

13/ The following two points are taken from IIED 2001b.

The matrix in Table 5 could be useful in organizing such data and focusing on the important aspects:

Table 5 Interests, impacts and congruence

Congruence refers to the degree of similarity between actual or likely outcomes/impacts as a result of actions undertaken (by the project or as a result of policy changes) and the desired objective and outcomes of the project or policy change. If the impact or outcome is as intended by the project, then it can be described as 'congruence positive' (+); if inimical or adverse, then it is 'congruence negative' (-); if it does not in any way affect the intended objectives, then it is 'congruence neutral' (0).

Stakeholder	Current interest (description) <sup>a</sup>	Likely impact of change on current interests (description) <sup>b</sup>	Impact as seen by the stakeholder (+/-/0) <sup>c</sup>	Congruence with policy/project aim (+/-/0) <sup>d</sup>
K				
1				
2				
P+K				
3				
4				
P				
5				
6				
S+K				
7				
8				
S				
9				
10				

<sup>a</sup> Here we focus only on the major interests of the stakeholders. For example, let us take the forestry sector in a developing country. In the present situation/policy environment, let us assume that the stakeholders are as follows: forest dwellers, traders, forest officials and moneylenders. The aim of each stakeholder can be defined in the current situation: the forest dweller wants to access the forest produce, manage the forest official and ensure that he is able to sell his produce at the best possible price, and so on. The trader has his own agenda: he would like to ensure that he gets the produce from the forest dweller at the lowest possible price and that the forest dweller is beholden or in bondage to him; and so on with the other stakeholders.

<sup>b</sup> Put differently, "what is the perceived impact of the project/policy change on the stakeholders' interests?" For example, if a project/policy change seeks to give secure tenure of forest lands or forest products (usufruct rights) to the forest dweller, this will help increase his income and reduce the 'rent' he has to pay to the forest official. If additional resources by way of access to funds (credit or grant) are provided, together with a change in laws concerning transportation and marketing of forest produce, then the traders and moneylenders are adversely affected. These likely impacts should be listed here.

<sup>c</sup> This refers to how the stakeholder sees her/his major interests being affected: positively (+), negatively (-) or hardly at all (0). In the case above (note b), the forest dweller is positively affected; the forest official is both positively and negatively affected (negatively in the sense that 'rent' is now forgone or reduced and positively because there is now an incentive for the forest dweller to protect the forest). Both the traders' and the moneylenders' interests are negatively affected. It may well be that some interests of the same stakeholder are positively impacted, others negatively and some hardly at all. In this case, a judgment would have to be made as to the overall impact on the stakeholder's interests: +, - or 0.

<sup>d</sup> This describes the degree to which each stakeholder's major interests are in harmony with the objectives sought by a project or policy change. It refers to whether the perceived/likely impacts on stakeholders' interests are in harmony with what the policy change seeks to achieve. If so, then it is positive (+); if not, then it is negative (-); where there is no relationship, it is (0).

We shall now illustrate the above concepts with a case study:

#### CASE STUDY 2 Pilot Market Linkages Programme – Zimbabwe

The objective of the Pilot Market Linkages Programme (PMLP) in Zimbabwe was not only to improve the productivity of smallholder farmers, but also to establish viable and enduring relationships between them and the markets – for both inputs and produce (outputs).

The farmers are organized into commodity producer groups, which then federate into commodity associations (CAs) consisting of seven to ten groups. The agribusiness groups (ABGs) provide the markets for inputs and outputs. Banks provide finance to the ABGs for operating costs and to farmers for purchase of inputs. The Southern Alliance for Indigenous Resources (SAFIRE), an NGO, is the main facilitating agency. Apart from organizing the farmers and providing extension support, it is primarily involved in establishing relationships and binding contractual agreements between the CAs and the ABGs.

The CAs signed contracts, which included the supply of inputs for each crop or financing of the inputs, and secured a guarantee from the companies that they would purchase the produce at predetermined

and remunerative prices. There was also an undertaking by the CAs that their members would sell all their produce to the contract holder. With this arrangement, the middlemen (MMs) who would otherwise have provided inputs to farmers (at exorbitant rates) and purchased their produce (at unremunerative and below-market prices) are excluded from the market.

We shall now explore two aspects of the PMLP in regard to the stakeholders:

- impact on stakeholder interests and congruence with programme objectives;
- stakeholder power and influence dynamics.

### Impacts, interests and congruence

Stakeholder	Likely impact of change on current interests	Impact as seen by stakeholder (+/-/0) <sup>a</sup>	Congruence with policy/project aim (+/-/0) <sup>b</sup>
1. CAs	Leads to stable income at remunerative prices	+	+
	Collective bargaining leads to better prices than individual bargaining	+	+
	Secure inputs in bulk, thus reducing transportation and transaction costs	+	+
	Learn new skills, acquire new technology and managerial competencies	+	+
	Forego the possibility of windfall profits when market prices go up as side marketing is prohibited	-	+ <sup>c</sup>
	Overall impact	+	+
2. ABGs	Reduces cost of conducting business, because dealing with groups instead of individual farmers	+	+
	Bulk orders and group marketing cut down on cost of inputs and transportation	+	+
	Working through CAs instead of individual farmers reduces loan processing and tracking costs	+	+
	Secures a captive producers' market	+	+
	Forgoes the chance of forcing prices down when commodity prices crash	-	+ <sup>d</sup>
	Overall impact	+	+
3. Banks	Reduces transaction costs as the loan is made to a group, not an individual	+	+
	Risk of default is minimized as group takes responsibility for repayment	+	+
	Acquire new business clients	+	+
	Acquire experience of smallholder agricultural enterprises without taking big risks <sup>e</sup>	+	+
	Opens up the possibility of routing the loans at reduced rates through the ABGs, thus further minimizing risks	+	+
	Overall Impact	+	+
4. MMs	Livelihood is adversely affected (they are cut out of the input and output markets)	-	+ <sup>f</sup>
	Empowers farmers, introduces them to new technologies, information and markets	-	+
	Political clout and influence in the region are reduced	-	+
	Overall impact	-	+
5. SAFIRE	Fulfills its mandate of empowering poor farmers	+	+
	Acquires new skills and competencies	+	+
	Establishes a reputation, enhances its influence and builds a network in the region	+	+
	Improves its credibility and standing with government and donors, thus enhancing its sustainability potential	+	+
	Overall impact	+	+

#### Legend

CAs = commodity associations

ABG = agribusiness groups

MM = middle men

SAFIRE = Southern Alliance for Indigenous Resources

<sup>a</sup> This refers to how the stakeholder sees his/her major interests being affected, i.e. positively (+), negatively (-) or hardly at all (0). It may well be that some interests of the same stakeholder are positively or negatively impacted. In this case, s/he would need to make a judgment as to the overall impact or lack thereof.

<sup>b</sup> This refers to whether the perceived/likely impacts on stakeholders' interests are in harmony with what the policy change/project seeks to achieve. If so, it is positive (+); if not, it is negative (-); if there is no impact either way, it is neutral (0).

<sup>c</sup> Building trust and reliable partnerships is an important goal of the programme in order to secure long-term sustainability of contractual agreements.

<sup>d</sup> This is acceptable from the programme perspective, as one key objective is to develop a robust agricultural sector for which stable and assured returns to the farmer are necessary, even if not high.

<sup>e</sup> Because of group liability and the Guarantee Fund of SAFIRE, which is kept with the bank itself.

<sup>f</sup> They have hitherto been exploiting the farmers, making large profits and distorting markets.

## Power and Influence Dynamics

Using the framework outlined above in Step 2, we shall now explore the power relationships of the various actors and organize the information and data using the matrix developed in Table 3.

Symbols used to describe the nature of relationships: 'H' indicates hierarchical, 'F' formal and 'I' informal relationships. As there are no hierarchical relationships in this case, the first symbol is not used. Symbols used to describe the influence/power the actors wield over each other: (++) indicates high influence; (+) moderate/some influence and (0) little or no influence.

### Authority, power and influence relationships

Nature of relationship/level of influence exercised					
Stakeholders	CAs	ABGs	Banks	MM	SAFIRE
1. CAs		F/+ <sup>a</sup>	F/0	I/0	I/++ <sup>b</sup>
2. ABGs	F/++		F/+ <sup>c</sup>	I/0	I/++ <sup>d</sup>
3. Banks	F/++	F/+		0/0	F/++ <sup>e</sup>
4. MMs	I/0	I/0	0/0		I/0
5. SAFIRE	I/++ <sup>f</sup>	I/++	F/++ <sup>g</sup>	I/0	

<sup>a</sup> There is a threat element, as there is the option of side marketing if the ABGs don't live up to their commitments.

<sup>b</sup> Results from the personal contacts and relationships established, as well as due to the fact that, to a fair extent, SAFIRE's reputation depends upon the cooperation of farmers' groups.

<sup>c</sup> To the extent that they borrow for operational costs, banks are vulnerable.

<sup>d</sup> SAFIRE must address their interests and concerns if it is to achieve the programme objectives.

<sup>e</sup> The bank obtains a guarantee from SAFIRE equivalent to 50% of the loan it disburses.

<sup>f</sup> SAFIRE's role is crucial in ensuring that the CAs function efficiently and that they fulfill contractual obligations.

<sup>g</sup> SAFIRE's Guarantee Fund encourages the bank to lend by providing a loan risk cover equal to 50% of loan funds disbursed.

### Power/Influence Patterns

If we only consider those cells where high influence has been indicted (++) , then the following patterns of power/influence relationships emerge:

- CAs have high influence over SAFIRE.
- ABGs have high influence over CAs and SAFIRE.
- Banks have high influence over CAs and SAFIRE.
- SAFIRE has high influence over CAs, ABGs and banks.

In this programme, SAFIRE comes across as wielding considerable influence. However, unlike in the case of the ABGs and banks, this flows from the mediatory and guarantor role it plays, whereas in the former case, it flows from having access to financial resources, knowledge, technology, market access and organizational power on a significant scale.

These actors are crucial partners if the programme is to succeed (and indeed, for any such collaborative ventures), and strong relationships based on trust and reciprocity are an indispensable requirement.

## Step 4. Mapping the impact of change and stakeholder reactions/responses

This step helps us:

- discover the impacts, effects and outcomes for the stakeholders, in the immediate, intermediate and long term, as well as identify who would be losers and gainers, in what areas and to what extent;
- measure the extent of resistance and support and ensure that poor people are not disadvantaged due to unforeseen or unintended impacts;
- craft a strategy to increase support, reduce and contain opposition and build the necessary safeguards into the proposed changes;
- evaluate the probability of success of a proposed change.

Some key questions to facilitate this discovery could be:

- What would be the likely impacts, effects and outcomes of the proposed changes in the short and long run?
- Who would be the likely losers and gainers, and by how much?
- Whose vital and 'non-negotiable' interests would be affected and how would these individuals/groups react?

- How much loss are the ‘losers’ willing to tolerate before they feel they must organize resistance?
- What resources would they be able to deploy and what would be their staying power in defense or furtherance of their interests?
- Would those who stand to gain be able to counter the reaction of those adversely affected? What resources would they be able to bring to bear on the task?
- And how much are they willing to invest towards this effort? What is their ‘staying power’ or how much ‘punishment’/‘losses’ are they willing to bear to see their stakes through?
- How will poor people be affected? Do they stand to gain or lose as the changes proceed through the system in the short and, in particular, the long term?
- What safeguards (at the policy, implementation and compliance levels) or actions must be taken to ensure that adverse effects are annulled or adequately mitigated?
- What resources could poor people mobilize to secure and advance their interests? What would be the extent and depth of their commitment and resolve?
- Do poor people have networks that can be mobilized to protect and further their interests as well as to lobby for the change?

The matrix in Table 6 is a useful way of organizing the data:

Table 6 Mapping impacts of change and stakeholder reactions/response

Stakeholder	Impact of change <sup>a</sup> (+/-/0)	Likely reactions to change <sup>b</sup>
K		
1		
2		
P+K		
3		
4		
P		
5		
6		
S+K		
7		
8		

Legend:

We use the following scale to assess the extent of support likely to be obtained for the proposed change or project:

(+1) = strong interest in success (0) = indifferent/neutral (-1) = great interest in failure

<sup>a</sup> Obtained from Table 5, column 4. We use the following scale: (+) positive; (-) negative; (0) neutral (no impact).

<sup>b</sup> Generally the degree of support one can expect will depend upon the incidence of impact, i.e. if impact is positive, then one can expect a strong interest in success and vice versa. However, there may be circumstances in which, even when interests are negatively impacted, there could be considerations that would nevertheless elicit a strong interest in the success of a project/policy change (e.g. a strong sense of ethics/justice among a group of stakeholders). For example, some officials in the Forest Department, out of a sense of justice, may want to support a change in tenurial practices (such as granting land titles or legally protected usufruct rights to forest dwellers), even though it would reduce their ‘territory’, their (or some of their colleagues’) power of control and their ability to seek rent.

#### Box 14 Anticipating and planning for stakeholder reactions

The focus of the Social and Economic Development Programme for Vulnerable Populations in the Border Provinces of the Dominican Republic was to empower and mainstream Dominicans of Haitian origin. The poorest people, they are a socially marginalized and excluded group that constitutes as much as 45 per cent of the poorest target group in the programme area. However, the other socially advantaged and relatively less poor groups had to be included in the programme as well, in order to prevent a backlash.

These latter groups’ dominance and power relationships would have been negatively impacted if only the poorest groups advanced economically, and this would have led to unrest. By including them, their ‘buy-in’ was ensured. The activities selected were demand-driven and negotiated with the beneficiary groups (of which the Dominican Haitians were one) within certain parameters that sought to safeguard the interests of the poorest people. This targeted, but inclusive approach facilitated their acceptance and their integration into the wider social fabric and development framework of the region – a specific goal of the programme.

## Step 5. Mapping actor networks

This step helps us identify who is linked with whom and the nature of such interests and/or ties, as well as trace the pathways of influence across all relevant levels (from local to international), sectors, operational areas and organizations. It also aids in uncovering alliances, coalitions and factions within these. This enables us to devise a strategy that minimizes conflicts and identifies allies and favourable coalitions, and to craft a pro-poor approach to communication and engagement that wins over opposing coalitions and networks, or at least reduces or neutralizes their resistance.

Some key questions that facilitate this mapping could be:<sup>14</sup>

- What networks/'influence circles' are there and who is in them?<sup>15</sup> Who is linked with whom, how and why?
- Which networks/circles are mainstream? Which of these are concerned with the issues being dealt with and which are dominant?
- Are there alternative networks/circles outside the mainstream?
- What are the core beliefs of these networks/circles and what are their fundamental interests? What are their objectives?
- How do members of the network interact with each other? What are the mechanisms used and the frequency?
- Who are the dominant members of the network and what are their fundamental interests?
- How does the network pursue its interests? How does it engage or interact with its key stakeholders in order to secure its goals and interests? What mechanisms and instruments are used or deployed?
- Where is the network weak and where strong?
- What is the nature of interaction among networks? Are they fundamentally opposed to each other or do they selectively collaborate with each other?
- How often do they interact with each other, in what forums and in what manner?
- How penetrable are the networks? Can people or institutions join easily?
- How do people/institutions join or enroll in these networks?
- How do ideas circulate through the networks?

Networks of actors can be identified and illustrated as diagrammed in Figure 7.

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### Box 15 Networks make a difference

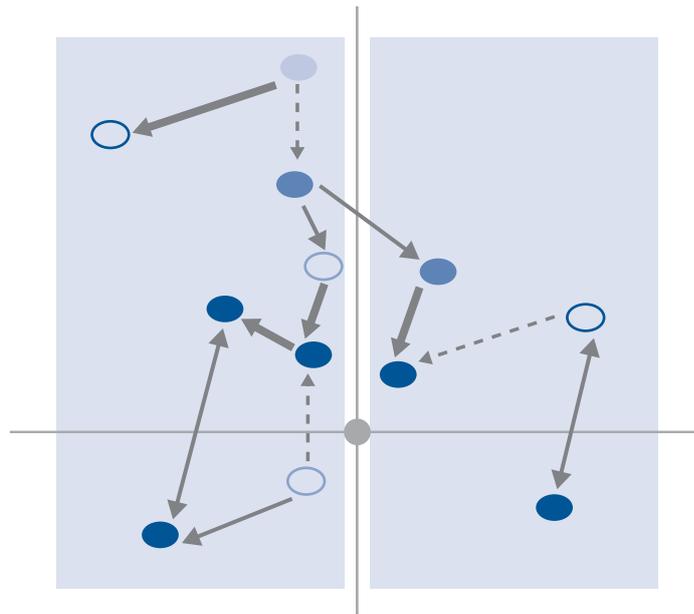
Since October 2004, through IFAD support provided to the regional coordination unit of IFAD's regional programme, REAF has met in eight regional sessions, with more than 30 preparatory meetings for regional discussions by thematic groups, and more than 120 sessions of the national sections for each of the six countries (Argentina, Brazil, Paraguay and Uruguay, along with the two associate members Chile and Bolivia). REAF sessions are an opportunity for exchange and analysis: strengthening of family farming demand for appropriate policies on access to information technologies, land and water; trade facilitation mechanisms; and policies against discrimination towards rural women. They enable social organizations of family farmers to meet with governments to identify problems, organize and generate a network of cooperation among participating countries – taking advantage of experience to save time, enhance resources and knowledge, and build a cooperative knowledge network.

REAF operations have resulted in the strengthening and creation of new forums for policy dialogue among family farmers in MERCOSUR countries. Specifically, the creation of the National Forum on Family Farming in Argentina and its provincial forums; the National Meeting on family production in Uruguay; and GMC Resolution 25/07, in which family farmers were recognized by the GMC as a socio-economic sector addressed by differentiated public policies.

14/ Some of these questions have been taken from Keeley 2001.

15/ These circles or groups could be based on policy, interest or affinity (personal, familial, ethnic, cultural, etc.).

Figure 7 Actor networks and relationships



## Legend:

A and B represent two actor networks.

- key stakeholders
- primary + key stakeholders
- primary stakeholders
- secondary + key stakeholders
- secondary stakeholders

Networks will consist of members who may not be stakeholders in the issue under consideration. However, we map only those members who are either stakeholders or who have access to stakeholders. In this diagram, there are two networks – A and B.

The various actors can be depicted in different colours or shapes depending upon their type (key stakeholders, primary stakeholders, etc.). Further, networks should be identified. When there are a number of networks involved, it might be helpful to use different colours for the diverse networks, maintaining uniform symbols for the various stakeholders irrespective of which network they belong to.

*Nearness to the centre point* of the intersecting axis indicates how powerful they are in the process that could bring about change. The centre is comprised of the most powerful key stakeholders, without whom no change can be effected.

Proximity to power also confers a degree of power; the more the individuals/groups/organizations of a particular network are close to the sources of power, the more powerful that network is.

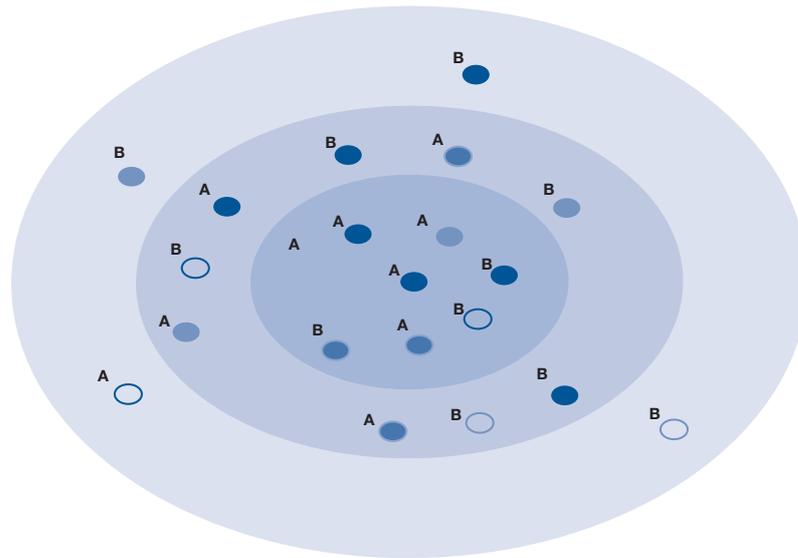
The density of stakeholders around the centre point will reveal which network has the most power or relevance in regard to the issue at stake. Here, network A is the more powerful and would normally have a greater say in determining outcomes.

The arrow and thickness of the lines indicate the direction of influence and strength of relationship. A broken line would indicate a degree of uncertainty.

Based on the above, we can now categorize the stakeholders according to their power or their access/ proximity to it (i.e. to key stakeholders) – Figure 8. Here, we use three categories – ‘very powerful’, ‘powerful’ and ‘negligible’ – to classify them according to their ability to influence outcomes.

Kindly note that the representation in Figure 8 does not come from Figure 7, but is only illustrative – although the legend of Figure 7 is also used in Figure 8.

Figure 8 Actors, networks and power levels (power to influence outcomes)



Legend:  
 Very powerful   
 Powerful   
 Negligible

Another way to organize the information for greater clarity and to enable us to determine ‘focus points’ as well as ‘gatekeepers’ (those with access to decision makers, the powerful) is illustrated in the matrix in Table 7.

Table 7 Actor networks – identifying power levels

Degree of power/name of network <sup>a</sup>	Name of agency/stakeholder	Type of stakeholder <sup>b</sup>
Very powerful		
A: 1		
2		
Etc.		
B: 1		
2		
Etc.		
Powerful		
A: 1		
2		
Etc.		
B: 1		
2		
Etc.		
Negligible		
A: 1		
2		
Etc.		
B: 1		
2		
Etc.		

<sup>a</sup> In the event that networks do not have a known name, they can be identified with letters (A, B, etc.) or numbers (1, 2, etc.).

<sup>b</sup> This refers to the type of stakeholder: key stakeholders, primary + key SHs, etc.

## Step 6. Mapping the quality of relationships

Emotions and the quality of relationships play a major role in determining how change processes unfold and their outcomes. Mapping these crucial variables helps us understand organizational and personal dynamics and the tone and emotional content of interactions, and aids assessment of what can be achieved given the nature of interactions. It also enables us to avoid stepping into relational minefields, making wrong moves or raising issues that would generate conflicts, hostility or indifference.

Some key areas and questions that facilitate this mapping could be:

- **Interactions (among and within organizations):**
  - Are the organizations complementary (each doing a distinctly different task) or duplicative (doing more or less the same jobs)?
  - What is the nature of interaction among the concerned organizations? Is it formal and bureaucratic? Formal but smooth? Informal and easy?
  - Is it mutually supportive and cooperative?
  - Cooperative overall, but competitive at times?
  - Competitive overall, but cooperative on occasion?
  - Hostile? Cold? Indifferent?
  - How frequently do interactions occur? Is it on a regular, fixed basis? Regular, but only when the need arises? Occasional, sporadic only? Hardly at all?
- **Accessibility and perceptions**
  - How easy is it to access and deal with these organizations/persons?
  - How do they deal with the target group or clients? What is the general attitude towards them?
  - What is the frequency of interaction with this group?
  - How do the general public and especially the target group see them? Are they held in esteem? Contempt? Fear? Ignored? Are they supported, opposed, ignored or disapproved of?
  - How do the various actors perceive each other? Do they speak enthusiastically of each other? Dismissively? Guardedly? Are they silent? What does their body language say?

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### Box 16 Relationships affect outcomes

In the Nepal Hills Leasehold Forestry and Forage Development Project (HLFFDP), the relationships of the major actors played a key role in the way the project unfolded. It was based upon a premise – involving people in forest management – that ran counter to the then dominant development model. Community forestry (which was strongly backed by an array of powerful actors) was promoted as the way to address rural poverty and it notched up impressive gains, over time, in terms of coverage and enhanced productivity.

The forests that came under the community forestry regime were in relatively good condition, and the objective was primarily protection and conservation. HLFFDP, on the other hand, argued that in forest areas that are degraded and in need of development, the only incentive for reforestation and conservation, while ensuring that poor people gained secure access to benefits, was to actually grant them secure tenure to the land. It argued for direct transfer of forest lands to groups of poor people on a leasehold basis (experience has shown that common resources are usually monopolized by the local elites at the expense of poor people). This position was quite at variance with the basic approach of the community forestry programme and its underlying assumption of ‘trickle-down effect’.

Positions were taken, feelings ran high, forceful and passionate arguments were made, allies drafted. Official and private forums became contending grounds, and the once-easy relationships of individuals and organizations became frayed and strained. A stressful and inhibitory environment arose. This affected the project and, at one time, HLFFDP actually came to a halt for 2 years because of the serious differences that arose among the actors. However, as results began to be seen, strong alliances arose that protected the project and ensured that it officially became another national option for poverty reduction in rural Nepal.

- **Congruence of interests**

Interests play a key role in determining the quality or tenor of relationships. If the interests of the actors are in harmony, i.e. they are similar or complementary, then it is likely that the parties will support and cooperate with each other to arrive at an outcome that maximizes benefits for both. Relationships of the parties can be expected to be 'good'. If, however, interests are in conflict or are competitive in nature, then relationships are likely to be conflictual and hostile. One can expect 'poor' relationships. If interests are neither in competition nor complementary, i.e. the interests are parallel, then relationships are unaffected; the attitudes of the parties would be basically indifferent or neutral. Relationships can be expected to be 'fair'.

Based on the above, we can now map out the 'tonality' or 'relationship quality' among the stakeholders before the proposed changes. We assume five stakeholders, as represented in Table 8, having interrelationships as indicated: stakeholder 1 (SH 1) has a good relationship with SH 2, fair with SH 3, poor with SH 4 and good with SH 5. Similarly, SH 3 has a fair relationship with SH 1, poor with SH 2, good with SH 4 and poor with SH 5.

Relationships of organizations, groups and individuals are also profoundly affected by the way they perceive the impact of proposed changes on themselves. We shall now examine this aspect and also outline a method of assessing how these perceptions will likely affect the relationships of the various stakeholders.

- **Impact of proposed change(s)**

With a proposed change in policies or the way things are done (procedures, allocation of resources and responsibilities, etc.), the relationships of the parties are influenced because their interests can be affected by the consequences, sometimes beneficially and sometimes adversely.

The net outcome will depend upon how the proposed change is perceived to impact their interests. If it impacts positively, one can expect the party to have a strong interest in the success of the proposed change. If the impact is negative, we can expect the parties to have a strong interest in its failure. If the impact is neutral (no significant changes), then the parties can be expected to be indifferent.

Where parties have similar interests (either in the success or failure of a proposed change), they will likely cooperate with each other and enjoy good relationships, at least in this regard. Where the interests diverge or are in conflict (i.e. one party has a strong interest in the success and the other in the failure of the proposed change), then relationships can become conflictual, negative or poor. The resultant quality of relationships is a net balance between the degree of congruence and divergence (or dissimilarity) of interests.

The question is: how would likely changes impact relationships of the various stakeholders under various configurations?

Table 8 Quality of relationships – 'tonality'

Stakeholders	K	P+K	P	S+K	S
	1	2	3	4	5
K					
1		G	F	P	G
P+K					
2	G		P	G	G
P					
3	F	P		G	P
S+K					
4	P	G	G		P
S					
5	G	G	P	P	

Legend:

P+K = primary + key stakeholders    P = primary stakeholders    S + K = secondary + key stakeholders    S = secondary  
 G = good relationship    F = fair relationship    P = poor relationship

Table 9 Assessment key

Partners and nature of interest		Current nature of relationship (existing)		
X	Y	Likely relationship resulting from proposed change/s		
		Good (G)	Fair (F)	Poor (P)
+1	+1	G	G	F → G <sup>a</sup>
+1	-1	F → P <sup>b</sup>	P	P
+1	0	G	F	P
0	0	G	F	P
0	-1	G	F	P
-1	-1	G	F → G <sup>b</sup>	F

Legend:

If X's interest is (+1) and Y's is (+1) [ column 1] and if the existing relationship is (G) as in column 2, then the likely outcome will also be (G); if (P) [as in Column 4], then it will likely be (F).

<sup>a</sup> Cooperating here would yield greater value to both and could lead to improvement in relations, which could rise to (G). We take a conservative view and assume (F).

<sup>b</sup> The possibility of cooperating is higher/greater if relationships at the beginning are (G) or (F). Whether it moves from (F) to (P) or (G) after the change depends on how the parties feel about each other and if they trust each other – does one party feel excluded or likely to be cheated? Would they be given a chance to secure some interests of theirs, at least to some extent? Would cooperating on a selective basis help them secure some of their core interests? It would be reasonable to assume (F) since they begin with a (G) or (F) relationship.

These are simply the most likely outcomes and, given life's complexities, may not always bear out in actual situations.

### A method for assessing likely impacts on relationships:

Let us assume two parties – X and Y. Further, we shall denote:

- 'Having strong interest in the success of a proposed change' as (+1)
- 'Being neutral/indifferent to a proposed change' as (0)
- 'Having strong interest in the failure of a proposed change' as (-1)

Now, if parties (X) and (Y) have interests ranging from (+1) to (0) to (-1) as described in column 1 below, and if the quality of relationships before the proposed change ranges from good (G) to fair (F) to poor (P) as described in columns 2, 3 and 4, then the outcomes in Table 9 are likely.

Now, based on the tonality of existing relationships (as indicated in Table 8), we shall present an overview (Table 10) of the relationship outcomes (tonality of relationships) that would likely result from the perceived impact of proposed changes using the assessment key of Table 9.

Table 10 Quality/tonality of relationship

Stakeholders	Degree of interest in policy change <sup>a</sup>	Current relationship <sup>b</sup> (from Table 8)				
		Likely relationship with proposed change (from Table 9)				
A	B	1	2	3	4	5
K						
1	+1		G/F	F/F	P/F	G/F
P+K						
2	-1	G/F		P/P	G/F	G/G
P						
3	0	F/F	P/P		G/G	P/P
S+K						
4	+1	P/F	G/F	G/G		P/P
S						
5	-1	G/F	G/G	P/P	P/P	

Legend:

<sup>a</sup> (+1) = strong interest in success (0) = neutral/indifferent; no particular interest in outcome (-1) = strong interest in failure

<sup>b</sup> G = good relationship F = fair relationship P = poor relationship

In this table, for example, stakeholders (SH) 1 and 2, who have a current relationship that is good (G) (see left figure in column 2, obtained from Table 8), have divergent interests (see column B) in respect to a proposed change. SH 1 has a strong interest in the success of the change (+1), whereas SH 2 has the opposite interest (-1). The likely outcome of a post-change relationship would be fair (F) – see right side of column 2 (after the oblique), which is adduced using the assessment key of Table 9. Similarly, SH 2 has a (G) relationship with SH 4 to begin with, but with divergent interests (column B), the relationship would likely deteriorate to (F). Various configurations and likely outcomes of the other stakeholders are also outlined.

In order to help focus on outcomes that are positive or enabling, as well as trace out 'networks of enabling relationships', we can reorganize the above information in the following matrix (Table 11).

In order to trace out 'networks of enabling relationships' among the various stakeholders, we shall now identify only those relationships that are 'good' or 'fair' as indicated in Table 11.

The following picture emerges in the above case:

- Stakeholder 1 will likely have (F) relationships with Stakeholders 2, 3, 4, 5;
- Stakeholder 2 will likely have (F) relationships with 1 and 4 and (G) relationship with 5;
- Stakeholder 3 will likely have (F) relationship with 1 and (G) relationship with 4;
- Stakeholder 4 will likely have (F) relationships with 1 and 2 and (G) relationship with 3;
- Stakeholder 5 will likely have (F) relationship with 1 and (G) relationship with 2.

This information can now enable us to craft a strategy in regard to whom to approach and how. It will prevent us from stepping into relational and emotional minefields and enable us to maintain good or satisfactory relationships with all key actors.

Table 11 Relationships likely to emerge with proposed changes

Stakeholders	K	P+K	P	S+K	S
	1	2	3	4	5
K					
1		F	F	F	F
P+K					
2	F		P	F	G
P					
3	F	P		G	P
S+K					
4	F	F	G		P
S					
5	F	G	P	P	

Legend:

G = good F = fair P = poor

## Step 7. Assessing stakeholder power and potential and mapping likely allies and opponents

This step enables us to identify the stakeholders that really matter, trace the source of their power, assess their reach and control over resources, and their ability to make/influence policy decisions. It also aids in recognizing those that currently do not have real power but nevertheless have the potential to affect the outcomes of policy and institutional changes (because of particular characteristics such as special expertise, knowledge, social networks, rights, location, size). When determining the influence and importance (contributory or oppositional) of the various stakeholders, one must not only assess their present relevance to the policy process but also their positive or negative contributory value if they are brought in or choose to enter the scene. Paying attention to the interests and needs of the various stakeholders can help us craft a strategy that leads to fuller realization of the objectives of the proposed changes as well as improvement in institutional and policy processes (IIED 2001b).

Some key questions that facilitate assessing stakeholder power and potential with respect to the policy, institutions or processes in question could be:

- Who are the key stakeholders that can influence the outcome of the project/intervention? If organizations or groups, who is dependent on whom? If influential individuals, what role do they perform, what authority do they have or interests they represent that would have a bearing on the process and outcomes of the initiative?

- What is the source of their influence or power? What resources do they have access to or control?
- How much/many resources are they willing to deploy in order to promote/obstruct the proposed changes? How much 'damage' or losses are they willing to sustain in order to achieve their goals?
- To what extent are they willing to go to promote/obstruct the proposed changes/project? What is the extent of their stakes in the likely outcomes?
- How are they organized? Are they part of networks, associations or organizations? Where are they situated in the networks/associations/organizations and what role do they play?
- What resources do these networks/associations/organizations have access to or control? How accessible are these networks/associations/organizations?
- What factions are there within each group/network/association/organization and over what issues are there conflicts? How divisive are these conflicts?
- What are their strengths and weakness? What opportunities/alternatives do they face? What current and likely threats will they face? (A useful exercise to assess this would be SWOT analysis (strengths, weaknesses, opportunities, threats) (DFID 2003b).)
- Which groups/agencies, while seemingly having no power, role or interest in the issue/proposed changes, would nevertheless prove very important (as a help or obstacle) if involved in the process? What is their potential or possible importance?

Based on the answers to these questions, as well on the data and information we have gathered by using some or all of the tools mentioned earlier, we are now in a position to determine the stakeholders that really matter – those that have the power and the interest to either support, obstruct or kill the proposed changes – as well as to determine the influence or power levels they can bring to bear.

The matrix in Table 12 will help us organize the information and data collected:

Table 12 Power to contribute/influence

Stakeholders	Name of SH/agency	Influence level/power to influence <sup>a</sup>
K		
1		
2		
P+K		
3		
4		
P		
5		
6		
S+K		
7		
8		
S		
9		
10		

<sup>a</sup> If the stakeholder (SH) is: very powerful, then we denote it as (4), if powerful (3), if moderately powerful (2), if negligible/not relevant (1).

### Identifying allies and likely opponents

In order to identify allies and likely opponents, the following key questions would be helpful:

- **Management culture** (particularly in regard to organizations):
  - Are flexibility and situation-specific responsiveness encouraged or are bureaucracy and standardized response patterns the predominant style?
  - Are individuals and groups held accountable for results and performance?
  - Are creativity and initiative encouraged and rewarded and non-performance penalized?
  - Is there a sense of purpose and enthusiasm in the organization?

- **Commonality of perspectives and interests:**
  - Which stakeholders share the perspectives, values and objectives of the proposed change and to what extent? Which do not?
  - In the case of organizations with policy-related responsibilities, how do they understand the proposed change in terms of their mandate, role and functions? Do they see it as a burden, an additionality? Or as necessary to better discharge their responsibilities?
  - What will be the likely response/reaction of those who view the change as burdensome? What resources would they mobilize and deploy?
  - Would the favourably inclined or like-minded stakeholders be willing to organize themselves and support the change? What resources would they be willing to mobilize?
  - What degree of congruence is there among these groups' interests and the objectives and likely outcomes of the proposed change? Which stakeholders have a greater degree of congruence and therefore incentive to cooperate?

A useful exercise to assess this aspect would be to undertake a Force Field Analysis (DFID 2003b). This would enable one to identify the 'driving', 'restraining' or 'opposing' forces, help locate 'change sponsors' (those who will advocate or champion an initiative) and 'change drivers' or 'agents' (those who accompany and see the initiative through).

Before we conclude this section, we would like to put the spotlight on a crucial but often overlooked or taken-for-granted item in organizational analysis, namely, the *individual*. The foregoing discussions do include the individual as a stakeholder (and therefore as an object of analysis). However, focusing on his/her role would be particularly helpful, especially if the individual's interests are at variance with that of her/his organization or publicly stated position, a not infrequent occurrence.

#### A digression: [functionaries and individual actors](#)

Individuals often play a deciding role in the outcomes of projects. These individuals may be from key organizations related to the project or may not be directly involved, but could have a bearing or influence on the outcome. Hence, it is important to identify who they are and to map the nature of their relationships and interactions with one another and the wider environment in which the project is located.

The purpose of this additional enquiry is to understand the disposition of these individuals towards the project and their capacity to facilitate, advance or hinder it. The expected outcome would be to undertake measures that increase understanding and support, facilitate and enhance cooperation, increase efficiency and effectiveness, resolve existing problems, minimize potential conflicts and manage opposition.

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#### Box 17 [Building on complementarities, creating synergies](#)

Forming groups for delivery of services is a preferred way of implementing poverty reduction programmes in rural areas. However, these groups often vanish after project completion. In the East Java Rainfed Agriculture Project in Indonesia, terracing and soil conservation work was done through groups. However, the work proved not to be very sustainable, because the groups were formed solely to gain access to project grants. Once these were accessed, there remained no reason to continue, since no additional benefits were anticipated.

On the other hand, many NGO-initiated and -supported groups have shown remarkable sustainability long after project closure, especially in the area of savings and credit. In order to draw upon the mobilization and empowerment skills of NGOs, the ongoing Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas in Indonesia has integrated NGOs as partners in the very design and structure of the programme. This has allowed the social mobilization of the NGOs to complement the technical inputs of the government-paid, village-level extension workers, thus enhancing the potential sustainability of the groups after programme closure.

While all the steps described in this chapter may also be followed when assessing individuals or functionaries, the following items could be considered a complement to that analysis. It should be noted that most of these items have already been included in the steps described. The reason they are reintroduced and expanded is to draw attention to them, as well as to serve as an alternative method of analysis if it is not possible to follow the lengthy and comprehensive steps outlined above.

Some key issues that could be assessed in this regard are as follows:

- **Role.** Does the individual play a direct role with respect to the project or is it indirect (i.e. without project responsibilities but able to influence outcomes)? Is his/her role significant or incidental?
- **Motivation.** How well disposed is the person to the project? What is the degree of her/his commitment, if any?
- **Relationships.** What is his/her relationship with the other key actors? How is s/he perceived by the team or constituency? What is the degree of trust and acceptance enjoyed by him/her?
- **Commonality of understanding.** How well does the person understand the project and its approach and to what extent is s/he committed to it?
- **Competency.** Does the person have the necessary skills and knowledge to support or execute the designated task?
- **Interests.** What are the short- and long-term goals/interests of the person? To what extent do they converge with project goals? Where are the areas of conflict?
- **Membership/access.** Is the individual a member of associations or networks? If so, what do these networks do and whose interests do they represent? Are they in congruence with the project's objectives or proposed change?
- **Control over resources.** What resources does the individual have access to or control? How is s/he likely to deploy them? In favour of or against the project/proposed change?

The gathered information can be collated in the matrix in Table 13:

Table 13 Key functionaries/individuals – an overview

Name	Organization	Designation	Role played <sup>a</sup>	Observation <sup>b</sup>	Recommended actions <sup>c</sup>

<sup>a</sup> Is it direct/indirect; significant/incidental; important/unimportant?

<sup>b</sup> Refers to the following aspects: role, motivation, relationships, commonality of understanding, competency, interests, membership or access, control over resources.

<sup>c</sup> This refers to the strategy and steps that one must undertake in order to realize one's objectives.

### Step 8. Getting an overview of the situation, identifying change champions and drivers, determining enabling factors, constraints and obstacles and devising a strategy and action plan

It should be remembered that the above tools and approaches are by no means exhaustive or exclusive. Depending upon the issues involved or the kind of project one is involved with, one may have to devise other analytical approaches and tools, as appropriate.

At this juncture, we should assess whether, given the stakeholder setup, there is enough positive will and favourable or enabling conditions to carry the proposed changes forward – *is the net balance of forces in favour of change?* Based on this assessment, we can then decide whether to go ahead, how to proceed and what opportunities for intervention exist, as well as craft a strategy of how to get where we want to go.

We shall first have to determine the power status of each of the stakeholders in relation to each other. We refer to this as the 'power index'. It ranks the stakeholders in order of the influence they

can bring to bear on either promoting a change or obstructing it. We shall call this ability to deliver the 'influence quantum'.

To determine these factors and their magnitudes, we can use the following methodology, which is reflected in Table 14.

We define four levels of influence (or power) – 'very powerful' to which we give a weight of (4); 'powerful' with a weight of (3); 'moderately powerful' with a weight of (2); and 'negligible/not relevant' with a weight of (1). This is reflected in column 3.

The extent of the resources one is willing to deploy (or, looked at from another angle, the amount of loss or 'damage' one is willing to sustain in order to secure one's interests) is directly proportional to the degree of interest the stakeholder has in ensuring either the success or failure of a proposed change or project.

If there is a strong interest in success, then substantial resources will be positively deployed. We shall give this a weight of (+2). If there is a strong interest in failure, then substantial resources will be negatively deployed. We shall give this a weight of (-2). If the stakeholder is neutral or indifferent, then little or no resources will be deployed. We shall give this a weight of (1). This is reflected in column 4.

The influence quantum is a product of both these factors, namely, the influence or power enjoyed by the stakeholder ('importance of the stakeholder') as well as the amount of resources s/he is willing to commit to pursue his/her interests. This is obtained by multiplying columns 3 and 4. The product is reflected in column 5. The figures obtained will have either a positive (+) or a negative (-) sign before them. The (+) sign indicates that the party is in favour of the proposed changes, whereas the (-) sign indicates that the stakeholder will likely oppose the changes. This will enable us to identify those who can be our allies or who will likely be our foes or opponents. Such identification is reflected in column 7.

From these magnitudes (i.e. the influence quantum), we can then develop the power index or the relative power status of the stakeholders vis-à-vis each other. We rank the various stakeholders in order of magnitude. The higher the score, the more powerful the stakeholder in relation to those below him/her with respect to securing interests. The one with the highest score is ranked first, with the others following in descending order. The larger the magnitude, the more attention should be paid to the stakeholder. This ranking is reflected in column 6.

Now that we have got a fair idea of who our allies or opponent are likely to be, we need to have a sense of whether there is positive energy in the system as a whole. If the system as a whole is predisposed towards a particular outcome, the likelihood of achieving the opposite result is very low. In order to assess this, we shall now introduce the concept of 'net balance of forces'.

This net balance seeks to determine whether there is positive energy in the system to support change. Adding together the figures (magnitudes) obtained in the influence quantum calculations can help approximate this. The sum total of column 5 (influence quantum) is the net balance of forces. If the sum total is negative, it would indicate that the desired change would not likely occur in the current circumstances and we would have to determine whether one could catalyse forces to neutralize the negative forces or decide to abandon the project altogether.

If the sum total is positive, it could indicate that there is positive energy or a favourable disposition towards change. While this is a necessary condition (that is, the positive sum), it is not a sufficient one. For while it does indicate that there are positive energies, we can say that the system is predisposed towards achieving a particular desired or favourable outcome only if these energies are in sufficient quantity to overcome resistance and oppositional forces. Hence, we need to know the amount of energies existing in the system. In other words, we need to know what we shall call the 'relative success indicator' (RSI) of a particular initiative.

The RSI is obtained from the percentage ratio of the net balance of forces figure to the sum of the maximum positive energies obtainable in a system at any given point. This latter sum is obtained by adding all the maximum possible positive influence quantum figures of each stakeholder. In the ranking system used in this text, where the highest rating for 'importance of stakeholder' is (4) and 'resources likely to be used to secure change' is (+2), the maximum possible influence quantum figure for each stakeholder involved is (+8). This sum (+8), multiplied by the total number of stakeholders, gives a product that is equivalent to the *sum of the maximum positive energies obtainable in a system* at any given point.

We are now in a position to assess the success potential of a particular initiative. One can draw the following conclusions of the likely outcome of a particular initiative if the RSI is as follows:

- less than 50 per cent – not likely to succeed;
- equal to 50 per cent – the outcome cannot be predicted with any degree of reliability;
- more than 50 per cent and up to 75 per cent – likely to succeed;
- more than 75 per cent – highly likely to succeed.

In the event of the last two scenarios ('likely to succeed' and 'highly likely to succeed'), the institutional analysis would point to areas of concern to which attention would have to be paid in order to increase the probability of success. *The objective of an initiative's promoter should be to push the RSI as close to 100 per cent as possible.*

A point of caution: we should treat the conclusions we draw as indicative rather than as definitive or certain. Conducting a stakeholder power analysis is a very subjective and sensitive issue, and often the full range of facts and nuances is not available to us (in practice, we usually are guided by a 'sense' that we have acquired through experience and interaction with local actors). We should also bear in mind that, at times (quite often, in fact), the parties involved camouflage the real issues/facts.

Table 14 Stakeholder interest, power and alliance index

Stakeholders	Interest in change <sup>a</sup>	Importance of stakeholder <sup>b</sup>	Resources likely to be used to secure/oppose change <sup>c</sup>	Influence quantum <sup>d</sup>	Power index/relative power status <sup>e</sup>	Type of alliance possible <sup>f</sup>
1	2	3	4	5	6	7
K						
1						
2						
P+K						
3						
4						
P						
5						
6						
S+K						
7						
8						
S						
9						
10						
Net balance of forces <sup>g</sup>						
Relative success indicator (RSI) <sup>h</sup>						

Legend:

<sup>a</sup> If there is strong interest in success, we indicate it as: (+1), if indifferent/neutral, we indicate it as: (0), if there is strong interest in failure, we indicate it as: (-1).

<sup>b</sup> This is obtained from Table 10/column 3 above. If the SH is: very powerful, then we denote it as (4), powerful, then we denote it as (3), moderately powerful, then we denote it as (2), negligible/not relevant, then we denote it as (1).

<sup>c</sup> If there is strong interest in success, then substantial resources will be positively deployed: (+2), if there is strong interest in failure, then substantial resources will be negatively deployed: (-2), if neutral/indifferent, then little or no resources will be deployed: (1).

<sup>d</sup> This refers to ability to deliver – 'deliverability'. It is obtained by multiplying columns 3 and 4.

<sup>e</sup> This helps us prioritize who we target or focus on.

<sup>f</sup> A = ally, F = foe.

<sup>g</sup> This is obtained by summing up the items in column 5 (influence quantum). It is either (+) or (-).

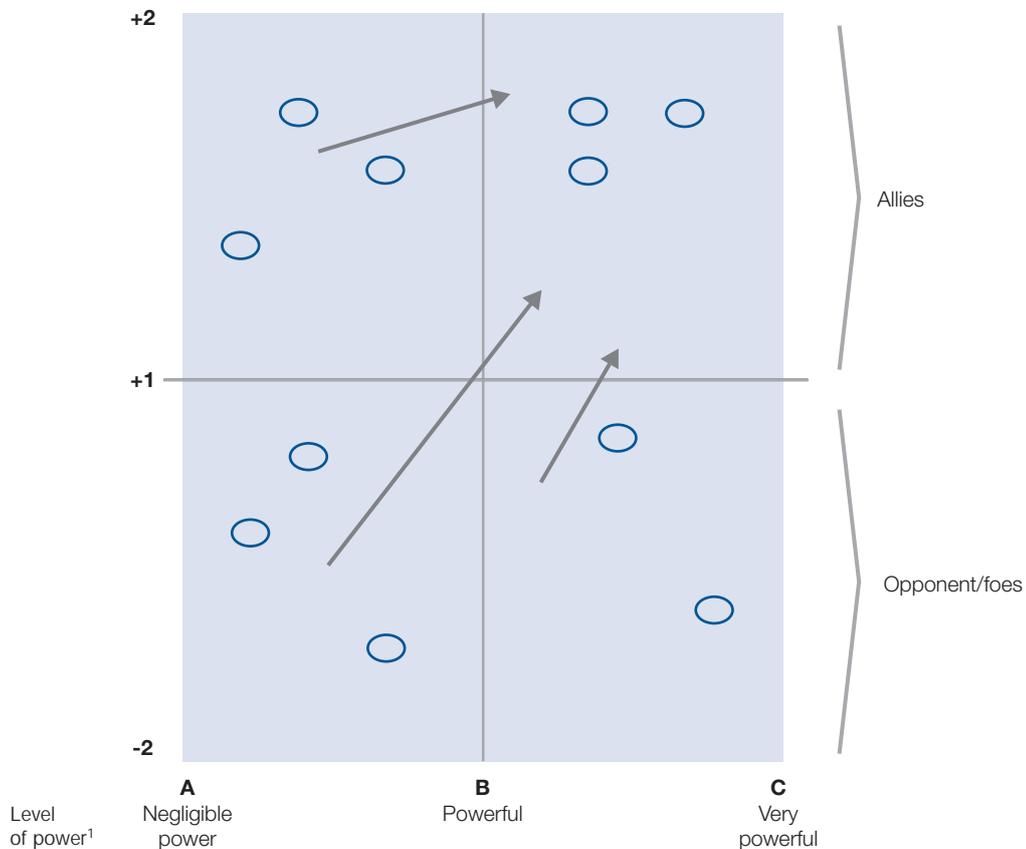
<sup>h</sup> This is obtained by dividing the net balance of forces figure by the sum of the maximum possible positive influence quantum figures of each stakeholder (= 8 x the number of stakeholders) and obtaining the percentage: (NBF' sum/(8 x no. of stakeholders) x 100.

If the RSI is:

- less than 50%, the initiative is not likely to succeed;
- equal to 50%, the outcome cannot be predicted with any degree of reliability;
- more than 50% and up to 75% – likely to succeed;
- more than 75% – highly likely to succeed.

The same can also be diagrammatically depicted as in Figure 9:

Figure 9 Power, interest and alliance matrix



Legend:

Interest in success or failure of project:

(+2) = very great interest in success (-2) = very great interest in failure (1) = indifferent/neutral

<sup>1</sup> These three axes represent the varying level of power/influence for each stakeholder, i.e. the extent to which they are able to influence outcomes/events determines their relative power/ability to deliver.

Note: The arrow depicts the direction in which the stakeholders should ideally move – in favour of the proposed changes/project.

Source: Adapted from Steve Jones and Associates, Workshop Report, 1998.

### Case study 3 Nepal Hills Leasehold Forestry and Forage Development Project

The Nepal Hills Leasehold Forestry and Forage Development Project (HLFFDP), which was approved in December 1989, had two major objectives – reducing poverty in the hill regions of Nepal and greening the environment and restoring ecological balance. It proposed a bold and innovative approach – giving resource-poor farming and landless households 40-year leases over degraded public forest lands, providing them with planting stock for household, fodder and forage purposes and giving them livestock (primarily goats), which could be raised on the fodder from the leased plots of land. To participate in the project, eligible families had to form groups, each consisting of from five to ten families. Although individual plots of land were demarcated (averaging 0.62 ha per family against the targeted 1.00 ha), the management of the entire composite block was the responsibility of the group.

Before the project was launched, there was only one development forestry management regime in Nepal – community forestry (CF) – in which large plots of national forest lands are devolved to relatively large communities (the average size of user groups ranges from 100 to 1,000 people), which must create a long-term management plan. This plan normally endows forest users with limited rights in the collection of fuelwood and contains provision for rotational tree felling. With the exception of

fuelwood and fodder, benefits do not accrue to individual households but to the community, with profits from timber used to fund local infrastructural schemes. In CF, the forests are still in reasonably good shape and the focus is mostly conservation and protection. In leasehold forestry (LHF), on the other hand, the forest lands are degraded and user groups are small (five to ten families). There is a redistribution of assets (through granting of long-term leases) to resource-poor and landless households. Benefits thus accrue to individual households. Since the lands are barren, the focus is on rehabilitation and production.

HLFFDP seemed doomed from the start. At the time it was an untested concept – no project had sought to give secure access to and tenure of public forest lands to group-based individual households or had focused exclusively on poor people. The project was delayed for 2 years because of conflicts among the various stakeholders, during which the lead agency had to be changed and half the loan amount cancelled. It almost came to a halt in 2001, had to be extended twice beyond its closure date and, at project closure, only 50 per cent of the targeted area had been covered!

Yet not many projects can claim the structural and political impact this project has had. Leasehold forestry has been accorded top priority in Nepal's Poverty Reduction Strategy Programme as well as in the Government's Tenth Five-Year Plan (2002-2007). It is being treated on a par with community forestry as a strategic, sustainable and effective approach to rural poverty reduction. A separate directorate is being set up in the Ministry of Forest and Soil Conservation, and the Forest Act and Rules are being amended to address the legal lacunae related to its implementation.

An independent evaluation of HLFFDP in 2003 validated the premise that the transfer of degraded forest lands to the very poor on renewable long-term leases can both reduce poverty and reforest the hills. The evaluation found: (i) a significant increase in the number of goats and forage self-sufficiency; (ii) annual household income increases of US\$270-US\$405 from a variety of sources related to the leasehold forest; (iii) increased household food security and an improvement in the diet of children; (iv) a substantial reduction in the time required for the collection of forage and firewood and, as a result, improved school attendance by children; (v) greater self-esteem and confidence of women; and (vi) a halt to and reversal of environmental degradation at most leasehold sites, with substantial ground cover and vegetal diversity occurring.

#### **How did this unexpected turn of events occur?**

The project is a fascinating story of committed and enterprising individuals, of the complex interplay of diverging interests, the power dynamics among many actors and the various stratagems and resources they could use to secure and further their interests – all played out within a rapidly changing socio-political environment.

Using the approaches and tools described in this sourcebook, we shall identify the key actors (stakeholders) and analyse some of the events and processes that contributed to the difficulties and successful outcomes of the project. The analysis will seek to answer the following question:

*What were the forces and processes that shaped the final outcomes? How were the system and processes primed, i.e. were there sufficient positive energies in the system to help it overcome difficulties and deliver a successful outcome? Or was it predisposed towards failure?*

Since the analysis is being undertaken after the event, we have to take into consideration the processes and events that developed during the course of the project and factor them in as variables. Had this analysis been done before project commencement, we might well have ascribed different weights/scores to some of the variables, resulting, possibly, in different likely outcomes. This only underscores the fact that institutional and interactional dynamics are highly fluid and constantly evolving. Therefore, there is a need to revisit our assessments and conclusions and validate them on a regular basis.

For the sake of comparison and as an illustration of the application of the tools, I have also done an analysis as would have been done before project commencement (at the time of project planning and formulation), based on the information and assumptions that would normally have been taken into consideration at that point. This is reflected in the figures/values that appear in red on the right side of the oblique sign in columns 3, 4 and 5 in the matrix "Stakeholder interests, influence, power and alliances" below. The black figures/values to the left of the oblique sign in the same columns reflect assessments done after project completion.

## The Analysis

### Social context

At the time, Nepal was gripped by growing social unrest that in the closing years of the preceding decade became conflictual and has now grown into a full-blown insurgency. This set loose forces that strongly impacted the various actors and influenced their perceptions and actions.

### Actors, interests, conflicts and congruence

We focus only on the key operational actors at the various levels. They are as follows:

- Country/political level: Ministry of Finance, Ministry of Forest and Soil Conservation, Ministry of Agriculture and Cooperatives, Planning Commission and the political establishment;
- Programme level: Department of Forests and Department of Livestock Services;
- Project level: NGOs, community forestry groups and leasehold forestry groups, village women and their groups, and the project management unit (PMU).

### Interests and stratagems deployed

Let us see how each actor perceived the impact of the project on its core interests (beginning at the village level and working upwards):

#### *Village women and their groups (WGs)*

These turned out to be the advocates, promoters and champions for the project at the village level. The project directly addressed their livelihood preferences and also greatly mitigated their workloads and drudgery. Regenerated leasehold plots to which they had secure access not only substantially cut down the time and fatigue spent in carrying firewood and fodder from long distances, but the planting of cash and food crops (bamboo, tubers, fruit, seed cultivation, etc.) provided supplemental income and additional nutrition. A bonus was that the children now had the possibility of going to school because they did not need to graze the livestock or fetch firewood as much as before. The strength of their interest in having the project succeed can be classified as (+1), their importance in the scheme of things, as it turned out, can be described as (+3) because without them the project would not have succeeded. They are primary stakeholders in this project because they are directly affected. They would be expected to deploy substantial resources to secure their interests (+2). The same assessment applies had the assessment been made at the time of project formulation in all respects but one – they would likely have been assessed as having negligible importance as stakeholders (1).

#### *Leasehold forestry groups (LFGs)*

The project greatly benefited the landless and poor people – for the first time, they had a piece of land they could call their own. In the agrarian context, it greatly enhanced their self-image and social status. When threatened by fellow villagers who were left out or were in the community forestry scheme, they quickly organized themselves into intergroups and cooperatives to face them unitedly. This spin-off was unanticipated by the project design and authorities and indicates the extent of ownership that the leaseholders had acquired. The strength of their interest in the project succeeding can be classified as (+1), their importance in the scheme of things, as it turned out, can be described as (+3) because if they had not made the project a success there would have been no basis to promote and establish it as a national strategy for poverty reduction. They are primary stakeholders in this project because they are directly affected. They would be expected to deploy substantial resources to secure their interests (+2). The same assessment applies had it been made at the time of project formulation in all respects but one – they would likely have been assessed as having negligible importance as stakeholders (1).

#### *Community forestry groups (CFGs)*

This group was hostile to the concept of LHF because it was a direct threat to the status quo – productive resources were actually being transferred to poor people and hitherto marginalized groups. It would reshape power relationships and dependencies. Further, these CFGs were largely dominated by the village elite, who were the biggest beneficiaries of common property resources. If the LFG were to succeed, they feared that pressure would build from members of their own CFG for either similar arrangements or a greater share in appropriated benefits. They used all the means at their disposal to thwart or subvert the project. The strength of their interest in the project succeeding can be classified as (-1), their importance in the scheme of things, as it turned out, can be described as (1) because not only did they not succeed, but the poorer members of the CFG had the option of joining the LFG, thus greatly weakening their damage potential. They are secondary stakeholders in this project because

they are indirectly affected and have an interest in the outcomes of the project. They would be expected to deploy substantial resources to oppose the project (-2). The same assessment applies had the assessment been made at the time of project formulation in all respects but one – they would likely have been assessed as being moderately powerful as stakeholders (2).

#### *NGOs*

They shared the same goals as those of the project. The strength of their interest in the project succeeding can be classified as (+1), their importance in the scheme of things, as it turned out, can be described as (+3). They would be expected to deploy substantial resources to secure their interests (+2). The same assessment applies had the assessment been made at the time of project formulation in all respects.

#### *Project management unit (PMU)*

They were a committed team led by a dynamic, competent and well-networked leadership. They believed in the project goals and approach. The strength of their interest in the project succeeding can be classified as (+1), and their importance in the scheme of things, as it turned out, can be described as (+4). They would be expected to deploy substantial resources to secure their interests (+2), the reason being that this project offered them the opportunity to do something different as well as the possibility of advancing their careers if the project were successful. The same assessment applies in all respects had the assessment been made at the time of project formulation.

#### *Department of Forests (DOF)*

Initially, this department had strong misgivings and did not support the scheme. At one time, for a period of almost 2 years, the scheme remained suspended. However, once DOF realized the potential and value of the leasehold approach, it embraced the project. Unlike the CFG scheme, where forest cover and productivity were reasonably good and where protection and regulation were required in order to prevent further deterioration (hence the need to involve the community as a whole), in the case of LHF, the land was already barren and degraded. The need was to prevent further degradation and increase its productivity – objectives that would not be achievable with a 'common access' approach. It called for the development of a much stronger incentive system, which only secure tenure – a form of contingent privatization – could provide. It was thus in the department's long-term interest to promote such an approach. Furthermore, it was not really losing the land; it was only leasing it and also determining how it was to be used, albeit in consultation with the lessee.

DOF was also feeling the pressure of social unrest as it was at the fault lines, as it were – it was the identifiable owner of resources that poor people felt belonged to them. The strength of its interest in the project succeeding can be described as (+1), its importance in the scheme of things can be described as (+4), because it was the legal custodian of the lands and held the mandate for their utilization. It is a primary but key stakeholder in this project because it is directly affected (it leases out its custodial lands) and is the lead agency. It would be expected to deploy substantial resources to secure its interests (+2). The same assessment also applies had the assessment been made at the time of project formulation in all respects.

#### *Department of Livestock (DLS)*

For this department, this project was indeed a boon. DLS did not have the resources to launch a large-scale programme of livestock development exclusively for poor people nor access to lands to develop fodder resources. Relations with DOF were not good before the project because DLS could not use forest lands for fodder development. The project improved the relationship of the departments as mutual and reinforcing dependencies were built up. It also helped DLS upgrade its facilities, infrastructure and capabilities and increase its profile. The strength of the department's interest in the project succeeding can be classified as (+1), its importance in the scheme of things, as it turned out, can be described as (+4), because livestock and fodder/forage development held the key to the success of the project. It is a secondary but key stakeholder in this project because it is only indirectly affected, but without its cooperation, a decisive component would not have been effectively implemented. The department would be expected to deploy substantial resources to secure its interests (+2). The same assessment applies in all respects had the assessment been made at the time of project formulation.

#### *Ministry of Forest and Soil Conservation (MFSC)*

This was the lead agency and the most important in terms of implementing the project. For reasons already mentioned for DOF, it is the primary and key stakeholder and shares the same score as that of DOF in both cases.

*Ministry of Agriculture and Cooperatives (MOA/C)*

This ministry was crucial to the overall success of the project. For reasons already mentioned for DLS, it is a secondary but key stakeholder and shares the same score as that of DLS also in the case of the pre-formulation situation.

*Ministry of Finance (MOF)*

Bilateral and multilateral donors make a substantial foreign contribution to the development budget of Nepal. It was a project that fitted national priorities, was designed and managed by government departments, provided grant-based technical assistance, thus building up departmental capacities, and for which funding was available at highly concessional terms and with no strings attached (no outflow of foreign exchange for purchase of goods and commodities was involved). The strength of MOF's interest in the project succeeding can be classified as (+1), its importance in the scheme of things can be described as (+4) because it channeled the funding and also provided its own funds when the project had difficulties in 2001 and nearly ground to a halt. It is a key stakeholder because, without its approval, backing and clearance, the project could not have taken off. It would be expected to deploy substantial resources to secure the project (+2). The same assessment applies in all respects to the project formulation situation as well.

*Planning Commission (PC)*

With the mandate to plan and allocate financial resources for growth, development and poverty reduction, the Commission was a natural ally of the project. However, the keen interest taken in the project by some Commission members helped shield it from detractors and opponents and ensured that its impacts were disseminated among decision makers. This greatly contributed to the national approbation that has been accorded the project in recent official development plans. The Commission is a key stakeholder and would have the same scoring as MOF. The strength of its interest in the project succeeding can be classified as (+1), its importance in the scheme of things can be described as (+4). It would be expected to deploy substantial resources to secure the project (+2). The same assessment applies in all respects to the project formulation situation as well.

*The political establishment (PE)*

In a parliamentary system, the political establishment responds to signals and pressures from its constituencies. Poverty and the growing destitution of rural Nepal had become a political issue that could no longer be brushed aside. The growing discontent and the brewing insurgency convinced the doubters (a consequence of a successful project would be a shift in their power base with unforeseen consequences!) to join the majority in favour of the project. It is a key stakeholder. The strength of its interest in the project succeeding can be classified as (+1), its importance in the scheme of things, as it turned out, can be described as (+3) because it was also determined by circumstances. It would be expected to deploy substantial resources to secure the project (+2).

In the project formulation instance, given the fact that the elite largely opposed the project and these are the power base of the political establishment, their role would likely be ambiguous (they would not want to be seen as 'anti-poor', undoubtedly) and they would in all probability adopt a neutral position. Hence they are classified as having no particular interest in the outcome of the scheme (0), playing a 'moderate' role in the project (2) and deploying no substantial resources either way (1).

We shall now organize the conclusions of our analysis in the form of a matrix:

### Stakeholder interests, influence, power and alliances

Stakeholders	Interest in change <sup>a</sup>	Importance of stakeholder <sup>b</sup>	Resources likely to be used to secure/oppose change <sup>c</sup>	Influence quantum <sup>d</sup>	Power index/relative power status <sup>e</sup>	Type of alliance possible <sup>f</sup>
1	2	3	4	5	6	7
K						
1. MOF	+1	4/4	+2/+2	+8/+8	1/1	A
2. PC	+1	4/4	+2/+2	+8/+8	1/1	A
3. PE	+1/0	3/2	+2/1	+6/+2	2/4	A
P+K						
4. DOF	+1	4/4	+2/+2	+8/+8	1/1	A
5. MFSC	+1	4/4	+2/+2	+8/+8	1/1	A
6. PMU	+1	4/4	+2/+2	+8/+8	1/1	A
P						
7. LFG	+1	3/1	+2/+2	+6/+2	2/4	A
8. WG	+1	3/1	+2/+2	+6/+2	2/4	A
S+K						
9. NGOs	+1	3/3	+2/+2	+6/+6	2/2	A
10. DLS	+1	4/4	+2/+2	+8/+8	1/1	A
11. MOA/C	+1	4/4	+2/+2	+8/+8	1/1	A
S						
12. CFG	-1	1/2	-2/-2	-2/-4	3/3	F
Net balance of forces <sup>g</sup>				+78/+64		
Relative success indicator (RSI) <sup>h</sup>				81%/67%		

#### Legend

MOF	Ministry of Finance
LFG	leasehold forestry groups
PC	Planning Commission
WG	women's groups
PE	political establishment
NGOs	non-governmental organizations
DOF	Department of Forests
DLS	Department of Livestock
MFSC	Ministry of Forests and Soil Conservation
MOA/c	Ministry of Agriculture and Cooperatives
PMU	project management unit
CFG	community forestry groups

Note: The black figures to the left of the oblique sign in columns 3, 4 and 5 reflect assessments made after project completion; the red figures to the right of the oblique sign in the same columns reflect assessments that would most likely have been made at the time of project formulation.

<sup>a</sup> If there is strong interest in success, we indicate it as: (+1), if indifferent/neutral, we indicate it as: (0), if there is strong interest in failure, we indicate it as: (-1).

<sup>b</sup> If the SH is: very powerful, then we denote it as (4), powerful, then we denote it as (3), moderately powerful, then we denote it as (2), negligible/not relevant, then we denote it as (1). This can also be obtained from Table 12/column 3 above.

<sup>c</sup> If there is strong interest in success, then substantial resources will be positively deployed: (+2), if there is strong interest in failure, then substantial resources will be negatively deployed: (-2), if neutral/indifferent, then little or no resources will be deployed: (1).

<sup>d</sup> This refers to ability to deliver – 'deliverability'. It is obtained by multiplying columns 3 and 4.

<sup>e</sup> This helps us prioritize who we target or focus on in the post-project situation (black figures), priority but equal attention would have to be paid to stakeholders 1, 2, 4, 5, 6, 10 and 11 followed by stakeholders 3, 7, 8 and 9. Stakeholder 12 could be kept for last. The same logic would apply for the project formulation situation (red figures).

<sup>f</sup> A = ally, F = foe.

<sup>g</sup> This is obtained by summing up the items in column 5 (influence quantum). It is either (+) or (-).

<sup>h</sup> This is obtained as follows: post-project: 78/96 (= 8 x 12 total stakeholders) x 100 = 81%; pre-project: (64/96) x 100 = 67%.

Now, as stated in Table 14, if the relative success indicator (RSI) is:

- less than 50%, the initiative is not likely to succeed;
- equal to 50%, the outcome cannot be predicted with any degree of reliability;
- more than 50% and up to 75%, likely to succeed;
- more than 75%, highly likely to succeed.

### Predictions and riders

We shall now answer the question we began with: using the tools of institutional analysis developed so far, could the processes and outcomes engendered in HLFFDP have been uncovered and predicted? Would a pre-project analysis have revealed the likelihood of the realized processes and outcomes? Would it have uncovered any predispositions in the system and environment – whether there was sufficient positive energy in the system to help it overcome difficulties and deliver a successful outcome?

The RSIs in both the post-project and pre-project assessments are 81 and 67 per cent respectively. In the first case, this indicates a high likelihood of success; in the latter case, a likely successful outcome. The pre-project analysis thus anticipates that while success is likely to occur, the project will nevertheless face considerable difficulties, as indeed happened. Moreover, the pre-project analysis also reveals areas where likely problems and difficulties would arise, as well as likely 'drivers of change' (potential allies who could make a crucial difference). In the above case, stakeholders 3 (PE), 7 (LFG) and 8 (WG) each had a low influence quantum (+2 of a possible +8), thus revealing likely problems for potential 'drivers of change'. A project promoter would therefore have to concentrate on raising the positive energy levels among these stakeholders to the maximum possible level – in this case, to +8. As it turned out, these same stakeholders did make the crucial difference that helped the project overcome its many problems and successfully achieve its main objectives. The analysis also reveals that various forces came together to catalyse the positive energies in these stakeholders and raise them to the level desired to overcome the negative forces.

The pre-project analysis also reveals that stakeholder 12 (CFG) would be a fairly strong negative force (influence quantum of -4), thus alerting one to possible problems arising from that source as well as the likely irreconcilability of its interests (given the substantial level of negative energy, that is, 50 per cent of a maximum of -8). The promoter can thus strategize to neutralize or minimize this stakeholder's influence while not investing further resources in bringing the stakeholder on board (which would, in all likelihood, be a losing proposition in these circumstances).

From the above, it is evident that had institutional analysis been done prior to project implementation, the likely outcome could have been predicted, sources of problems as well as 'drivers of change' identified, and strategies and interventions developed to minimize opposition and build enabling forces and energies to realize a successful project.

Section 2  
Unweaving the institutional and  
organizational fabric – analysing,  
understanding and facilitating change

Chapter 7  
Bringing it all together

## Taking stock and charting a course

We have now completed the institutional, organizational and individual analysis, and the specified areas and nature of change/interventions have been matched to those organizations and persons with the mandate, responsibility, authority, interest and/or influence to bring about the necessary changes or undertake the necessary actions. This organizational/institutional/individual matching can extend across the continuum from the village right up to the highest authorities at the national and occasionally global levels. The analysis should be taken as a reflection of our understanding of the reality at a given point in time, with the information and resources available.

One should bear in mind that even with the most rigorous methods of information collection and dispassionate analysis, the conclusions we draw might not be correct or not adequately representative of reality. Cues may have been misread; the underlying currents and forces misunderstood, wrongly estimated or altogether missed; stakeholders wrongly categorized or assessed. One should therefore be wary of being seduced by sophisticated charts and matrices that appear to capture reality in its essentials and give us the feeling that we have grasped the situation. One should be alert and constantly cross-reference, triangulate and verify one's analysis, conclusions and the effects of proposed actions by undertaking reality checks in the field as well as through dialogue with local knowledgeable people, especially with the target group and, in particular, the poorest people within it.

Based on analysis, verification and information gathered during conversations with knowledgeable local people, one can now devise an approach and strategy that help achieve the desired results with the cooperation of at least the majority of actors and in the least possible time.

Specifically, the purpose of our analysis and reflection would be to:

- determine the appropriate partners with which to deal;
- provide incentives for cooperation and managing conflicts;
- increase areas of convergence and mitigate friction and dysfunctionalities;
- build a commonality of purpose and foster enthusiasm, morale and commitment;
- enhance stakeholder ownership and create a win-win situation for all.

It should be remembered that in these matters, a good rationale is by itself not enough – relationships do matter and these should be developed and managed with care, patience and sensitivity.

## A cross-cutting view: where do poor people fit in?

At this juncture we should remind ourselves of the purpose of the entire exercise: to create space for and build capacities of rural poor people through institutional and organizational transformation, so that they can access resources and organize themselves effectively in order to help themselves out of poverty. Thus, when analysing the institutional and organizational set-up and crafting an intervention strategy, we must actively seek the views and perspectives of poor people. It is important to include these at all levels of the analysis as well as in the process of seeking a solution. Only then will we be able to craft interventions that truly benefit poor people.

The following questions could help us see and understand reality from the eyes of poor people and remind us of the very reason for the project or intervention:

- How do the present situation and proposed change look from the perspective of poor people? What are their views? Do they see the change as benefiting them? If so, how do they believe it would?
- Will it benefit poor people more than it would the better-off in the intermediate and long term (if not in the immediate short term, at least)?
- Or, will it, despite appearances to the contrary, actually disadvantage poor people in the long term?
- Who do poor people see as supporting or opposing the changes and why?
- What means are used and how would the objectors go about opposing the change? What is their staying power? To what lengths would they go to protect their interests?
- How could those who would likely support the change have an incentive to do so, and what resources and means would have to be used?

- Do poor people have the resources to advance their interests and also counter the adverse effects of opposition and conflict? What would be the extent and depth of their commitment and resolve?
- Are they members of networks and associations? How organized are these, how representative, transparent and accessible?
- How well connected are these to other networks? And what is the nature and extent of their relationship with the governmental and political establishment?

### A question of ethics

Another issue is that of ethics. The analytical tools described above can lend themselves to strategies and tactics that can be very utilitarian, but sometimes unethical. Given the relatively short project periods (810 years is fairly ambitious for some sustained changes to occur, particularly those in the social realm), the best of intentions – to help poor people in the shortest time possible – can sometimes lead one to adopt ‘quick fixes’ or manipulative tactics.

One may tend to operate on the belief that the end justifies the means; for instance, questionable methods may be used to ensure that some stakeholders (perhaps, on occasion, even poor people) are advantaged over others. This is not to argue that poor people should not be prioritized (IFAD has made a preferential option for poor people and rightly so!). The issue here is the methods used – usually, such approaches leave a feeling of betrayal and anger and can prove counterproductive in the long term. Such a danger arises due to “the categorization, representation and pigeon-holing involved. Some stakeholders may get underrepresented or misunderstood (IIED 2001b).”

Moreover, there are complex issues to be addressed, such as capacities, rights, sustainability, legitimate but conflicting interests, justice, responsibilities and social harmony. This calls for a nuanced, balanced, transparent and inclusive approach that, while resulting in a situation in which poor people gain more than the others (assuming the others gain, too), does not lead to an unacceptable loss to the others (assuming they do not gain in the process). Utilitarian or manipulative approaches would scarcely create the necessary conditions for long-term empowerment of poor people (which is also about values).

This is an important issue. Significant, sustainable change requires time, and a number of intervening and intermediate events must be undertaken or occur before the ultimate goals and objectives are realized. This necessitates a long-term perspective and patience. It also sometimes involves carrying out steps that may not be immediately beneficial to poor people or even appear retrograde: for example, demanding a minimum contribution in labour or kind from already impoverished people; making some concessions to the better-off groups initially, while obtaining from them other ones that could eventually have greater relevance to poor people; in some socio-economic circumstances privatizing communal lands. (This does not mean that poor people are automatically excluded. They can and should be given first priority to purchase the land (or other assets), and instruments that are tailored to their capacities should be designed for this purpose.) The issue at stake is that the principle of privatization should not be rejected *ab initio* as inherently and necessarily anti-poor; it need not necessarily be so.

We are now in a position to work out an intervention/engagement strategy. We combine the information we have gathered about stakeholder power and interest into a matrix (Table 15) and outline possible strategies for engagement.

Depending upon the strategy adopted and the project, a concrete strategic action plan is needed. It should employ a variety of instruments and approaches to enlist participation, reduce opposition and carry the project forward. In sum, one should focus on outcomes, identify underlying dynamics, distinguish between technical and institutional/structural issues, and build incentives (both positive and negative) that help the project achieve its purpose.

One should also prepare for assumptions not being borne out and factor in risk in the planning. A tool for risk management would be helpful in this regard (DFID 2003b).

Table 15 Strategic orientation to managing stakeholder relationship

Stakeholder power	Stakeholder interest		
	Positive interest	Neutral interest	Negative interest
Very powerful/powerful	Collaborate with, involve closely in the process	Win over, or at least ensure that s/he doesn't turn hostile	Mitigate impacts, neutralize, defend against
Moderately powerful	Collaborate with, involve closely in the process	Win over, or at least ensure that s/he doesn't turn hostile	Mitigate impacts, neutralize, defend against
Negligible power	Involve, build capacity, secure interest	Win over, or at least ensure that s/he doesn't turn hostile	Monitor, mitigate impacts, neutralize

Section 2  
Unweaving the institutional and  
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Chapter 8  
Crafting interventions and  
seeing change through

## How do we go about achieving our strategic plans?

Now that we broadly know what we have to do in terms of interventions, we must craft a strategy for successfully piloting change through, as well as a 'roadmap' or action plan to get there.

### General prerequisites for success

At the outset we should remember that attempting institutional and policy change is a complex task whose outcome is unpredictable. Hence, before one embarks upon this 'mission' (which is what it must become if appropriate and lasting change is to be achieved), one must take stock of one's complement of resources and enablements:

**Time available.** Policy changes take time, as they require perceptual and behavioral adaptation. Moreover, enlisting participation and ownership requires considerable investment of time. It is important to assess realistically whether one has the time necessary to achieve the contemplated changes.

**Resources.**<sup>16</sup> Change involves risks. There are those who win and those who lose, and losers are not going to willingly participate in their own diminishment. Therefore, credibility and the ability to deliver are necessary in order to create the right incentives and deterrents that make change attractive and opposition either futile or costly. One must be able to marshal the necessary resources to manage change successfully.

**Commitment.** Apart from personal commitment (which is a given, since without it nothing worthwhile ever gets done), it is vital to be sure one has the firm commitment and backing of one's own management as well as of the government and concerned organizations of the partner

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#### Box 18 Having the winning team at the right time and in the right place

Despite being blessed with bountiful natural wealth and resources, Chhattisgarh ranks among the poorest states in India and is categorized as severely food insecure. The Jharkhand-Chhattisgarh Tribal Development Programme of IFAD, supported also by the World Food Programme (WFP), was launched with the objective of ensuring household food security and improving livelihood opportunities based on sustainable and equitable development of natural resources. In addition, the programme sought to produce a model for implementation that could be replicated elsewhere.

It is a remarkable story because it is all about seizing opportunities, drawing upon painstakingly built-up personal and institutional relationships, working with and across networks, building coalitions, securing the support and services of committed, competent, knowledgeable and influential people and reaching out across the political, administrative and governance architecture. In short, it is about getting the fundamentals right. The programme is also revolutionary in scope, because, if successful, it holds the key to revamping the approach to tribal and indigenous people's development in peninsular India (where they constitute 8 per cent of the total population, but 40 per cent of the displaced population).

In 1996, the Indian Parliament passed an act entitled the 73rd Amendment to the Constitution (also known as the Panchayat Raj Act) and followed it up with another specifically targeted at tribal areas, the Extension of the Panchayat to the Scheduled Areas Act. This legislation recognized the Gram Sabhas (consisting of all resident and voting members of a village) as the units of governance and self-determination and the 'natural village' as the area of jurisdiction. This act seeks to truly empower tribal communities by vesting them with the authority and resources to effectively govern themselves, within the constitutional framework of the country.

The Government has already devolved a wide range of powers and responsibilities to the Gram Sabha: it has been granted ownership and control of natural resources and public structures (such as minor water bodies) within its geographical jurisdiction. More importantly, it has the power to hold accountable public institutions and functionaries of all social sectors concerned with tribal development in its area. It selects beneficiaries for inclusion in the Government's poverty alleviation programmes and exercises control over local development plans and related resources. The Gram Sabha also has the power to prevent alienation

<sup>16/</sup> Financial and human capital, local goodwill, access to local knowledge, key people and organizations, managerial and technical expertise.

country. Policy changes, especially those that are sensitive and require considerable political and professional investment on the part of change agents in the relevant sectors, are only possible (and worth undertaking) if the necessary commitment and willingness to stay the course exist on both sides – namely, with the change sponsors (for instance, IFAD or key people/organizations in the partner country) and the change drivers (the authorities, actors in the partner country). Opposition can be stiff at times and also costly on the personal, professional and political fronts.

**Favourable circumstances.** Change, however desirable, is nevertheless not possible if the circumstances in the partner country are not conducive. For instance, if the dominant service model is the public sector and people have come to expect the government to do everything for them, promoting reforms that encourage self-dependence and self-initiative will not be easy unless there is a change in public perception. This usually happens when a situation arises (which is either evident or has to be brought to public attention) in which people are at least open to questioning their assumptions, beliefs, ideologies and practices. Changes in public perception often occur when a crisis situation arises – for example, large-scale layoffs and firm closures due to loss of competitive advantage (e.g. as a result of globalization) or the closing of input/output markets, development of new technologies, or new global trading or political arrangements. It is thus important to assess the extent of receptivity to change before one embarks upon it.

**Enabling environment and commitment to pro-poor change.** While there may be general support and commitment for reforms in many areas (finance, service provisions, governance, etc.), it doesn't follow that the same commitment or enthusiasm may exist when it comes to changes that empower poor people and redress social and power imbalances. This is especially true when such

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of tribal lands, and has ownership over minor forest produce and the right to recommend the granting of prospecting licenses for minor minerals on its lands (tribal areas are rich in mineral deposits and natural resources). The Government must consult them before acquiring any lands for development projects.

Given its emphasis on empowering poor, tribal and indigenous peoples, IFAD seized upon this legislation and developed an entire programme around it – building up the capacities of legally empowered tribal communities to fully realize the potential of the act and effectively become artisans of their own destiny.

However, given the federal nature of India's polity, the parliamentary act also needed to be passed as a state act in order to become operational and effective – a requirement that was not enthusiastically embraced by the states. At the time of project formulation, Madhya Pradesh was the only state in the country that had passed the enabling legislation (December 1997). As a former part of Madhya Pradesh, Chhattisgarh naturally inherited this legislation. However, getting it operationalized was no mean task: it required amendments to 55 existing state acts such as revenue collection and sales and excise taxes, in addition to getting the entire administrative machinery to adopt a new governance model. While IFAD made this a condition of loan disbursement, it was not sufficient. Active championing and follow-up by local actors was required, and IFAD had the good fortune to obtain the services and good will of knowledgeable and committed bureaucrats and politicians, who piloted the changes through and helped actualize them on the ground. In particular, a committed and hands-on project director, who traveled extensively and interacted directly with villagers, project staff and NGOs, made a crucial difference at the operational and administrative levels.

By the end of 2004, over 200 formal Gram Sabhas had been formed, the programme was well entrenched, and a study conducted at the time concluded that "... as of now, project institutions are providing a platform for participation and dialogue, programme benefits are well targeted to poor people, women and tribals, and the project is empowering insofar as it has increased the food security of an extremely poor and food-insecure population. If the many innovations introduced in the project succeed, the project can become a model for replication and re-write the destinies of some of the poorest people in the world." (IFAD 2004)

inequities are supported by religious and cultural sanction. Given IFAD's strategic option, only those changes that facilitate the progressive empowerment and enhancement of quality of life of poor people may be pursued. If an intervention doesn't benefit the lives of the disadvantaged, then one should question whether to undertake it at all.

**Capacity for accompaniment.** It is important to be able to provide sensitive and timely assistance to actors and stakeholders at all levels once the process of change has been initiated, and particularly so once formalities have been completed. If policy changes are to be realized, it is important that they be implemented at all relevant levels by all stakeholders involved. This is a difficult and time-consuming process that often requires accompaniment (support in the form of requisite inputs and intensive and regular follow-up), as well as the creation of a system of incentives that facilitates and reinforces adoption and compliance. This usually translates into a period of engagement beyond 'project life' and also the possibility of offering additional projects to create the necessary space and time for the changes to become part of everyday life.

When all the above factors come together in a synergistic manner, a 'policy space' (Keeley 2001) arises that invites change and makes it possible.

It follows, therefore, that if all the factors are not present to at least a minimal degree (and there is little likelihood that the missing conditions will arise in the near future) and if a project is specifically designed for policy/institutional change, then one should consider whether to abandon it altogether.

If this is not an option, or in cases where policy change is only one objective even if a crucial one, then one would have to modify the project/intervention in terms of its objectives, outcomes and activities so that existing problematic institutional provisions are not triggered. Usually, if an intervention is found successful, it is accepted, and both it and the associated processes gradually become part of the institutional milieu.

### Managing the change process: facilitation and accompaniment

Managing change requires a multilevel and multidimensional approach. We shall now outline some key steps that help build consensus, ownership, enthusiasm for change, authority, responsibility and accountability mechanisms, skills and capacity-building, as well as the creation of a learning and iterative environment.

**Be clear about the vision, goals and implications.** One must know what one wants to do, and why (to what purpose) and what outcomes one would like to obtain. Moreover, one must become thoroughly familiar with the process by which policy is made in a particular context or country. This is particularly important because there are many actors involved in policy processes, many of whom will need to be informed of what is to be achieved and the reasons for it. In addition, one would have to be aware of the likely reactions of various stakeholders, especially those whose interests are threatened, in order to enlist allies, persuade or contain critics and opponents and win general support. Policy changes take time to realize. Having a clear understanding of what one is engaged in and why, from the outset, helps one persevere and weather the storms.

**Engage in policy dialogue.** It is important to get the political and governmental actors on board, particularly so when significant changes are to be undertaken. A useful tool in this regard is to engage in policy dialogue and advocacy.

IFAD (2002a) has in fact recognized and endorsed this in the strategic framework: "... as its interventions are at the community level and managed by borrowing governments, IFAD is well placed to facilitate policy dialogue between grass-roots organizations and national-level decision makers."

**Encounter and dialogue with poor people (reality immersion).** This is also known as ‘exposure-dialogue’.<sup>17</sup> While most people do have a notional idea of what it is to be poor, very few really know what it means and feels like to be poor. And there is no substitute for experiencing life in the shoes of poor people (even if only briefly) to understand what they go through, how they experience the world, and the constraints they labour under. It can prove to be a deeply transformative experience and one that provides powerful insights into how things really work. The value of these insights for crafting interventions and change strategies is invaluable.

It is urged that policy and decision makers be encouraged to undergo a ‘reality immersion’ exercise – living for a few days in project villages among poor people to get a glimpse of the ‘other’ world. This is necessary not only to develop empathy for poor people, but also to realize how much a part of their problems the policymaker him/herself is! This exposure-dialogue has proven to be very effective, especially when high-level functionaries have made the commitment to engage in this exchange. It results in a shared perspective of the issues involved, an ‘under the skin’ feeling of the reality of poor people, and often a resolve to do something about it.

**Build support for change.** After identifying the areas requiring change, one must spell out clearly why they should be changed, describing the concrete consequences of the status quo (especially on poor people). All those involved with the issues who have the authority to make the necessary changes, as well as those who can exercise an enabling and facilitating influence even if not directly involved, should be contacted and sensitized on both the intellectual and emotional levels.

This can be done through ‘bilateral/multilateral’ and personal discussions, fact sheets, newsletters, publications, conferences, seminars (focused on the issue), technical and impact studies (especially those dealing with ‘life stories’) and, above all, by taking those concerned to the field for an exposure dialogue programme.

**Build coalitions of support.** Build a community of consensus and support around the decision makers. This means mobilizing all positively inclined individuals, organizations and networks to support the change process, lobby for it, undertake research and publications justifying the change, and build up public support through mass contact and information dissemination campaigns. This also creates political support, without which meaningful change is not possible.

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#### Box 19 Project ownership and ‘buy-in’

One of IFAD’s strategic concerns in Mozambique is the rationalization and coordination of donor-supported projects to ensure that the government is firmly in the driver’s seat. With this perspective, IFAD views the Sofala Bank Artisanal Fisheries Project as a testing ground to develop a framework and protocols that facilitate such an outcome and ensure coherence across sectors.

The project was not formulated by IFAD-appointed consultants, as is the usual practice in the region, but by the Government itself. Under the guidance of a working group that reported directly to the Minister of Fisheries, the Institute for the Development of Small-Scale Fisheries drew heavily upon the staff and experience of the Nampula Artisanal Fisheries Project, which IFAD had also financed. Local and international consultants were hired only when required. Various stakeholders – the fishing communities themselves, private traders and entrepreneurs, NGOs and other government agencies – were involved in project formulation through a process of consultation and dialogue. This approach took time, but the resulting project proposal has full buy-in and ownership of the key constituents.

This composite approach has also afforded considerable on-the-job training to the staff of the Institute. Perhaps most importantly, the process has established strong working relationships with the primary stakeholders, whose cooperation is essential if the project is to succeed.

17/ This pedagogical method, now called the Exposure and Dialogue Programme, was conceived and developed by Karl Osner, who founded the Association to Promote North-South Dialogue, Bonn, Germany. The name was changed in 2003. Several publications regarding the methodology are available.

## Set up an attractive incentive structure

**The individual level.** Decision makers should be made to feel that by applying the necessary changes they would not only be personally bringing about a difference in the lives of a great number of poor people (if this is not reason enough!), but they would also be contributing in a unique way – they would be perceived as ‘pioneers and change makers’ at the leading edge of current thinking and practice. This can be done by familiarizing them with other projects in which similar changes have been made with successful and acknowledged consequences and by establishing experience-sharing dialogues with these authorities. They must feel that they are a part of a wider, international trend (they are ‘in’), where to be out of synch (not willing to change) is to risk being viewed in that community (be it of lawmakers, administrators, foresters, land and water managers, etc.) in a poor light.

**The systems level.** While that, of itself, might be an incentive for the individual (a necessary condition), it is not a sufficient condition to ensure change – for the individual operates within a system which, being impersonal, doesn’t care about ‘reputation’. A system changes when continued or enhanced access to resources is premised on structural changes being effected. It is therefore necessary to build coalitions of funding, policy and advocacy institutions, both within and outside the country, that share one’s general concerns (if not the particular ones) and that could create the perceptual, conceptual and administrative dynamics and dialogue to catalyse change.

**Introduce conditionalities and make them known.** It is always helpful to make it clear to one’s partners from the outset that future collaboration will be viewed in the light of the ongoing experience. Identifying the major collaborators of the partner agency and getting them to champion the desired changes can also bring about intended outcomes. In a world of increasing integration of sectors, of inter-organizational collaboration and relatively free flow of information among influential resource organizations, acquiring a poor reputation, even in one critical sector, can prove rather costly. This high cost of ‘incorrect behaviour’ often provides the driver for innovation and the establishment of new enabling institutional arrangements.

**Invest in and maintain good personal relationships.** No matter how well designed a project is, it is only as good as its people. Hence it is essential to know one’s colleagues, collaborators and clientele. One cannot underscore sufficiently the irreplaceable necessity and abiding value of developing, maintaining and fostering mutually supportive and warm personal relationships both within and outside the project/programme’s ambit. More is achieved through goodwill and appropriate institutional and operational arrangements than through an impersonal (often confused as professional) and ‘businesslike’ approach.

**Make success a priority and a mission.** Nothing succeeds like success. It is imperative that every effort be made to realize project goals and objectives. Only then will one develop the necessary credibility to push for structural changes that empower poor people. Such has been the case in several countries such as Bangladesh, China, India, Nepal and Viet Nam, where demonstrated success achieved by specific IFAD projects has led to policy changes, scaling up and adoption by the Government and other donors.

**Provide timely and ongoing support – technical, managerial and moral.** Once a change sponsor<sup>18</sup> and a change agent<sup>19</sup> have been identified, it is necessary to provide them with the necessary support, particularly moral support. Change is necessarily difficult and painful, and often the brickbats that the willing have to face can leave them discouraged and close to throwing in the towel. They require encouragement and support, together with benefits or incentives that compensate them for the often long hours and extra stress they must go through. It is important to factor the human dimension into one’s operational plans.

**Spread risk – identify and encourage alternatives.** Change should proceed apace, even when the initial change sponsors or agents have moved on or out of the project. This is a scenario that is likely to occur earlier than one anticipates, especially when powerful groups feel the pain of change – they attempt to remove ‘inconvenient’ people, often successfully. Thus it is important to plan for

18/ An individual/group/organization that champions the change, steers it through and faces the critics and the opposition.

19/ Those individuals/ groups/organizations that manage the change process.

this eventuality at the very outset and identify several others with the potential to take up and carry on the change process. Continuity of pace and process is important in order to keep up the momentum and enthusiasm for change – painful changes are best secured speedily.

**Develop a clear action plan with accountability mechanisms.** A clear action plan with defined outcomes should be developed together with key stakeholders and must be fully understood and owned by them. Such a plan should include:

- **Clear objectives, outcomes, measurable indicators (both qualitative and quantitative) and time frames.** One must take care, however, not to be rigid about time frames – the idea behind these is primarily to encourage efficient organizing for outcomes.
- **Clear lines of authority and responsibilities as well as reporting and feedback mechanisms.** These will ensure clarity of roles and functions, as well as transparency and accountability.
- **A well-defined suite of sequenced actions, steps as well as stages.** Milestones should be defined to assess progress and signal entry to another stage of action.
- **Performance- and outcome-based evaluation systems.** One must go beyond the traditional approach in which evaluations are largely pursued to see whether people are 'doing their job'. It should be focused on what is being achieved and how efficiently.
- **Communication and learning processes.** It is important that everyone knows what is to be achieved, how it is being achieved, the difficulties faced and also the successes and failures encountered. Further, feedback loops should be created so that the insights, information and learning from the field – generated through back-to-office reports, monitoring visits, supervision and evaluation reports, meetings, seminars and conferences, etc. – are fed into the system. This enhances capacities and fosters ownership, efficiency, effectiveness and a sense of pride. Moreover, successes, in particular, however small, should be publicized, and those responsible should be acknowledged and rewarded. Success creates a positive energy and engenders willingness to accept change.
- **Attention to detail.** The saying goes, "the devil is in the details!" Often many a well-designed project comes apart because of lack of attention to 'mundane and maudlin' matters. Details such as allowances, staffing, salary, benefits, fuel allowances, etc. are often what determine the ability, willingness and morale of staff, especially the field-level functionaries – the most crucial, yet usually overlooked group. Even if a small portion of the effort (more is better though!) that goes into project preparation is allocated for setting this area right, the dividends would be proportionally far more; in fact they spell the difference between 'a project' and a successful one. One recalls the adage: a chain, however thick, is only as strong as its weakest link!
- **Exit strategy.** What comes after project closure should be envisioned and considered at the very outset of the project. This refers not only to the sustainability of the project itself, but also to mainstreaming, institutionalization and dissemination of the skills, knowledge and capacities developed during project implementation. This calls for capacity-building, establishment of learning and feedback mechanisms, capturing and transmission of institutional memory and experience, and their dissemination, particularly through networks of individuals and organizations.

**Regular monitoring, evaluation and extension support.** This is an essential requirement to ensure that mutually agreed upon goals and outcomes are achieved. The focus should not be on 'auditing', even though that is a part of the process, but rather on mentoring, capacity-building, teasing out insights and learning, sharing experiences, problem-solving and developing a shared perspective and understanding of the compulsions and constraints faced by the various stakeholders. This is particularly important in order to set realistic expectations, keep up morale and a sense of purpose and increase mutual respect and appreciation. Only if this is achieved will a project become 'our project', not an IFAD project.

**Focus on capacity-building.** This holds the key to project success and post-project sustainability. Capacity-building is more than just training – it involves the acquisition, upgrading and passing on of skills. It is a process that is tailored to the specific requirements of the target

groups in a sequential, integrated manner that is ongoing, reinforcing and experience-based. It is tailored not only to meeting the immediate goals of the project, but also to developing the institutional and organizational capabilities of the target groups and partner organizations, with a view to post-project sustainability. It is thus a sensitive and comprehensive approach that looks at the totality of the actors' experienced reality (social, cultural, political and economic). Planning a capacity-building approach is necessarily participatory and seeks to identify strengths, lacunae and opportunities, and to define milestones, triggers, training, procedures and systems in an integrative manner, organized towards achieving both immediate and post-project goals and outcomes.<sup>20</sup>

With regard to the capacity-building of individuals and organizations, one would have to look at systems, human resources and structures (DFID 2003a).

- *Systems* would include:
  - business planning processes;
  - financial management systems;
  - management information systems;
  - human resources management systems;
  - asset management systems.
- *Human resources* would include:
  - performance management;
  - incentives;
  - development and training;
  - best practices and benchmarking.
- *Structures* refer to the various organizations, levels of authority and power and 'ways of doing business'. Structural change is highly sensitive and should be approached with care. Change should be sought only if it is necessary to achieve the objectives and desired outcomes.

All three of these aspects would have to be reviewed in the light of the project objectives and planned outcomes and related measures taken – jointly with the target group and collaborating partners as far as possible. Useful tools in this regard could be SWOT analysis, the Open Systems Model and Burke Litwin's Model (DFID 2003b).

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#### Box 20 Mismatch of interests, expectations and competencies

In the Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas in Indonesia, NGOs have participated extensively, with three provincial lead NGOs actually being involved in programme design. The national lead NGOs are responsible for providing community development support to the self-help groups at the village level and capacity-building to the governmental implementing agencies at national, provincial and district levels by placing their staff at these levels. The implementing NGOs were selected on the basis of their experience in community development and gender issues. In order to encourage long-term involvement, development of competencies, and ownership, all the NGOs (lead as well as implementing) were given annual contracts with an option for multi-year contracts for the entire period of the first phase of the programme on the condition that they fulfill their terms of reference satisfactorily each year.

Nevertheless, according to the mid-term review, the performance of the NGOs has been mixed. Only in one province did both the NGO and its staff perform creditably; in the other two provinces, performance was below expectations.

While a number of reasons may have contributed to this outcome, three stand out. First, two staff members of the district NGOs and one staff member of a lead NGO were involved in electoral politics, stood for elections and became public servants. The possibility that some of the participating NGOs would

20/ An example of this is the Participatory Operational Pedagogy (POP) that has been developed by WOTR (see note 9). It is a sequenced, integrated and iterative process of learning and capacity enhancement related to desired outputs and has proved very successful in quickly building up in a cost effective manner the competencies of small NGOs and CBOs (Community based Organisations) to undertake complex environmental regeneration activities.

**Assess organizational culture in terms of customer/client care or people-centredness.** While this is included in the above point on capacity-building, it is nevertheless necessary to highlight it separately. Most organizational development programmes involving public agencies focus on improving the efficiency of these agencies in terms of internal processes and instruments. Insufficient attention is paid to the very *raison d'être* of these agencies, namely, to respond to public needs and provide quality services. Thus it is important to pay attention to the prevailing organizational culture and motivate people to transform it, where necessary, so that a 'customer focus' becomes the dominant motif – where the satisfaction of the client/customer becomes the benchmark determining the type, quality and manner of service provided.<sup>21</sup> Often, this constitutes a major cognitive change, in some cases a paradigm shift, especially in agencies or environments where the prevalent attitude towards the client is “take it or leave it!” and “never mind what you say or feel about it, we have permanent jobs!” Many a much-needed and well-planned project has come to grief because this aspect of organizational culture (customer care and accountability) was given no or inadequate attention. In addition to exposing and training the staff in new ways of seeing things, it is important to conduct customer satisfaction surveys on a regular basis – and in which the project agencies are involved. The results should be factored into progress reviews, project evaluations and individual performance reviews, as well as into the incentive and rewards structure.

**Plan for post-project engagement.** Significant changes take a long time to realize and even longer to become part of the institutional fabric of a country or region. It is necessary to set in place arrangements that help maintain the momentum for change – that ensure that gains made are institutionalized and become part of the everyday way of life. Given the pressures that are brought to bear on local champions and agents of change, it would be extremely useful to provide continued support, albeit sensitively and only occasionally. An acceptable opportunity to do so would be to plan additional phases that extend the current one, or new ones that further institutionalize the changes already realized. Another possibility could be the continuance of a scaled-down version of the project management unit or, alternatively, the contracting out of required post-project services to an NGO or private agency for a period of time after formal closure of the project.

**Plan for conflict management.** Conflicts are inevitable during project planning and implementation and they must be managed. These can arise among the project partners themselves

seek to enter the political arena, with its attendant consequences, did not occur to the committee that selected them. It is not coincidental that there was a decline in performance in their respective districts.

Second, the reporting requirements and programme formats proved quite a challenge to the NGOs. The financial management system of the programme, suited to treasury operations, was also alien to them. Thus a great deal of time and effort was spent in getting the paperwork right, rather than in the field mobilizing people.

Third, the programme's expectations of the NGOs were not well-matched with their capabilities. While all of them had community mobilization skills, most did not have experience in large-scale implementation within the framework of a government-run programme, which, despite good intentions, has generic limitations and constraints. There was thus a clear mismatch between the requirements of the programme and the capacities of some of the participating NGOs.

It is also interesting to note how the three major actors perceived each other. The NGOs felt that they were squeezed between IFAD and the Government. IFAD felt that it had to listen to both sides – the Government and the NGOs – and that it constantly had to perform a balancing act. And the Government felt that the NGOs and IFAD were conspiring against it!

21/ Meeting IFAD's Millennium Challenge.

(individual, intra-agency and inter-agency disputes and clashes) or from the external environment (those stakeholders adversely affected).

A conflict-management strategy should be worked out and could include:

- creating an environment in which people feel that their views and concerns are considered, respected and taken seriously; where dissent and differences are not viewed as aberrations, but as part of a normal process that serves a useful purpose, at the least signalling that there are underlying issues that should be uncovered and addressed;
- creating the necessary platforms and forums in which different views, perspectives and problems are freely aired and debated;
- creating (or reviving) the necessary administrative and arbitration mechanisms, so that grievances and objections can be addressed. These must be representative, transparent and fair if they are to be effective and accepted;
- building up the skills and capacities of project staff to handle disputes and conflicts, such as conducting negotiations, mediation, arbitration, finding common ground and crafting innovative solutions;
- securing the commitment of the authorities to safeguard the security of project staff and the target group in the event that conflict gets out of hand.

## Prologue...

# Because the fun really begins now!

We shall conclude this book with a quote from Nietzsche: "He who knows the *why* of things can cope with any *how*!"

And as the ancient Chinese saying goes, "A journey of a thousand miles begins with the first step!"

I wish you much success and fulfillment as you seek to bring about changes that leave behind a world that is much better for poor people!

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