Synthesis report

Strengthening institutions and organizations

An analysis of lessons learnt from field application of IFAD's sourcebook on institutional and organizational analysis for pro-poor change

IFAD

Enabling poor rural people
to overcome poverty

Authors:

Tom Anyonge, Steven Jonckheere, Monica Romano, and Ambra Gallina

Front cover picture: ©IFAD/G.M.B.Akash

Strengthening institutions and organizations

An analysis of lessons learnt from field application of IFAD's sourcebook on institutional and organizational analysis for pro-poor change

IFAD

Enabling poor rural people to overcome poverty

Table of contents

Acronyms

BFFS	Belgian Fund for Food Security
CBO	community-based organization
CBRDP	Community-based Rural Development Project
CCDC	commune committee for community development (*comité communal de développement communautaire*)
CDC	community development committee
CDD	community driven development
CKDAP	Central Kenya Dry Area Smallholder and Community Services Development Project
CIG	common interest group
CMRC	community-managed resource centres
CPM	country programme manager
COSOP	country strategic opportunities programme
CVSE	village committee for monitoring and evaluation (*comités villageois de suivi et evaluation*)
ECPRP	Environment Conservation and Poverty Reduction Programme (China)
FAR	field application report
FSA	financial service association
IDPPE	Artisanal Fisheries Development Institute (*Instituto De Desenvolvimento De Pesca De Pequena Escala*)
ICT	information and communication technology
LRAC	local resource allocation committee
MAVIM	Maharashtra Women's Economic Development Corporation
MARENASS	Management of Natural Resources in the Southern Highlands Project (*Manejo de Recursos Naturales en La Sierra Sur*)
MIDPCR	Market Infrastructure Development Project in Charland Regions (Bangladesh)
M&E	monitoring and evaluation
MMC	market management committee
NGO	non-governmental organization
PCR	rotating savings and credit groups (*poupança e crédito rotativo*)
PIDRA	Participatory Integrated Development in Rainfed Areas (Indonesia)
PMU	project management unit
PPILDA	Project for the Promotion of Local Initiative for Development in Aguié (*Projet de promotion de l'initiative locale pour le développement à Aguié*)
PTA	Policy and Technical Advisory Division
PTRPC	Transitional Programme of Post-conflict Reconstruction (*Programme Transitoire de Reconstruction Post-Conflict*)
RCC	rural credit cooperative
RCPRP	Rehabilitation and Community-based Poverty Reduction Project
RDP	Rural Development Project
RFCIP	Rural Finance and Community Improvement Programme
RPRP	Rural Poverty Reduction Project
RULIP	Rural Livelihoods Improvement Project
SBAFP	Sofala Bank Artisanal Fisheries Project (Mozambique)
SDP	Seed Development Project (Sudan)
SHG	self-help group
VDA	village development association
VDC	village development committee
VIG	village implementation group
WDC	ward development committee
WF	women's federation
WMA	watershed management association

Foreword

Institutions are best understood as the "*rules of the game*" (North, 1990) which shape human behaviour in economic, social and political life (IPPG, 2012). Organizations can best be understood as the formally or informally co-ordinated vehicles for the promotion or protection of a mix of individual and shared ideas (IPPG, 2012). They are the "*players*" of the game. Strengthening institutions and organizations provides an opportunity to optimise performance of rural development projects. This is why IFAD's Strategic Framework 2011-2015 recognizes the strengthening of pro-poor institutions and organizations as a key principle of engagement.

In 2008 IFAD published a sourcebook entitled *Institutional and Organizational Analysis for Pro-Poor Change: Meeting IFAD's Millennium Challenge*. The sourcebook drew on existing in-house knowledge, and the findings it presented have been applied in 14 countries, covering 19 projects in IFAD's five regional divisions. The Policy and Technical Advisory Division's (PTA) institutions and organizations team (Tom Anyonge, IFAD Senior Technical Adviser, who is responsible for institutional and organizational analysis and capacity development, and Monica Romano and Ambra Gallina, IFAD consultants) subsequently prepared a field application report (FAR), which captures the institutional and organizational transformation processes in IFAD-supported projects. The team worked closely with Steven Jonckheere from the Belgium Fund for Food Security.

This document presents a synthesis of the main findings and conclusions resulting from the application of the sourcebook, and offers a way forward for those wishing to undertake appropriate institutional and organizational analysis and capacity development in project and programme design and implementation.

The process of applying the sourcebook findings in the field and putting together this report owes much to PTA's institutions and organizations team. The authors wish to express their gratitude to the country programme managers of all the countries visited (Hamed Haidara, Hubert Boirard, Nigel Brett, Marco Camagni, Mattia Prayer Galletti, Ronald Hartman, Roberto Haudry, Alessandro Marini, Norman Messer, Robson Mutandi, Rasha Omar, Thomas Rath, Atsuko Toda and Youqiong Wang), the implementers and beneficiaries of all the projects visited, the Belgium Fund for Food Security, and Rudolph Cleveringa and Tiziana Stefanelli, IFAD, for support provided over the whole application process. Special thanks also goes to the peer reviewers – Jim Woodhill, Wageningen University, Nora Ourabah Haddad, Food and Agriculture Organization of the United Nations; Brett Shapiro and Sarah Morgan for their editing support; Jeremias Mowo and Joseph Tanui, World Agroforestry Centre (ICRAF) – and to Rodney Cooke, Paul Neatle and Shantanu Mathur for their overall support and guidance.

Adolfo Brizzi
Director, Policy and Technical Advisory Division
IFAD

Executive summary

The development landscape is becoming more complex, and the roles of the four institutional and organizational pillars (rural peoples' organizations; local and central government, civil society and the private sector) are constantly changing. Development agencies need to adapt and change in order to move towards stronger and deeper alliances that involve all actors. Increasingly these agencies are focusing on how institutions and organizations can contribute to promoting sustainable development and economic competitiveness in rural areas. For this reason sound institutional and organizational analysis is critical to the design, implementation and sustainability of development projects.

Recognizing the need to improve its analysis and development of in-country partner insitutions and organizations, IFAD embarked on a process to enhance its own competencies in this sector. The process began with the publication of a sourcebook: *Institutional and Organizational Analysis for Pro-Poor Change: Meeting IFAD's Millennium Challenge* (IFAD 2008). In addition to this, IFAD's West and Central Africa Division developed training modules through an Innovation Mainstreaming Initiative, while the Asia and the Pacific Division implemented a large grant on *Strengthening Capacities of Organizations of the Poor: Experiences in Asia*. The Policy and Technical Advisory Division (PTA) has developed two learning notes, one on institutional transformation and the other on implementation arrangements.

Building on the above materials, IFAD's PTA institutions and organizations team has adopted a framework for institutional and organizational analysis and development. The framework draws on four key concepts identified in the sourcebook, covering four functional aspects of institutional and organizational analysis and development: (1) *understanding and giving meaning to our lives*, (2) *control over individual behaviour and organizational culture*, (3) *action that is taken*, and (4) *associations made between individuals and organizations*. These concepts have been applied at different stages of IFAD's project cycle process in 14 countries covering 19 projects.

The main findings from the field application are the following:

- Most IFAD-funded projects provide support to formal institutions and organizations at national, meso and local levels (e.g. lead agencies and implementation partners in government), private and civil society sectors, and formal and informal grass-root institutions and organizations.

- **Issues arising at the design stage:**
  - Institutional and organizational analyses vary in quality and depth across the regional portfolios. This depends on the quality of data available, how the design process is managed, the availability and size of a design budget, institutional and organizational expertise, and the country context.

- There is a state-sector bias. Usually too much is expected from the government lead agencies in terms of project intervention delivery, despite the fact that they often have limited capacity. Less attention is given to building relations (at all levels) with other organizations that could be involved in co-implementation and partnership-building with the private sector in the delivery of private goods.
- There is only a partial assessment of the potential of non-state, in-country partners to collaborate with IFAD programmes, and influence existing power relationships and/or imbalances.
- Informal rules and organizations, and their implications for project delivery are rarely analysed.

- **Issues relating to implementation:**
  - Most project design documents contain analyses of strengths, weaknesses, opportunities and threats (SWOT), but these are seldom used to define project delivery mechanisms or to establish which procedures, rules and competencies the organizations being supported will require to perform the functions assigned to them.
  - Strategies for achieving desired capabilities could be better defined. This means identifying indicators and benchmarks to monitor the progress of individuals and organizations as they acquire new capacity.
  - Support to organizational development is mostly aimed at enhancing individual capacity. To a limited extent it is also directed at changing organizational systems (e.g. financial and procurement procedure, policy/rules of extension systems, internal/external coordination/communication systems). Often the costs and delivery of capacity-building activities are scattered over several project components.

- There is usually very limited coordination of activities aimed at institutional and organizational development with other similar initiatives outside of IFAD.
- In most countries the capacity of service providers supporting institutional and organizational development is relatively weak.
- Inadequate attention has been given to promoting broader institutional and organizational change and the scaling up of institutional and organizational innovations through policy dialogue.
- The mechanisms of engaging with the target group are usually well defined. However, the designs need to allow for more flexibility during implementation to cater for the diversity of needs.

- **Issues relating to capacity-building:**
  - There is limited understanding of how developing individual capacity contributes to achieving institutional and organizational change.
  - Capacity-building is usually equated with training, rather than understood as a more complex set of tools for institutional and organizational development.
  - Most capacity development activities incorporate a mix of supply- and demand-driven mechanisms.
  - Support for capacity-building is usually project-specific and rarely takes account of other in-country capacity development initiatives implemented by development partners that may be supporting service delivery in the public and private sectors.
  - Overarching methodologies are usually applied, rather than finding ways to address specific contexts.

In order to contribute to knowledge and learning, the analysis of findings from field application of the sourcebook is presented in this report.

The main conclusions and recommendations are the following:

- Country programme managers (CPMs) and field practitioners agree that it is necessary to take stock of the institutional and organizational landscape, and cultivate ownership of project design and implementation processes as early as at the country strategic opportunities programme (COSOP) level, and appropriate tools are required to do so.
- It is important to cultivate an in-depth understanding of institutional and organizational development. Equally, a well-informed approach is needed to formulate strategies, implementation arrangements and flexible methods for achieving desired results.
- Project design documents need to formulate explicit concepts of change that identify the extent to which capacity constraints at all levels impede institutional and organizational change in lead agencies, implementation partners and service providers. They should also demonstrate how the inputs, incentives, skills development activities and related activities they propose can lead to the projected reforms.
- A step-by-step approach is critical. Institutional and organizational development is a dynamic process, which is not easy to comprehend rapidly during the first years of implementation. Flexibility is absolutely necessary in project design, and a framework for institutional and organizational development should allow for a process of learning and adjusting to changing circumstances.
- It is important to promote stronger vertical and horizontal institutional and organizational linkages to improve governance effectiveness. The best way to facilitate these linkages is to focus on the functional aspects of institutions and organizations. This will

highlight the need for linkages to promote information flow and exchange, the sharing of financial resources, and better decision-making, technical and managerial skills.

- It is crucial to provide facts and figures to assist stakeholders and decision-makers in making a stronger case for balancing 'hardware' (equipment, physical infrastructure and civil works) with 'software' (policies, skills and systems development) during project design and implementation.

In accordance with recommendations made, this report is backed up by the preparation of two knowledge products and three tools, including:

- A study published with FAO on good practices in building innovative rural institutions and organizations for increased food security (published in 2012).
- A training module for CPMs and field practitioners on institutional and organizational analysis and strengthening.
- A toolkit for institutional and organizational analysis and capacity development to be used during country programme (COSOP) design and project design and implementation.
- A series of evidence-based models for the analysis and strengthening of grass-roots institutions and organizations.
- A study of innovative implementation approaches that enhance the commercialization of smallholder agriculture.

Setting the scene

Recognizing the need to improve its analysis and development of in-country partner insitutions and organizations, IFAD embarked on a process to enhance its own competencies in this sector. In December 2008, IFAD published a sourcebook – *Institutional and Organizational Analysis for Pro-Poor Change: Meeting IFAD's Millennium Challenge* (IFAD 2008).[1] In addition to this, IFAD's West and Central Africa Division developed training modules through an Innovation Mainstreaming Initiative, while the Asia and the Pacific Division implemented a large grant on *Strengthening Capacities of Organizations of the Poor: Experiences in Asia*. The Policy and Technical Advisory Division (PTA) has developed two learning notes, one on institutional transformation and the other on implementation arrangements.

Building on the above materials, IFAD's PTA institutions and organizations team has adopted a framework for institutional and organizational analysis and development. The framework draws on four key concepts identified in the sourcebook, covering four functional aspects of institutional and organizational analysis and development: (1) ways of **understanding** and giving **meaning** to our lives, (2) the basis for **control** over individuals and organizations, (3) the **associations** we make, and (4) **actions** that are taken.

The lessons learned from the field application[2] of the concepts were later compiled in a report (IFAD 2011).[3] The present work synthesizes the main findings of the field application report, which had three broad objectives:

- to contribute to learning (both individual and organizational) and policy dialogue within development organizations on the analysis and development of pro-poor institutions and organizations
- to assess the extent to which institutional and organizational issues are addressed in the design and implementation of IFAD-supported projects
- to promote the introduction of appropriate institutional and organizational analysis and development in project design and implementation, in order to improve the sustainability of project results.

In addition to providing a synthesis of the lessons learned from the application of the sourcebook, this report also makes recommendations on how to promote institutional and organizational analysis and strengthening in project design and implementation within IFAD.

---

1. http://www.ifad.org/english/institutions/sourcebook.pdf.

2. Annex 1 summarizes the process of applying the sourcebook in the field.

3. Application of the findings in the sourcebook was undertaken in 19 projects in 14 countries: Bangladesh, Burundi, Cambodia, China, Dominican Republic, India, Indonesia, Kenya, Mozambique, Niger, Peru, Sierra Leone, Sudan, Viet Nam. These countries were selected to ensure geographical coverage (the five IFAD regional divisions) and relevance, i.e. all the projects were involved in processes of institutional and organizational change. By participating in COSOP preparation, design and supervision missions, the different phases of the project cycle were covered.

Background

In recent years, development discourse has increasingly focused on how institutions and organizations can improve access to goods and services, enhance rural livelihoods and promote economic competitiveness in rural areas. Sound institutional and organizational analysis is critical to designing and implementing development projects, informing policy dialogue and coordinating development efforts in any country. However, the lack of institutional and organizational analysis is a major challenge. If development practitioners are to carry out more systematic institutional and organizational analysis in project design and implementation they need better skills to do so.

In response to this challenge, IFAD embarked on a process to enhance its own competency in institutional and organizational analysis and development. A first step was the publication in December 2008 of a sourcebook: *Institutional and Organizational Analysis for Pro-Poor Change: Meeting IFAD's Millennium Challenge* (IFAD 2008). The sourcebook sets out to improve the understanding of institutional and organizational concepts and analysis in project design. It also aims to give aspects related to institutions and organizations more attention during project implementation, supervision, monitoring and evaluation. While it is firmly focused on practice, the sourcebook attempts to explain the theoretical underpinnings of the approaches and analytical methodologies used. It is also aligned with IFAD's mission and the experience of its field operations.

The sourcebook contains two sections: the first four chapters examine the nature of institutions and organizations and how they influence each other. They also explain how policies are made and what makes organizations change. The second four chapters describe institutional and organizational analysis. They also offer an approach to crafting effective strategies and interventions that create 'space' for poor people and facilitate their empowerment. Taken together, the two sections help the reader understand the institutional and organizational context in which a project operates, and allow he or she to unravel the complex web of relationships between institutions, organizations and individuals, and to understand the interests that determine the outcomes of development interventions and the quality of life for poor people. The sourcebook is part of an evolving work. It is continuously in the process of being applied and adapted to generate knowledge that reflects the multitude of experiences and lessons that are emerging.

Building on the information provided by the sourcebook, IFAD's West and Central Africa Division used an Innovation Mainstreaming Initiative[4] grant to develop training modules for the region. The modules will need to be adapted for use in other regions. The Asia and the Pacific Division implemented a large grant (*Strengthening Capacities of Organizations of the Poor: Experiences in Asia*) to enable poor rural people to form strong and sustainable coalitions and federations. Outputs of the grant include publications documenting success stories and lessons learned. IFAD also developed two learning notes – one on institutional transformation[5] and the other on implementation arrangements[6] – and created a rural institutions website[7] which is constantly updated.

---

4. The Innovation Mainstreaming Initiative is a special multi-donor innovation programme funded by the Department for International Development (DFID) of the United Kingdom. In this particular case its aim was to enhance IFAD's capacity to promote innovations that will have a positive impact on the eradication of rural poverty. It is expected to enhance IFAD's culture of innovation and capacity for innovation, improve the quality and impact of innovation in the field, and improve the sharing and application of learning.

5. http://www.ifad.org/rural/learningnotes/hsa/5.htm.

6. http://www.ifad.org/rural/learningnotes/cci/2.htm.

7. http://www.ifad.org/english/institutions/index.htm.

IFAD and the development of institutions and organizations

For IFAD, providing support to institutional and organizational development is a strategic issue This has been reinforced by the Paris Declaration on Aid Effectiveness (2005), the aid effectiveness agenda and emerging trends towards developing individual and collective capabilities at local and national levels. Strengthening pro-poor institutions and organizations is a key principle of engagement within IFAD's Strategic Framework 2011/2015.

Given its mandate to empower poor people to help themselves out of poverty through self-organizing and institutional transformation, IFAD has adopted a strategy that:

1. helps build the capacity of a wide range of organizations of poor rural people
2. facilitates the development and transformation of the institutional landscape (i.e. rules, norms and policies) to empower poor people, especially women, and to enable secure access to productive resources; and
3. promotes forums for dialogue among communities, grass-roots organizations, governments, civil society and donors, to ensure "comprehensiveness and full complementarities in the coverage of pro-poor institutional transformation needs" (IFAD 2003).

In 2008, the PTA conducted an assessment to identify the most common project success factors and risks. The assessment indicated that about 70 per cent of the 40 projects examined would have benefited from a more comprehensive analysis of institutions and organizations. Overall the message was clear: IFAD needs to encourage more systematic institutional and organizational analysis in project design. It also needs to deepen in-house and in-country capacity-building, learning and knowledge management in this area to improve the sustainability of IFAD's interventions. There is a wealth of knowledge embedded in IFAD projects, with field practitioners, country programme managers, consultants, rural communities and partners, that can be used to clarify concepts of institutional and organizational change and develop tools for analysing and understanding how to promote such change.

Institutions and organizations

Definitions

Institutions are recognized as important elements underlying all social, organizational and even individual processes of change. The range of definitions and understandings of what institutions are (Parto 2005; see **Box 1**) and the role they play is so broad, that taking institutions as a point of departure in developmental approaches has not yet led to a coherent approach. Institutional factors are often overlooked in project or programme design, or addressed only at the organizational level or within the framework of formal institutions – through laws and regulations, for example. Often institutions are also misunderstood as institutes.

These definitions of institutions range from the formal regulatory frameworks of the state to informal socially prescribed or proscribed patterns of behaviour. They can applied to the state or the individual, and encompass all social actors and processes in between. North (1990) gives the most common definition of institutions, defining them as "rules and norms that constrain human behaviour." He emphasizes that a crucial distinction must be made between institutions and organizations, describing institutions as "rules of the game" and organizations as "the players" (North 1993).

In general, formal or informal organizations are the means by which we produce and supply goods and services. There are many definitions

of the term 'organization'. In an early definition, Bernard (1938) defined an organization as "a system of consciously coordinated activities of two or more persons." Das (2005) wrote that "an organization is an abstract social entity," and a social entity is "a structured group of two or more people brought together to achieve certain objectives." According to Aldrich (2007), "an organization can be conceptualized as a collection of individuals deliberately structured within identifiable boundaries to achieve predetermined goals." **Box 2** highlights the main characteristics of organizations.

Types of organizations

A conventional distinction is made between the public sector, which claims to exercise authority on behalf of the whole of society, and the private sector, which makes decisions and acts on behalf of individual or group interests, and has no responsibility for, or intention to benefit, society as a whole. The public sector can be easily defined in legal or constitutional terms. This means that the private sector is, in effect, a residual sector. As noted by Uphoff and Buck (2006), the practice of development has focused attention on the potential (and challenges) of what can be identified as a third or middle sector between the public and private sectors, and which has some features in common with both sectors, but also some important differences.

This middle sector shares some characteristics with the public sector. For example, it acts on the basis of consensus-seeking to serve some common or public good, which is not a

---

Box 1   What are the institutions?

- Habits of a group or the customs of a people (Hamilton 1932)
- Conventions, rules of action, embedded in social structure, locally specific (Krätke 1999)
- Settled habits of thought common to the generality of men (Veblen 1919)
- Collective action exercised by different types of organizations (e.g. family, corporation, trade union, state) in control of individual action (Commons 1924)
- Convenient term for the more important among the widely prevalent, highly standardized social habits (Mitchell 1950)
- Sets of rules of the game, or codes of conduct defining social practices (Young 1994)
- Formal organizations, patterns of behaviour, negative norms and constraints (Coriat and Dosi 1998)
- Mental constructs (Neale 1987)
- Rules of the game (North 1990)
- How the game is played (Nelson and Sampat 2001)
- A set of socially prescribed patterns of correlated behaviour (Bush 1986)
- Prescribed or proscribed patterns of correlated behaviour (Tool 1993)
- Constitutional rule systems for society, collective choice rules governing different kinds of organization, operational rules of organizations (Ostrom 1999)
- Norms that regulate relations among individuals (Parsons 1990)

Source: Parto (2005)

Box 2   What is an organization?

Organizations:
- are social entities
- have a structure (i.e. functions)
- are designed to achieve specific goals
- have identifiable boundaries and work within identified and agreed-upon rules
- exist on a relatively permanent basis
- use specific knowledge (or technology) to perform work-related activities

Source: Aldrich (2007)

---

motivating factor for organizations or individuals operating in the private sector. On the other hand, the middle sector cannot invoke authority – and all the resources this implies – to implement decisions. It has to operate through incentives and mutual agreement, as in the private sector, and has authority over members and employees at most, but not over members of the public at large. Perrin et al. (2006) give the following examples of organizations categorized as middle sector or hybrids:

- a private company or individual that provides a service to clients – such as a middleman who buys fish from fishers and provides them with fishing gear, fuel for engines and ice; or a bus company that provides transport; or a tailor who sews clothes; or a consultancy (company/individual) that provides training (to other service providers, to implementers – training of trainers – or directly to communities) or carries out specific studies, such as value-chain analysis
- a government department that provides extension services, research or technical support to a particular category of people, such as farmers; or is responsible for building and maintaining infrastructure such as roads; or provides regulatory services

- a health clinic that provides primary health care to local people
- the branch of a bank (commercial/ microfinance) or a money lender who provides loans
- an NGO that is involved in rural development work

The characteristics of these, and possible entry points for intervention, are summarized in **Table 1.**

Collective action can be defined as action taken by a group of individuals motivated by common interests (Marshall 1998). It can be voluntary or obligatory. For example, all landowners within an irrigation scheme may be obliged to join a water-users' association. Members can act directly on their own or through an organization. In many communities throughout the world, people work together to provide local goods and services that the government does not provide, and that they would not be able to provide as individuals. This collective provision of goods and services is particularly important for poor rural people, who often have less access to government services than urban populations. They can even become a vehicle for poverty reduction programmes.

Table 1   Types of organizations

Group	Public		Private	Collective action		Hybrid/middle sector	
Class	Local administration	Local government	Businesses, e.g. contractors	Membership organizations	Cooperatives	Rural producers' organizations	Service organizations, NGOs
Type	Bureaucratic	Political	Commercial	Voluntary	Voluntary	Commercial	Charitable, voluntary
Sample entry point	Councils, village, commune, districts		Micro-enterprise	Community, village organizations, water-user organizations, women's groups, farmers' alliances and organizations			

Source: Perrin et al. (2006)

Collective action can also be used to fill the gap where markets are missing. Self-help groups (SHGs) and other mutual insurance mechanisms are examples of substitutes for imperfect credit markets. Collective action is often used to regulate access to, and maintenance of, pooled resources. It frequently necessitates undertaking activities such as monitoring usage, devising rules and enforcement mechanisms, and implementing sanctions. Collective action is often understood more narrowly as activities undertaken through formal organizations. Yet many formal organizations only exist on paper and do not foster any real collective action; while many examples of collective action occur informally through social networks or even when people come together temporarily for specific short-term purposes (Bruns 1992; Badstue et al. 2002).

Institutional and organizational change
Most initiatives aimed at poverty reduction involve processes of institutional and organizational development. In fact we need to understand processes of institutional and organizational change in order to practice develoment. When we talk about institutional development and change, we refer to effective change. Hence, a nominal change in formal rules – a new law, for example – does not count as effective change unless that rule is actually implemented, enforced, and adhered to.
We can distinguish between two major types of institutional change (Skoog 2007). Formal rules are often created as a result of intentional design. This requires some form of collective action and decision-making, often executed through the political system. Informal rules, on the other hand, tend to evolve organically, spontaneously and unintentionally over time, through human interaction. Social systems come about through a combination of spontaneously evolved and intentionally designed institutions. Institutional change, formal as well as informal, takes place through a process – a sequence of events in causal and chronological stages over time.

McNamara (2005) defines organizational change in terms of change that takes place throughout an organization, as opposed to smaller changes that might take place within an organization, such as adding a new member or modifying a programme. Examples of organization-wide change might include a change in mission, restructuring operations (such as restructuring to self-managed teams, layoffs, etc.), the introduction of new technologies, mergers, major collaborations, 'right-sizing', new programmes such as Total Quality Management or re-engineering. Some experts refer to organizational transformation. Often this term implies a fundamental and radical reorientation in the way the organization operates.

The IFAD sourcebook provides in-depth analysis and guidance on how to promote organizational change. It makes clear that fostering structural and process changes in institutions and organizations (both public and private) is an important means of increasing their effectiveness as delivery agencies. IFAD's development initiatives need to place emphasis on improving the quality of their services, making them more flexible and responsive to the needs of poor people. These organizations need to be encouraged to be more open, and to foster partnerships with other organizations, especially public-private partnerships. Equally institutional and organizational coordination needs to be ensured, particularly at the local level. The issue of decentralization also needs to be addressed.

These kinds of structural changes have a far-reaching impact and need to be undertaken carefully, with clearly defined objectives. The capacity of key implementation partners – including the lead agency and other implementation partners, such as local government and public/private service providers – needs to be assessed and strengthened to enhance their responsiveness to the needs of the rural poor.

If we wish to enhance the ability of institutions and organizations to deliver sustainable development activities, we need to engage in the regular capacity-building of key institutions and organizations (e.g. enabling, delivery and users agencies). This means building skills and competencies, and changing attitudes and cognitive processes. We need to be especially aware of how a project engages with the target groups. Accountability and transparency are the key to ensuring that all stakeholders participate in decision-making processes, that target groups are empowered, and that services are cost-effective and efficient.

Institutions and organizations do not change because they ought to or because they want to, but rather because they have to. In other words, they will change only when the pressure of circumstances builds to the point when the existing situation becomes untenable or threatening to dominant interests. Service providers and enablers will respond to the needs of poor people only when poor people are able to make themselves heard loud and clear. For this to happen, poor people need to organize themselves and engage in collective action. They must:

- mobilize, articulate their interests and prioritize them
- work out mechanisms for conflict management, and promote equitable benefit- and burden-sharing, representation (especially for women), transparency and accountability
- develop their collective capacity
- work out strategies to influence policies and organizations
- contain transaction costs
- constantly adapt to changing realities.

Institutions, organizations and rural poverty
Poverty is a condition of hunger, low income and lack of services. It is also a condition of vulnerability, exclusion and powerlessness – a state of being unable to be heard. Voicelessness is particularly acute for poor rural people, who account for some three quarters of the 1.2 billion people in the world living on less than one dollar per day. Among poor people, women are particularly disadvantaged, having significantly less access to knowledge, assets and services than men. These inequalities restrict women's social and economic roles.

Poor rural people, and women in particular, rarely control the conditions that determine their livelihoods. For many rural people – smallholders, landless wage labourers and sharecroppers, small-scale entrepreneurs, nomadic pastoralists, artisanal fishers, women, indigenous peoples, ethnic minorities and members of scheduled castes – powerlessness is experienced as an inability to influence decisions affecting their lives, to negotiate better terms of trade and make governmental and non-governmental organizations accountable to them. This powerlessness is intimately linked to weak local governance. Powerlessness is an effect of poverty, but it is also one of its most important causes.

Strong institutions and organizations are vital to poor rural people, to help them overcome their isolation from centres of power and influence. Empowering poor people means changing the existing structures of power to increase opportunities for them to participate and for their voice to be heard, as well as engaging those who are disadvantaged in the political process. Both institutions (i.e. rules) and organizations (i.e. players) must be addressed simultaneously if lasting and desired institutional transformation is to take place.

Global interdependence, decentralization and the rapid development of civil-society organizations, all present opportunities to increase the inclusion of rural poor people in society, provided they are organized to influence the institutions, policies and decisions that affect their lives and determine the economic benefits of their activities. Greater inclusion of poor rural people would contribute significantly to reducing poverty. And poor producers, especially in rural areas, could become the driving force of their own development if they were enabled to reach their full potential.

How can we measure organizational development?
What do we mean by 'capacity'? The Organisation for Economic Co-operation and Development (OECD) defines it as "the ability of people, organizations and society as a whole to manage their affairs successfully" (OECD 2006). Organizational capacity is defined as "the capability of an organization to achieve effectively what it sets out to do" (Fowler et al. 1995). The capacity of individuals, organizations and communities is constantly changing. Individuals with specific technical competencies move within organizations or leave them. But capacity development in general can be viewed as a process whereby individuals, organizations and communities strengthen and sustain their ability to perform their chosen functions.

Capacity-building is a critical part of many development projects. In general we agree on the role it plays in improving performance, but there is less agreement on how to measure the effectiveness of capacity-building interventions. Most indicators used to measure the effects of capacity-building in projects focus on the capacity of organizations and personnel because most capacity-building interventions only address these aspects. There are few examples of indicators that measure system-level or community-level capacity, and none that measure the linkages between the different levels. While monitoring and evaluation (M&E) is more easily applied to areas such as logistical and technical capacity-building for clearly defined ends, it is more challenging to monitor and evaluate overall capacity-building, which depends on a wide variety of factors. **Box 4** presents the key ways to maximize the effectiveness of M&E for capacity-building (Simister and Smith 2010).

Supporting and measuring institutional development
Institutional development is a dynamic process involving complex interactions (Skoog 2007). In order to provide adequate support to institutional strengthening initiatives, we need to have a clear understanding of informal and formal rules that govern situations in which organizations operate. The organic nature of institutional development processes means that they evolve gradually over time. Projects need to recognize that this kind of change takes time to evolve. And because change can take place in unanticipated ways, a certain flexibility is also required to respond to needs that might arise. For this reason, institutional support should always be grounded in the local context and should be based on a comprehensive understanding of how individuals, organizations and the rules they operate under relate to one another and actually interact as change happens.

Box 4   Optimizing monitoring and evaluation (M&E) for capacity-building

- Capacity-building providers need to have a clear, stated rationale for carrying out capacity-building, and a clear idea of what they want to achieve, both in the medium and in the long term.
- Be clear about the purpose of M&E – e.g. is it for accountability to donors, or to learn and improve performance? – as this will influence the approaches and methodologies used.
- Where multiple interventions are spread out over time, it may be useful to start by trying to evaluate change at an individual, organizational or even societal level, and then work backwards to identify what contributed to those changes.
- Distinguish between measurable changes and changes that can only be illustrated. Establish an agreement with all concerned about how far M&E should go in terms of measurement, and at what levels.
- Carry out M&E alongside capacity-building support.
- It is unlikely that any capacity-building provider working with various organizations or individuals will be able to get away with purely qualitative or anecdotal reporting. At some stage it will be necessary to produce some figures to demonstrate the scale of change.
- Capacity-building providers should be cautious about predicting the pace of change within organizations, especially when logical frameworks or project proposals encourage unrealistic expectations. They can influence the pace of change but have no absolute control over it.

It is important to identify key actors or groups and their roles in institutional development processes. Values and beliefs also play a role, so that often it is best to elect project implementers and partners who share the beliefs and values of the stakeholders/beneficiaries in order to foster greater local ownership and sustainability of development initiatives.

If you wish to identify institutional arrangements that run counter to the status quo, a thorough assessment of the impact of institutions is usually necessary. Although there is now a consensus that institutions 'matter', their impact and influence can only be assessed by examining various links and channels of influence between the institutional set-up and development outcomes. These linkages are not well understood (OECD 2003). Development outcomes are not only influenced by the institutional set-up, but also by other variables such as the local context and the behaviour of human actors.

The ways in which social norms, values and traditions affect and are affected by governance structures is an important topic that is still under investigation. However, OECD proposes an assessment framework[8] that differentiates between exogenous and endogenous variables, and highlights the different channels of influence that link institutions to development outcomes.

The premise of OECD's framework is that institutions do not stand alone, but are embedded in a local context and are influenced by historical events and culture. It concentrates on the linkage between 'institutional outcomes' and 'development outcomes' and consists of five variables: one of them exogenous and the other four endogenous.[9]

8. OECD Development Centre (Working Paper No. 210), Institutions and Development: A Critical Review (2003)
http://portals.wi.wur.nl/files/docs/SPICAD/Institutions_and_developmentOECD.pdf

9. The exogenous variable is: local setting – e.g. geography; exogenous characteristics, such as political and macro-economic institutions and organizations and conditions. The endogenous variables are: endogenous institutional conditions – e.g. rules, laws, procedures; organizational conditions, such as visions, systems, area of interaction, incentives, behaviour of actors, transaction costs, disincentives, distribution of power; outcomes of institutional and organizational arrangements – e.g. degree of enforcement of property rights, strength of the stock of social capital, extent of political instability and corruption, growth and investment.

The question to be answered is whether or not a given institution can be treated as exogenous or endogenous to the development outcome. It may be exogenous to the systems (i.e. independent from changes in the development outcome). If, however, the institution is endogenous to the system (i.e. the outcome can influence the institutions under consideration), there are serious implications when it comes to estimating and analysing potential impact.

The following points should be taken into account when analysing the impact of institutions on particular outcomes:

- it is important to differentiate between exogenous and endogenous institutions
- there are different levels of institutions with different time horizons of change
- the local setting is important
- the specific characteristics (i.e. economic, technological and physical) of the services, functions and products under consideration do matter
- the perspective of individuals as agents of institutional change should be carefully considered.

Findings from the field

This section presents and analyses the key issues that emerged when the sourcebook findings were applied in the design and implementation of IFAD projects.

Quality and depth of institutional and organizational analysis

Understanding institutional and organizational structures and how they work is critical to identifying the ways in which we can influence processes of change within them. Power relations depend on existing institutional and organizational structures, and therefore have the ability to influence structural adjustments. Structural reforms are best made through a process of consultation with diverse actors, where the function, incentives and benefits of reform are identified and examined. This should be accompanied by determining the expertise and competencies needed to achieve the intended institutional and organizational changes.

The desk review showed that all the projects carried out some form of institutional and organizational analysis in their design phase. It also showed that there is an overwhelming reliance on government as the main driver of institutional and organizational change and reform. In some cases the need to provide support to institutions and organizations emerged during implementation and was identified by the supervision missions, rather than featuring as a strategic choice in the COSOP or the project design document. This tendency was verified by the field visits. Some key observations are described in **Box 5**. The extent and depth of the analyses carried out were found to have direct implications for project implementation.

In the case of the Sofala Bank Artisanal Fisheries Project (SBAFP) in Mozambique, the design document lacked an in-depth assessment of the technical and human capacity of both the lead agency, Instituto De Desenvolvimento De Pesca De Pequena Escala (Artisanal Fisheries Development Institute) (IDPPE) and the key implementation partners (e.g. the Ministry of Fisheries) to deliver the services planned. Similarly, the activities directed at strengthening community organizations (fisherfolk's associations, co-management groups, parent-teacher associations, community health councils and water committees) would have achieved better results if a more thorough capacity development assessment had been carried out.

Box 5   Analysis of institutions and organizations in IFAD projects visited

- Institutional and organizational analyses vary in quality and depth. Government entities were analysed, but there was only partial assessment of in-country partners and their ability to perform their functions and influence existing power relationships and/or imbalances.
- The project design report usually places too much importance on analysing lead agencies in terms of their capacity to implement project activities. Greater attention should be given to partnership-building and analysing the potential roles and capacity of co-implementers.
- Informal institutions and organizations and their implications for project delivery are rarely analysed.

Source: Field application report

Given the lack of a comprehensive institutional and organizational audit, there was no plan to support institutional and organizational strengthening, and no conceptual understanding of how to achieve the proposed institutional and organizational changes through capacity-building.

The two projects in Sierra Leone (the Rehabilitation and Community-based Poverty Reduction Project (RCPRP) and the Rural Finance and Community Improvement Programme (RFCIP)) conducted a thorough analysis of community organizations, leadership structures, their history of participatory activities and associated strengths, weaknesses, opportunities and threats. The institutional and organizational analysis for RCPRP provides an overview of local administration, rural and national institutions and organizations relevant to rural development, previous, ongoing and proposed projects, and local NGOs. As a rural finance programme RFCIP pays special attention to financial institutions and organizations, with a particular focus on the legal and regulatory framework, community banks, commercial banks and microfinance organizations. On the basis of this analysis, IFAD ensured that personnel with relevant expertise were included in the Project Management Unit (PMU). The project also developed a capacity development strategy for financial service associations, and recruited a group development officer who drew up a community development strategy in which capacity-building (training, mentoring, exchange) was provided to groups involved in the process. As a result of these efforts, community-based organizations were encouraged to include the most vulnerable members of society, especially the disabled, in their by-laws.

The Market Infrastructure Development Project in Charland Regions (MIDPCR) in Bangladesh also conducted a comprehensive analysis of institutions and organizations, which included a policy-level analysis and was consistent with the focus of the project. However, it failed to assess the market regulatory framework or how existing organizations or new groups created by the various market stakeholders could counter powerful political interference and limited transparency/inclusiveness affecting market management committees (MMCs).

The design documents for the Environment Conservation and Poverty Reduction Programme (ECPRP) in China and Participatory Integrated Development in Rainfed Areas (PIDRA) project in Indonesia do not provide any analysis or description of the legal, regulatory and organizational frameworks governing farmers' associations and cooperatives. Field visits revealed that project staff were not fully aware of government regulations for farmers' associations and cooperatives.

The Burundi Transitional Programme for Post-conflict Reconstruction (*Programme Transitoire de Reconstruction Post-Conflit* – PTRPC) ensured that the right policies, legislation and structures were in place for the lead agency and implementation partners. Nonetheless, it would have been useful to undertake a more thorough diagnosis of their structural weaknesses, the capacity of existing institutions and organizations to perform functions relevant to project delivery, as well as internal and external factors likely to affect their performance. This would have helped identify the support needed for institutional and organizational strengthening. Consulting key agents of change and requesting that they define processes of organizational change (for example, during design, planning and implementation) enhances their sense of ownership and encourages demand for efficiency and full disclosure.

The lessons learned show that some design, implementation and supervision teams tended to focus their attention on a single organization, rather than on groups of organizations that might be mutually dependent. Little attention

was paid to inter-organizational relations and too much was expected of the organization that was the focus of the project. However, in cases where a thorough institutional and organizational analysis was undertaken (by the COSOP development team in the Dominican Republic and project design teams in Viet Nam, India and Indonesia, for example), this analysis was used to define a more systematic action plan for the development of sustainable interlinked organizations. Few of the design teams explicitly identified and analysed informal rules and organizational norms, although some highlighted the existence and importance of informal rules and traditional organizations when their potential influence was deemed to be positive. It seems that the COSOP and project design teams perceived changes in informal rules and organizational culture as difficult, problematic and a cause of uncertainty. This limited the support for institutional and organizational transformation, cultural change and behavioural attitudes.

Selecting and assessing in-country partners and service providers

Choosing partners is important. The project assessments underline the importance of carefully considering how partner selection might influence existing power relationships and imbalances in partner countries. They suggest that there should be more reflection on IFAD's state-sector bias and how it might reinforce state actors and their power relations with other groups in society, and what might be the implications if the institutional and organizational development efforts supported by IFAD were successful. Certain questions need to be more broadly addressed during design, such as: What forces or groups (the state, civil society or the business community, for example) may need to be strengthened in order to increase the chances that reforms will be effective and sustainable?

When attempting to build processes of institutional and organizational development,

projects should consider using power relations as a means of providing support to different actors. In Sierra Leone for example, IFAD supports local government organizations, but it is also careful to give due attention to the traditional chiefs and the influence they still exert. If the latter feel by-passed, they could try to obstruct project activities. Similarly, in the Seed Development Project (SDP) in the Sudan, the project design team was careful to involve the farmer unions and the community development committees – which are not always representative and inclusive organizations – in project formulation and implementation.

IFAD increasingly relies on private and community-based service-providers to deliver organizational development support. IFAD-supported projects in Cambodia have successfully worked with private community-based service providers; the Commune Extension Workers, the Village Extension Workers and the Village Animal Health Workers. The Tejaswini project in India contracts young female social workers (*Sahayoginis*) to mobilize communities, help create self-help groups (SHGs), and provide support and monitoring to the groups. SDP in the Sudan will replicate a successful approach adopted by ongoing projects in working with young female community facilitators to mobilize groups at village level.

Design documents often lack an in-depth analysis of the availability and capacity of existing service providers in the country. As a result, capacity-building and training of trainers is not always included in project implementation, where it might help improve the skills of extension service providers, and this can hamper the outcome of projects.

The limited technical and financial capacity of local service providers (specifically NGOs and local governmental agencies) has had an impact on the implementation of the Project for the

Promotion of Local Initiative for Development in Aguié in Niger (Projet de promotion de l'initiative locale pour le développement à Aguié – PPILDA). Most of the NGOs were recently created by retired government officials who have extensive experience in their respective field of competence. However, the implementing staff at field level do not always have adequate technical capacity. Other factors limit their effectiveness, in particular inadequate and poor equipment. In addition, agents employed at the field level receive insufficient supervision from the line managers. Because these constraints were foreseen at the design stage, PPILDA has established a fund to support partnerships in strengthening local service supply. The fund provides institution-building support and training to local service providers that are actively engaged in promoting local initiatives. These partners include decentralized public departments of literacy, health, crops and livestock extension, environment and rural works, a local radio broadcasting station, emerging local private building contractors, consultants or auditors/accountants, and civil society organizations.

Providing broad support

The projects examined illustrate a wide range of approaches for supporting institutional and organizational development. These include training for individuals, providing rural finance and agricultural advisory services, and supporting systems development (e.g. improving financial management systems, administrative processes, procurement procedures, local governance and service delivery mechanisms and conducting regulatory reform). However, while COSOP and project design documents may explicitly state the intention to develop institutions and organizations, they rarely provide operational frameworks to achieve the desired changes. The projects demonstrate an impressive understanding of government institutions and organizations, and institutional and organizational reform agendas,

but their analysis of capacity needs and processes for coordinating and managing relationships (horizontally and vertically) is an area that needs constant improvement.

Overall in the projects visited, institutional and organizational development unintentionally takes place through policy dialogue, support to lead agencies, implementation partners (in government, civil society and private society), SHGs and village committees, by promoting the federation of farmers' organizations, and setting up inter-institutional and organizational coordination mechanisms. The projects support various kinds of institutional and organizational development processes, from introducing minor changes and/or specific rules at the local level, to promoting broader changes, such as agricultural sectorwide reforms (see **Box 6**). In most cases, however, there was a lack of clarity about the approaches pursued and desired outcomes.

The projects provide support to formal institutions and organizations at national, meso and local levels, by helping develop technical and social skills for greater effectiveness. This support is still very much confined to training individuals. Although most projects support physical investments in formal organizations, few invest in promoting changes within the culture of organizations, to improve administrative and financial management, procurement and service delivery systems. Support to informal institutions and organizations is mainly focused on developing rules or procedures to help formalize grass-roots institutions and providing training to group members to enable them to carry out project activities (such as income generation). To a lesser extent, the projects help build and strengthen organizations and help them towards institutional maturity and sustainability.

Institutional and organizational support and delivery

Type of support provided

- Support is mainly to formal institutions and organizations at national, meso and local levels – to government and more recently also to private and civil society sectors. Lead agencies and implementation partners receive equipment (e.g. computers, cars), staff and technical/managerial training. Decentralized government institutions (e.g. districts, municipalities) receive staff training on a variety of issues (e.g. participatory planning for community development, financial management, etc.). Extension service providers receive staff training on participatory methodologies, technical issues and gender analysis, as well as small equipment (e.g. cars, computers) and local office buildings.
- Support to grass-roots institutions and organizations – formal and informal, existing or new ones – includes: training (technical and social skills) and building trust and cohesiveness, governance and internal management, conflict resolution, communication, leadership, accounting and bookkeeping, business plan preparation, operation and management of rural infrastructure, developing linkages with informal and formal credit as well as to markets, fundraising, facilitating processes within associations/federations/aggregations, income-generating activities, functional literacy and gender issues. Support to informal institutions and organizations is mainly provided to help them formalize.
- Policy dialogue activities to promote scaling up of institutional and organizational innovations.

Delivery of support

- In most cases support to institutional and organizational development is based on partially defined strategies – that require vision, focus, direction and an action plan – with mechanisms that establish what procedures, rules and competencies the organizations will require in the future and how they will be obtained, including benchmarks to monitor the progress of change.
- Support to insitutional and organizational development is mostly aimed at enhancing individual capabilities and, to a limited extent, at changing organizational systems (e.g financial and procurement procedures).The delivery of these specific capacity-building activities is scattered among several project components.
- There is usually limited coordination between activities supporting institutional and organization development and other similar initiatives outside of IFAD support.
- In most countries the capacity of service providers supporting institutional and organizational development is relatively weak.
- There is increasing engagement in policy dialogue for scaling up institutional and organizational innovations.

Experience from the support provided shows that a gradual approach is best when setting out to introduce changes in rules and in the culture of organizations. The focus should be on technical skills and training in areas needed to make systems and processes work, rather than engaging in large-scale reform from day one. While this step-by-step approach is useful, it should be embedded in a broader institutional and development strategy with clearly elaborated insights on what needs to be done and how activities should be carried out over time. Institutional and organizational development is largely an evolutionary process, and strategies to support such processes should remain flexible and be adaptable to changing contexts. Some

projects, such as the Kenyan one, showed that institutional and organizational development can be brought about through learning by doing.

In many cases, the entry points for the projects are existing or newly created local governance structures. For example, the PTRPC supports the creation of community development committees (CDCs), which are inclusive, equitable and popularly accountable systems for locally-based planning, implementation and monitoring of post-conflict reconstruction and development. These committees empower local communities to restore social cohesion and rebuild sustainable rural livelihoods. In Niger, PPILDA helps create 'cluster' groups made up of representatives of a

small number of villages. These groups act as a go-between between the cluster, the project and other partners, and help monitor and evaluate the implementation of the action plan.

The Central Kenya Dry Area Smallholder and Community Services Development Project (CKDAP) created focal committees that act as critical local-level institutions and plan and implement the activities identified in the community action plans. In China, the ECPRP-established village implementation groups (VIGs), in close collaboration with existing local government village development committees (VDCs), play an important role in bringing the development process to communities and ensuring the participation of poor people, including farmers and women. This mechanism has been successfully scaled up in other IFAD interventions in the country. In other cases, rather than seeking to establish new organizations, IFAD-supported projects strove to make community-based institutions more inclusive and transparent. For instance, in Mozambique it was found that existing grass-roots organizations in fishing communities were male-dominated and un-representative of the poorest segments of society.

The COSOP for the Dominican Republic identified farmers' organizations as the main project partners and offered real opportunities to engage with them as strategic partners. They provide economies of scale for their members in the political, market and service-delivery spaces. The projects under the COSOP are working to enhance their capacity to reach out to poorer people and invite more women to become members and take on decision-making roles.

Working with or creating rural institutions and organizations

Enabling institutions and organizations are public and private sectors that play, or should play, a facilitating role. They may be responsible for establishing the rules, regulations, laws and policies that govern service provision and control how people access certain resources. They may be responsible for making resources available to delivery agencies in both the public and private sectors or even directly to people or 'users'. Representative bodies often play a key role as enabling agencies that articulate the priorities of their constituencies and, at least in theory, channel those priorities into policy and law-making processes. IFAD works with enabling agencies and poor peoples' organizations at the grass-roots level.

Enabling agencies can be found at different levels. Policymakers have an enabling role at the national level, while a village headman or the parents' association of a school may have an important enabling role at local level. In most cases, IFAD works through government as a lead agency and implementation partners in the public sector, outsourcing certain services to the private sector and actors in the NGO sector. Although IFAD emphasizes the importance of working with and strengthening existing enabling agencies, in most cases IFAD projects create new grass-roots organizations. Sometimes this happens when the required organization does not exist, but also when existing organizations do not comply with IFAD's requirements in terms of inclusiveness, representation and pro-poor and gender focus. The sustainability of these newly created grass-roots institutions is always at risk when adequate preparatory analysis has not been carried out, and when insufficient time has been spent exploring and evaluating alternatives, and including those people who will be involved in implementing the final choice.

This was the case in the Sofala Bank Artisanal Fisheries Project (SBAFP) in Mozambique. Instead of creating new groups (such as committees overseeing the construction of schools and health facilities), more attention should have gone during the initial phases of the project to exploring how existing institutions and organizations, such as the community health councils and parents' associations, could have been involved. This might have avoided the problem currently faced by the project, of ensuring the future sustainability of these groups.

On the other hand, SBAFP has been very successful in introducing an advanced version of rotating savings and credit groups (*poupança e crédito rotativo* – PCR) in fishing villages. These groups are based on a traditional practice (*xitique*) that was identified during institutional analysis at the design stage. Each member contributes the same amount periodically, and one by one, the members receive the entire amount collected. The country programme evaluation even notes that the main successes in terms of women's empowerment have been achieved through these savings and credit groups, which have broken the gender barrier in microfinance in northern Mozambique.

One successful example of IFAD helping create new rural institutions can be found with the PTRPC in Burundi. Weak government has fostered the creation of many rural associations that are active in local development. Taking advantage of this situation, the PTRPC has developed a new approach towards participatory community planning, based on the establishment of CDCs (hill level) and CCDCs (commune level). One the first things that many of the development committees do is identify all those who are in immediate need of help and route aid their way. They do this through traditional mediation practices, such as ensuring that everything is done publicly and that the names and addresses of those chosen as recipients are displayed where

everyone can see them. As already mentioned above, traditional methods like this have helped reduce the risk of corruption and favouritism that fuelled conflict in the past. Because of its success, this approach has been adopted by many other development projects and was recognized by the National Policy Letter on Decentralization and Community Development, adopted in 2007.

As already noted above, ECPRP in China created a new institution (the VIG) to complement the existing VDC to ensure that poor people, farmers and women participated in project activities. The Rural Development Project (RDP) in the Solomon Islands works with existing institutions (such as the ward development committees – WDCs), which were inactive before project implementation, and new institutions (such as the sub-project implementation committees), which were needed to facilitate implementation at the grass-roots level.

Ensuring grass-roots organizations are inclusive

Most of the projects place considerable emphasis on the full representation of beneficiary communities in project activities. Strategies adopted to ensure inclusiveness and participation vary depending on the country context and on the groups that are traditionally under represented in the public space (most often women, indigenous groups and youth). The field application exercise showed clearly that very active members (i.e. committed members contributing resources, time and expertise) tend to dominate decision-making, and absorb most of the benefits offered by the projects. Common interest groups (CIGs) that formed mainly to benefit from project resources have disintegrated. Those that still survive only exist on paper and are largely dormant, unlike the viable groups that evolved naturally through the projects' facilitation. Basically their engagement with the projects was cosmetic (i.e. preparing a constitution, holding meetings and paying

membership subscriptions) and designed to meet eligibility criteria for project support, rather than being genuine attempts to organize and progress into mature viable groupings. The successful groups evolved by leveraging some form of common-interest enterprise (a savings scheme or farm enterprise such as dairy/horticulture production and marketing) and labour provision – an activity usually enshrined in a collective vision.

Local organizations need to design procedures and practices to increase the participation and inclusion of disadvantaged social groups. This is a problem that several IFAD projects face. Allocation rules for resources and decision-making procedures should discourage wealthier and better-off households from attempting to maintain exclusive control over local institutions. According to the World Bank (2008), this can be accomplished by:

- eliminating membership barriers
- requiring local organizations to provide information about the benefits they provide
- requiring performance reviews of decision makers by constituents
- instituting mechanisms for rotating leadership positions.

In the Sudan the Institutions team visited CDCs during the design of the Seed Development Project. These are institutions supported by ongoing IFAD operations. Overall, the CDCs have helped improve capacity to plan, execute and manage development activities and had a positive impact on women's empowerment. However, in some cases, rotation of leadership was found to be limited, the poorer inhabitants of the village were not equally represented in the committees and elite capture had occurred. It was found that the various subgroups (for crop-based activities or livestock activities for example) had not always been formed based on demand from their members, were not inclusive of poor people and not operational.

Some IFAD-supported projects work with mandated quotas to represent women, such as RDP in the Solomon Islands. In the Tejaswini Project in India, the poverty focus was very strong, because about 85 per cent of households were found to be below the poverty line and 58 per cent of members were from Scheduled Castes and Scheduled Tribes. In India, SHGs have proved an appropriate means of targeting supporting and empowering poor women, enabling them to become entrepreneurs and agents of change. While affinity among group members is an important factor that helps boost cohesiveness, selection of members needs to be flexible and decided by those willing to join the group rather than by imposing rigid selection criteria from the outside.

Box 7　　**A vulnerable person identified by the water users' group in the Central Kenya Dry Areas Project in Kenya**

Mrs. Beth Njoki is blind and heads a family of 11. She used to beg for food, but that is a thing of the past thanks to the Gathuka Water Project in Nyandarua. She was one of three members identified by the water users' group whose required contributions were waived. She and the two other members did not have to pay the registration fee, or the contribution of Ksh. 21,000 and they were also exempted from the labour contribution valued at Ksh. 35,000. The group provided materials and labour to connect water to their households. This raised their living standards considerably.

Mrs. Njoki is now able to produce food for her family and generate her own income through the sale of irrigated vegetables and peas on her farm. She has also diversified from farming and used part of the income to put up a kiosk, which serves the local community.

Source: IFAD (2009)

Enhancing transparency and accountability

Elite capture is a threat to newly created institutions, especially when elite groups are able to mobilize their existing social capital assets to seize the new opportunities. It is therefore very important to ensure downward accountability to generate greater equity in benefit allocation. Local organizations should adopt mechanisms that ensure accountability and help participants learn about institutional decision-making, and sanction decision makers when institutional performance is below par. Competitive local elections are a common and practical means of holding decision makers accountable, but they need to be accompanied by other social accountability mechanisms (see World Bank, 2008), including:

- incentives to promote the dissemination of information and uptake on the services provided by institutions
- training institutional decision makers to introduce mechanisms that ensure accountability
- sharing financial information
- remuneration for greater accountability (e.g. citizen report cards linked to sanctions on decision makers)
- periodic audits of the functioning of institutions
- improving the ability of constituents to voice dissatisfaction.

In Burundi, for example, PTRPC has experienced some problems regarding the accountability of the CDC/CDCCs. The project's final annual work plan and budget, which is supposed to be based on the community plans developed by the CDC/CDCCs, are not being shared with either the local population or the members of these institutions. Institutional support to the CDC/CCDCs presents challenges and there is much work still to be done to make them sustainable and transparent, and increase their accountability as local government institutions.

For instance, they are not yet involved in procurement decisions and M&E activities. Including them in key decision-making processes during project implementation (during the entire planning and implementation process, for example) would enhance their level of perceived ownership and encourage the demand for efficiency and full disclosure.

The VIG members in ECPRP in China should be identified through elections. However, it was found that in some cases, membership was determined through selection, and the transparency and quality of the process varied considerably. The election modality is preferable because it is more likely to enable people to participate in the process on a more equal and less polarized basis than through an 'open discussion'. A number of VIGs visited had not organized new elections for three years, and the mandate of their members was not defined when the group was formed. The risk of elite capture of project benefits also emerged during implementation (for example, during the selection of poor people, and regarding transparent and equal access to funds, which requires more transparency and well-defined criteria). Rotation of leadership roles was also found to be limited in CDCs (the Sudan) and SHGs supported by Tejaswini (India).

In Bangladesh, although MMCs complied with the policy and project requirements for representatives under the MIDPCR, some stakeholders, particularly small temporary traders and women, were not adequately represented in the MMCs. Representatives from powerful and elite groups within the MMCs hinder full interaction and coordination between the MMC and other market associations or stakeholders. On a positive note, all markets visited displayed a notice informing users about fee rates. This dramatically reduces the collection of higher fees from market users, which could be a burden, especially for the poor and the poorest users.

Kamal Uddin is a 38-year-old married man with two children. He is a temporary trader who sells vegetables in the Boro Mirza Kalu Market, Bhola district, Bangladesh. In the past he used to be charged higher toll fees – about Tk10 per day. He never complained to the MMC about this because he was unaware that there was an official rate. Now that the toll chart has been displayed, he is charged the correct amount – Tk3. The space he occupies is given for free and he says that his business has improved by 40 per cent.

Source: MIDPCR, Mid-Term Review Report (2010)

Using flexibility

A flexible, gradual approach is necessary when undertaking organizational strengthening at the grass-roots level, and possible aggregation at meso and national levels. Organizational strengthening requires an understanding of different levels of organizational maturity and an inventory of existing institutions and organizations. The gradual process of grass-roots institutional development should lead to self-reliance. Institutions and organizations will need different types of support at different stages of maturity and at different stages in their evolution. Issues sometimes emerge during implementation that also require a flexible approach.

While many groups feel that they have had adequate support from the projects (in the form of group mobilization activities, leadership training for members, preparation of constitutions, conflict resolution and joint visioning), many wanted further facilitation in business skills development, entrepreneurship and financial management. These requests suggest that more time is needed in navigating them towards maturity. By and large, group training is prescriptive, with a 'one size fits' all approach. Yet training should take into account the different stages of various groups, which demand different simultaneous interventions.

Group aggregation takes place when mature groups understand clearly the tangible benefits and competitive services they can access by creating associations or federations. It is not surprising that the demand for higher-level organization (from federation/affiliation to apex organizations) is usually a consequence of having attained empowered, organized and strong community groups, associations and cooperatives and therefore having an increased demand for: (i) public/private services; (ii) networks with other organizations; (iii) links with service providers (such as financial services, input suppliers and output buyers); and (iv) representation/advocacy at meso and macro levels.

Cambodia failed to create strong and sustainable grass-roots institutions that could represent the views of its members and evolve into larger organizations to better protect their interests. For ongoing and past projects, a strategy was envisaged at the design stage to develop and support grass-roots institutions by organizing project beneficiaries into different groups (livelihood improvement groups and farming systems improvement groups) able to respond to their particular needs. However, the differentiation of groups on the basis of members' poverty levels created some unhappiness and even conflict among the people. This approach also failed to strengthen the governance and capacity of their organizations.

In the case of CKDAP in Kenya, the project developed a group census in November 2008.

The main objective of the group census was to establish an inventory of groups across the project area in order to provide a focus for project interventions during the remaining project period. The census collected data regarding the type, size, composition and activity levels of the various groups. Although the census has been an extremely important initiative and has brought forward some very interesting data, the exercise cannot be regarded as complete. Community groups need to be classified according to their maturity level (graduating from mobilization/formation to enterprise selection and development) based on a clear set of indicators, with each category having a different set of training needs. It is unfortunate that the exercise only took place one year before project closure.

As part of the Tejaswini Project in India, a self-assessment exercise is regularly conducted by the SHGs to monitor group development/maturity. It includes simple indicators,[10] which vary according to the stage of development of the SHGs. PIDRA (Indonesia) identified indicators to assess the development of SHGs, village development associations (VDAs) and watershed management associations (WMAs). The Tejaswini project also supports community-managed resource centres (CMRCs), providing basic services on demand, such as SHG training and auditing. However, CMRCs are still far from achieving institutional sustainability. They require more targeted and intensive mentoring, especially where good governance and operations management is concerned. Although SHGs have begun paying for the services provided by the CMRCs, the fees barely cover 20 per cent of their operating costs, thus putting their financial sustainability at risk.

Addressing risk

It is important to identify and define measures to mitigate risk factors, and these need to be incorporated in project design and implementation processes and followed up on. The Cambodia experience shows that despite the benefits of providing training and applying the technologies (e.g. in terms of increased agricultural yields and production), water shortages, floods, pests and drought greatly reduced the impact of the project activities. Agricultural systems and infrastructure investments need to be more responsive to deal with the effects of climatic change and variability in weather that could also compromise sustainability. These risks need to be properly addressed, and implementing organizations at all levels should have the technical, human and logistical capacity to deal with risk. These individual skills should be supported by organizational and institutional frameworks, which should always be taken into account when carrying out institutional and organizational development.

In ECPRP (China), the institutions and organizations team noted the need to improve the risk management capacity of certain organizations (such as rural credit cooperatives – RCCs and women's federations – WFs). In India, the mid-term review mission of Tejaswini recommended developing insurance products that would reduce women's vulnerability (e.g. insuring the spouse against divorce and desertion).

10. This is an example of indicators. For SHGs: vision and mission; rules and regulations; rotation of leadership, increase in membership, attendance and participation in meetings and training, savings mobilization, internal lending and repayment; and linkages with banks, participation in community and local government institutions, adequate accounting and bookkeeping skills. For local/village-based committees (e.g. for maintenance of infrastructure, village-based activities): number of groups as members, frequency of meetings and attendance, number of community action programmes initiated and implemented, participation/decision-making of women, number of conflicts solved, quality of bookkeeping, training programmes offered, fund-raising.

Promoting change through policy dialogue

There is a need for specific strategies on how to support the development of institutions and organizations to reach broader institutional and organizational development objectives at the systems level. This support is mainly provided through a lead government agency as the main in-country partner, and also through specialized service providers.

A positive example can be found in the design document of PPILDA in Niger, which focused on the approach to be used to support organizational development. It stated that the project does not limit its intervention to supporting a standard organizational model, but rather encourages new organizational dynamics at grass-roots level, relevant to the sectors supported by the project. PPILDA adopts a flexible, step-by-step approach to institutional development that is tailored to the different characteristics and maturity levels of each specific group. The basic elements of this approach include: the farmer field schools methodology; training of leaders in a range of different topics (such as conflict resolution, communication); strengthening partnerships between rural organizations and other institutions, including public and private actors; and expanding the role and functions of rural organizations.

Under MIDPCR in Bangladesh, an analysis was carried out during project appraisal of the policy guidelines, the actual status of MMCs, and market development and management issues. This was followed up by regular monitoring of project implementation, including ad hoc studies and assessments made by independent consultants and the PMU. It was stated in the design document that some issues such as market policies and regulations (including composition of the MMC to include more stakeholders and enhance inclusiveness) required "more

investigation and review with policy dialogue as an activitiy during implementation." So far limited policy dialogue has been conducted to address these issues identified at the design stage. Broader institutional and organizational change and scaling up institutional innovations can be achieved through policy dialogue activities.

Going beyond training

Developing capacity is an important part of promoting changes that have a positive impact on the lives of IFAD target groups, particularly the most vulnerable. As we have seen so far, most IFAD projects invest in some form of capacity-building of in-country partners (e.g. governments, community-based organizations (CBOs), NGOs and private-sector actors). This occurs at systems, organizational, individual and community levels. These investments help put in place policies, rules and individual competencies to deliver better-quality services in a more cost-effective manner. The ways in which IFAD invests in institutional and organizational development vary from project to project, depending upon project objectives, the needs of in-country partners and available funding. However, several observations common to all projects are presented in **Box 9** and discussed below.

Institutional and organizational support is often mistakenly equated with training. Training is a part of insitutional and organizational support but cannot be identified with it exclusively. Institutional and organizational support should be understood as a complex set of different activities, including the provision of incentives, equipment, infrastructure and training, and also the implementation of policy-dialogue activities aimed at promoting an enabling environment for broader institutional innovations and organizational expansion to facilitate scaling up.

Overall very few project documents include a comprehensive and clear description of the

- There is varied conceptual understanding of how the development of individual capacity contributes to achieving institutional and organizational change.
- Capacity-building is usually equated with training, rather than understood as a more complex set of instruments for institutional and organizational development.
- There is a mix of supply-driven and demand-driven mechanisms in the delivery of most capacity development activities.
- Most services providers are not adept at capacity development, and there is a need to enhance their ability to deliver capacity-building.
- Overarching approaches are usually applied when strengthening capacity support, rather than catering to specific contexts and needs.

approaches, activities and related costs of institutional and organizational strengthening activities, including a broad range of activities to be carried out beyond training. One exception is the design document for SBAFP in Mozambique. This includes a table that consolidates a broad range of organizational support measures to be taken in various project components, with information on specific activities to be implemented and related costs. The budget allocated to these types of interventions is often hidden behind other items, in order to minimize the costs allocated to project coordination and management. This makes it difficult to determine the total amount needed to support institutional and organizational development.

In addition there is a need to provide more systematic support to service providers, who often lack the required technical and social skills to perform their functions. SBAFP in Mozambique has promoted and supported 169 associations (with a total of 3,244 members) through the IDPPE extensionists, and has fostered their role in the commercial development of the artisan fisheries sector. IDPPE still has some weaknesses in its capacity to provide the necessary support to these associations, particularly in areas such as business planning and management. For this reason the supervision mission of 2010 recommended the recruitment of specialized technical assistance. A more general and sustainable approach towards association-building

is needed, especially given the importance of strong associations to the Artisanal Fisheries Promotion Project (ProPESCA). In this respect, the project should review IDPPE's experience in the development of associations, and establish a suitable approach to their development within the artisanal fisheries sector.

Other factors constraining project implementation with regard to service providers include lack of mutual trust, or even difficult relationships between government and NGOs. In Indonesia, PIDRA proved successful in developing a fruitful partnership with the NGOs, while in Cambodia and China, there is still some reluctance to work with NGOs.

Instituting behavioural change

Some projects went deep in leading the institutional and organizational development process and brought about changes in mindsets and rules of the game. One example of a case where IFAD is making efforts in changing informal rules can be found in Burundi. Corruption is an endemic problem in Burundi that has a profoundly negative impact on investment, governance and the legitimacy of democratic government. In 2010 Burundi was ranked the most corrupt country in East Africa by Transparency International. PTRPC has been supporting the establishment of CDCs (hill level) and CCDCs (commune level).

The role of the CDC/CCDCs is to provide local authorities with technical expertise to help them prepare community development plans and tackle any other matters relating to village development. This has helped reduce the risk of corruption and favouritism that fuelled conflict in the past. In Cambodia, a number of communities supported by IFAD projects stated that domestic violence against women had been dramatically reduced as a result of the gender training received. RDP in the Solomon Islands mainstreamed a participatory process for the selection of community infrastructure projects and the assessment of agricultural training needs. This process led to a change in the mindset of project and extension staff, who traditionally adopted bottom-up approaches and began implementing supply-driven interventions. One of the most visible and significant achievements of the SHG approach adopted by a number of projects in India has been the way in which the participating banks have changed their attitude towards lending to poor rural women who are SHG members. In ECPRP in China, some Rural Credit Cooperatives (RCCs) that traditionally only lend to people who are better off began to understand that poor people can also be reliable clients. In both cases, after an initial period of reluctance, some banks expanded their client base to include poor people and women.

Measuring institutional and organizational development

Very few projects are using indicators[11] that reveal how rural institutions and organizations can contribute to improving rural livelihood opportunities, or how to monitor the development of organizations and institutional outcomes and changes. In fact the lack of a commonly agreed-on definition of the nature of institutions and organizations, and clear evaluation criteria to monitor them makes it difficult to measure their progress.

Monitoring institutional and organizational development requires that:

1. pathways of change are determined (i.e. anticipated change in organizational culture, systems, procedures, management practices and the training, coaching and incentives[12] that accompany it)
2. milestones are set towards achieving change
3. a baseline study is carried out to help track client satisfaction in service delivery during the time frame set for the change to take place.

In several projects (e.g. in Sierra Leone and Kenya), this has not happened. A good attempt was made at the design stage by MCRP and the Tejaswini project in India, PIDRA in Indonesia and RPRP in Cambodia, to identify indicators for the project-supported grass-roots organizations (e.g. SHGs, water user groups, federations and associations) and to identify NGOs to monitor their institutional development. In the end, however, these indicators were not fully reflected in the logframe.

In Burundi, the PTRPC design team consulted with local stakeholders to assess their priorities and views on local governance issues. Assessing community perceptions of the quality of CDCs is also included as an indicator in the logframe. Other relevant indicators that have been

11. In 2008-2009, the IFAD Rural Institutions desk conducted research into sustainability indicators for rural organizations. Four overall attributes for the sustainability of rural organizations were identified: i) good governance; ii) representation; iii) membership base; and iv) financial sustainability. A. Spairani, C. Mutua: Kenya National Federation of Agricultural Producers (KENFAP) -- Report on the Federation and its activities (2009), IFAD unpublished report.

12. Key questions for consideration include: Which factors are critical for motivation and therefore improved performance? Does staff feel motivated to take the necessary action to achieve the organization's (new) strategy? What are the overt and covert norms that guide organizational behaviour? What are the key decision-making, communication and control relationships within and between organizations? Importantly, will the proposed capacity-building initiatives alone enable the attainment of stated institutional/organizational reform? This suggests a need for improved understanding of organizational culture, structure and systems, management practices and the working climate.

incorporated in the logframe include: the quality of the relationship developed between CDCs and government authorities; the evolution of the decentralization process; and new legislation affecting community development. However, key performance indicators for the assessment of good governance, such as those related to representation and financial sustainability, have not been included.

Supply-driven vs. demand-driven capacity-building

Training and more innovative types of capacity-building are essential in equipping communities with the functional, administrative, technical and social skills necessary to manage their groups and investments, develop their products, and participate in planning and decision-making, among other activities. This is true for all the projects. In order to assess the strategies of each project for building capacity in rural organizations, we used a distinction made by Perrin et al. (2006) between 'supply-driven' and 'demand-driven' delivery mechanisms. In supply-driven mechanisms, existing capacity, training needs assessments, constraints and capacity-building activities are identified and analysed by the project. Demand-driven mechanisms, on the other hand, allow beneficiaries to identify their most pressing constraints and their capacity-building requirements.

Most projects reviewed use a supply-driven mechanism, and their training programmes could have better matched the demands of the beneficiaries. In the Rural Livelihoods Improvement Project (RULIP), Rural Poverty Reduction Project (RPRP) and Community-based Rural Development Project (CBRDP) in Cambodia, despite the intention to use a bottom-up approach, the livelihoods and income-generating activities were mostly predetermined and focused on land-based/ agriculture and livestock activities.

Off/non-farm income-generating activities, which require additional expertise and a training plan for project/extension staff, were neglected. CBRDP's beneficiaries were not given financial or material input support to apply the training and technologies, as their counterparts in the groups under RPRP and RULIP had been. Some of the most vulnerable families targeted by the CBRDP were unable to engage in the rice production they had been trained for because their landholdings were too small, water was insufficient to obtain good yields, or they were not able to adopt water management techniques. The training provided by ECPRP (China) needed to be more diversified to include marketing aspects, improved links to credit outlets, marketing possibilities and income generation.

Another example can be found in RCPRP and RFCIP in Sierra Leone. The two projects aim to reduce post-conflict poverty and food insecurity and improve the livelihoods and living conditions of rural communities. Although a training needs assessment was carried out in 2007, the training offered did not always match the needs of the beneficiaries. Training is provided as a one-off activity, despite the fact that various stakeholders have requested continuous follow-up and refresher courses. Memorandums of Understanding are signed with service providers to carry out mobilizing and training activities. These could be reviewed to broaden their involvement and adhere to these requests.

In Bangladesh under MIDPCR, training was not provided to Labour Construction Society members who replaced those who had left the group. But the most important weaknesses were due to poor coordination among implementing partners and inadequate planning and sequencing of training on loan provision, selection of income-generating activities and facilitation of market linkages. In some cases, members were investing their profit in new income-generating activities before they had attended training

and taken NGO loans, hence there was was a duplication in the content of the production and marketing modules.

A smaller number of projects, mainly those focused on community-driven development operate through demand-driven mechanisms. An example of this can be found in Peru, with the *concurso* innovation, a competitive process used to allocate grants to farmers' groups through public competitions. The *concurso* contributed to civil society participation by enabling groups and the community to manage their own funds and make autonomous decisions regarding their development priorities. The methodology of the *concurso* is based on the traditional *Pacha Mama Raymi* (the celebration of Mother Earth), and involves organizing public competitions in which communities and groups present their proposals for productive enterprises and compete for government funding. The adoption of clear and transparent 'rules of the game' and the public nature of the event ensures social control and instils confidence, which in turn motivates vulnerable and excluded groups to participate. A selection committee (the Local Resource Allocation Committee – LRAC) formed by different actors, including representatives of local government and communities, is responsible for making decisions about the development of their territory.

This mechanism allows public funding to be transferred directly to local stakeholders who can use these resources to contract technical assistance. Local groups are also required to invest a matching sum from their own resources, to ensure ownership of the proposed activities, co-responsibility in the development process, and that they are fully motivated to learn from the technical assistance.

Similarly, several projects encourage peer exchange, learning and review. PPILDA in Niger is an example of this. Innovative farming practices are promoted through phylogenetic diversity field groups, which are similar to farmer field schools. These groups aim to strengthen the technical, operational and organizational capacity of farmers and others, regarding the production, selection, conservation and promotion of phytogenetic agricultural resources. Nine groups have been established, and four of them are also involved in seed production. They have been contracted by PPILDA to train farmers from other villages.

Under ECRDP in China, VIGs are responsible for collecting feedback from the communities to prepare village development plans, which subsequently inform the project plan and the annual work plan and budget. Although there are certain weaknesses in the process, this is an example of an attempt to carry out demand-driven project delivery. RDP (Solomon Islands) has put in place a participatory process that involves communities in selecting and ranking infrastructure project proposals to be financed, and this mechanism appears to be working well.

Investing in capacity-building

Training, skills development and capacity-building in rural development are an important part of the support provided by IFAD. Training makes up 35 per cent of these activites in most IFAD-supported programmes (Weyer, 2010).[13] There was considerable variation in the projects visited during the study, with the projects in India, Indonesia and Cambodia investing significantly more in training for organizational strengthening than those in Burundi and Kenya.

13. Innovative forms of training and capacity-building in IFAD-supported projects and programmes (2010), unpublished internal IFAD document.

Lack of training and capacity-building places the sustainability of some projects at risk. In Burundi, water users' associations had not yet received any training under PTRPC, and this endangers the sustainability of water-related infrastructure. This problem is an example of the usual imbalance created when investments in hardware activities (i.e. infrastructure development) receive a larger share of the budget than software activities (i.e. training). The same problem was evident in projects in Mozambique.

Establishing linkages to enhance delivery

While most projects do not pursue insitutional and organizational development from a broader perspective, those that do (India, Indonesia, Peru and Viet Nam for example) have tried to establish linkages between the entry point organization with its sets of rules, and other organizations with their sets of rules. These linkages are dynamic by nature. The desk review did not allow the team to identify trends. However, it seems that two commonly occurring patterns are systemic. In the projects working on local governance issues, the linkages are very often systemic and focus on the territory covered by the rural institution and organization. These projects promote linkages between the rural organization and a wide range of stakeholders, from bottom to top; linkages to local groups (CBOs) for participatory planning, implementation and monitoring, but also to line agencies or private-sector actors for technical services (e.g. technical assessment of infrastructure projects and training). For instance some projects work on strengthening the relationship between community-based and farmer organizations and decentralized government institutions.

Decentralization offers important opportunities to empower farmers' groups and can contribute to enhancing transparency and democratic governance. In Peru for example, power-sharing arrangements between the Government and strengthened community institutions embedded in local governance have been beneficial. The LRAC, formed by a range of different actors including representatives of local government and society, is responsible for allocating funding to local groups and communities and adopting clear and transparent 'rules of the game' in the selection process. This has helped strengthen democratic governance and challenged the deeply rooted institutional culture of patronage and unaccountability. Similarly, the re-activation of the WDCs under RDP (Solomon Islands) ensured that the whole community, including women, youth and disabled people, participated in selecting community infrastructure projects to be financed under the project. However the design of RDP only focused on supporting grass-roots institutions and organizations for the short-term delivery of services to the project, and did not envisage building sustainable entities.

With PPILDA in Niger, the project's objective was to strengthen group capacity to identify and implement innovations and initiatives that could reduce their vulnerability and improve their food security and nutritional status. Rather than simply considering local development in terms of territory, the project took account of existing networks of interpersonal relationships and responded to people's growing need to unite around common interests by helping them forge new relationships. Local development was thus defined as a long-term process aimed at enabling rural people to take possession of their resources in order to generate more wealth and distribute it locally.

In Niger, new institutions and organizations have appeared and collaborated with existing institutions and organizations through self-sustaining local partnerships in which poor people play a key role. Various types of partnerships have been promoted: collaboration between individuals in economic and social activities; between local entities addressing

specific activities or micro-projects; and between local stakeholders and actors outside Aguié (i.e. at regional, national or international level). In Peru the active involvement of local municipalities in the implementation of the *concursos* has helped reinforce synergies between civil society organizations and local government institutions. Some of the groups supported by the project have gradually become larger farmers' federations, thereby increasing not only their productive and marketing potential but also their capacity to claim their citizenship rights vis-à-vis local government institutions.

Projects focusing more on the production or improvement of private goods along a supply chain, or the quick delivery of specific services or goods, usually establish linkages to consolidate the relevant supply chain. In these cases, the organizational linkages follow the supply chain of the activity or the goods to be delivered. This is typically the case with producer organizations, where the linkages with other organizations are built around production at different levels (for example a group of producers, extension services or marketing sector actors). One example is MIDPCR in Bangladesh, which forms groups and enables group members to access financial resources and strengthens the market-negotiating position of small producers. At the same time, it facilitates movement up the value chain through processing and trade by primary producers and local traders, and improves linkages between project groups, agribusiness and markets.

A first step to take is to organize farmers and producers, strengthen their groups and facilitate their aggregation into associations in order to access services (such as credit and training), achieve economies of scale and influence public policies and institutions. Once grass-roots institutions have become empowered, organized and robust, it is usually appropriate to focus on creating higher-level organizations. This is a time-consuming process that should have a clear

progression, first by ensuring that sufficient skills are in place and that the institutions achieve the maturity that allows them to attain self-reliance in the long run. In Cambodia RULIP staff were pushing to transform village-based farming improvement groups into farmer associations before they were sufficiently developed and institutionally mature. PIDRA in Indonesia showed that there is ample evidence that marketing activities undertaken by federations/ cooperatives were successful. People benefited by getting better prices and cheaper inputs, such as seeds and fertilizers. But the effectiveness of microenterprises was still low, particularly in terms of the quality of the products; limited markets; lack of value addition; limited use of technology and high labour inputs; and the limited financial resources of participants. Inadequate access to credit greatly undermined the growth and diversification of non-farm livelihoods.

The need for improved relationships between organizations was best illustrated by CKDAP (Kenya), which faced difficulties with horizontal and vertical institutional and organizational integration. Although the project is near completion, there is a need to facilitate greater linkages across implementing organizations – both within the locality and across levels – so that local organizations are linked to each other and better represented at meso and national levels. This often costs little in monetary terms, but can greatly improve the effectiveness of local organizations. Similarly in Burundi, the delivery and sustainability of project interventions have been hampered by weak coordination and management of relations between donor agencies and activities supported by the Belgium Fund for Food Security (BFFS) on the one hand, and the project's field-level operations on the other. Under MIDPCR in Bangladesh, there was evidence of poor coordination between implementing partners, and inadequate planning and sequencing of training (i.e. some participants invested their profits in income-generating

activities, but before they attended training and took NGO loans), which resulted in fewer benefits for the target group. ECPRP on the other hand showed that the integration of project activities into government programmes (e.g. for the education subcomponent) ensured the replication and sustainability of IFAD interventions.

In Sierra Leone, the community development components of RFCIP and RCPRP should constitute the backbone for all activities and increase the sustainability of the project's interventions. However, there is a lack of connection between these components and the others, especially regarding joint planning of activities. For instance the women's groups supported under the group development component could have been linked to groups with a more financial focus. The different activities foreseen under these components should fit coherently into the projects' strategy towards community development. Linking literacy training to financial service association (FSA) centres is therefore already a step in the right direction.

An interesting observation that emerged from the application of the sourcebook is how to navigate institutional and organizational processes of change in contexts where systems are centralized and activities generally implemented in a top-down manner, as in China and Viet Nam. In these contexts, top-down and bottom-up approaches are combined, with linkages encouraged between the two. IFAD works through government and with cooperatives and encourages interaction between them. The cooperatives and market groups present a demand for organizational change from below, which enables the operationalization of procedures in the marketplace. Governments facilitate processes of change from above. What this observation tells us is that support from governments is usually taken

for granted, and strategic partners at the grass-roots level need to be deliberately selected and engaged.

As foreseen in the newly designed Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces in Viet Nam, mass organizations with specific hands-on experience in mobilizing and empowering rural communities and women (the Women's Union and Farmers' Association, for example) could supply technical support, link rural communities to the private sector, and facilitate the use of modern technologies for better cost control and to promote the sustainability of financial services. Most of them, however, are run by retired officials and military personnel who lack the experience and competence to operate effectively under a new free-market economy. They need to be trained in agriculture, market orientation, financial management systems and banking.

Project management and coordination approaches

Good institutional and organizational analysis will help projects make the right choices in terms of the best delivery mechanisms for interventions.

Most IFAD-supported projects, irrespective of thematic focus, are implemented using three main project management and coordination approaches:

1. central government implementation
2. decentralized government/NGO implementation
3. community-driven development approaches.

In recent years projects with a value-chain orientation have increasingly worked to promote public-private partnership arrangements.[14]

14. See annex 3 – delivery modalities used by IFAD-supported programmes and programmes.

The 2010 portfolio reviews from the regional divisions indicate that there has been marked improvement in project performance and sustainability. However, recent supervision reports across the regions raise some recurring issues. These include the need for improvements in service delivery systems, approaches to farmer institutional and organizational strengthening, project coordination and management skills, building public-private partnerships and mapping institutional and organizational change. Some of the issues identified include the following:

1. disbursement rates and financial absorption capacity are low
2. procurement processes are slow and management practices inadequate
3. the capacity of service providers and contract management is weak
4. new organizations created for project implementation (i.e. PMUs and farmer groups) have weakened existing ones, with negative implications for the sustainability of all
5. more skills are needed to define, negotiate and build public-private partnerships.

It is clear from the regional portfolio reviews that many of the real problems with intervention delivery are less concerned with intent and thrust, and more with the poor functioning of institutional and organizational systems. What still needs to be expanded in many partner countries is capacity, and the ability to convert policies, through efficient implementation arrangements, into the delivery of services of value to IFAD's target groups.

Conclusions and the way forward

IFAD works mainly through government organizations, and usually has a good understanding of policy and government institutions and national reform agendas. The findings of our study indicate that any processes of institutional or organizational strengthening require the deliberate identification of the main agents for change. Once the in-country partners have been identified, any capacity strengthening measures should be based on a sound institutional and organizational analysis of lead agencies and key implementing partners, as well as clarification of the incentives for the envisaged change. This makes it possible to identify the roles of the lead agencies and key implementing partners in the processes of change, and provides an opportunity to define coordination and engagement mechanisms and develop action plans based on capacity requirements to perform stipulated roles. Building institutional and organizational capacity also requires specialized expertise in a variety of areas such as management, leadership, pro-poor targeting, gender, policy analysis, community development, agribusiness, rural finance, monitoring and evaluation, and information and communication technology (ICT). Increasingly projects are outsourcing this expertise to service providers in the private sector, or partnering with civil society organizations, farmers' organizations and research organizations.

The main recommendations of the study can be summarized as follows:

The need for adequate institutional and organizational analysis

There is a common agreement that it is important at the project preparation stage to survey the institutional and organizational landscape and ascertain the ownership of the assessments during the design process by in-country partners. In order to improve the quality of institutional and organizational analyses, various IFAD practitioners have requested specific tools to guide project design and implementation. As depicted in **Figure 1** below, the assessment should analyse:

1. the institutional and policy environment, including which institutions and organizations are best suited to implement the project
2. constraints impeding the development of independent, strong, bottom-up institutions, having assessed the need to establish new ones
3. mechanisms to overcome impediments to achieving independent and demand-driven institutions within the project context
4. the experience and best practices relating to institutional development in the country and elsewhere (if and when relevant)
5. specific measures to strengthen institutions and organizations, including at the grass-roots level.

The assessment should examine the institutions and organizations identified in terms of structure, function, existing and needed capacity, relevant policies and coordination processes (vertical and horizontal).
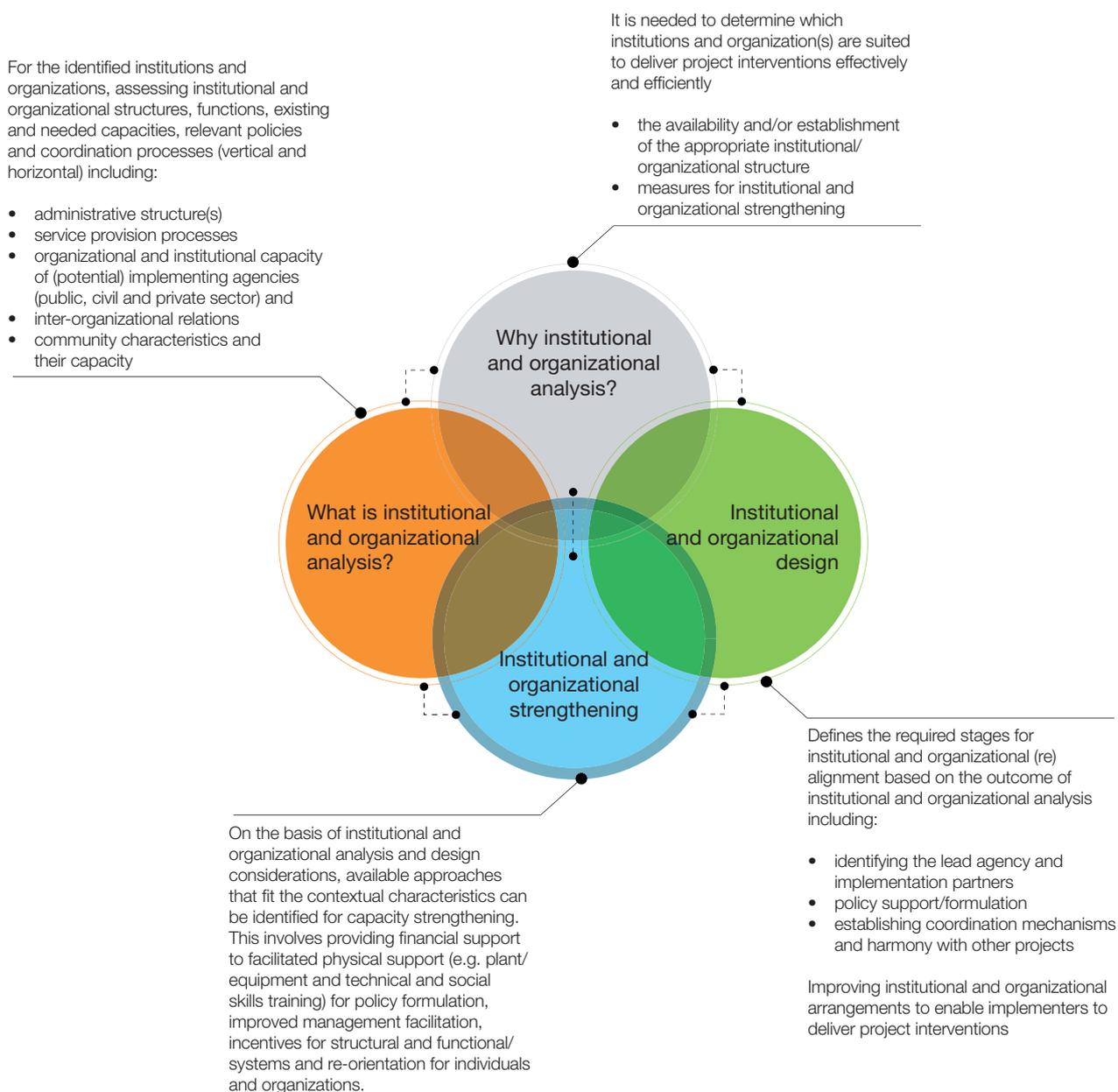
Based on the outcome of institutional and organizational analysis, the stages required for institutional and organizational (re) alignment should be defined, and should include:

1. identifying the lead agency and implementation partners
2. supporting and formulating policy
3. establishing coordination mechanisms and synergies with other projects
4. improving institutional and organizational arrangements to enable implementers to deliver project activities/interventions.

On the basis of institutional and organizational analysis and design considerations, approaches that fit the context can be identified for capacity strengthening. PTA's institutions and organizations team is in the process of publishing/developing a hands-on field toolkit to help IFAD practitioners address this challenge.

It will be based on the four areas illustrated in the figure below:

Figure 1   Key elements of a tool for institutional and organizational analysis and strengthening

For the identified institutions and organizations, assessing institutional and organizational structures, functions, existing and needed capacities, relevant policies and coordination processes (vertical and horizontal) including:

- administrative structure(s)
- service provision processes
- organizational and institutional capacity of (potential) implementing agencies (public, civil and private sector) and
- inter-organizational relations
- community characteristics and their capacity

It is needed to determine which institutions and organization(s) are suited to deliver project interventions effectively and efficiently

- the availability and/or establishment of the appropriate institutional/organizational structure
- measures for institutional and organizational strengthening

Why institutional and organizational analysis?

What is institutional and organizational analysis?

Institutional and organizational design

Institutional and organizational strengthening

On the basis of institutional and organizational analysis and design considerations, available approaches that fit the contextual characteristics can be identified for capacity strengthening. This involves providing financial support to facilitated physical support (e.g. plant/equipment and technical and social skills training) for policy formulation, improved management facilitation, incentives for structural and functional/systems and re-orientation for individuals and organizations.

Defines the required stages for institutional and organizational (re) alignment based on the outcome of institutional and organizational analysis including:

- identifying the lead agency and implementation partners
- policy support/formulation
- establishing coordination mechanisms and harmony with other projects

Improving institutional and organizational arrangements to enable implementers to deliver project interventions

Better understanding of institutional and organizational development

The actors involved in this process stated the importance of acquiring a deeper understanding of institutional development. This is a basic condition for supporting institutional development, formulating strategic methodologies and ultimately, achieving results. They specifically stressed a need for better understanding of the following issues: the complexity of dynamic interaction within processes of change; the informal rules of the game and their relationships with formal rules; the role of values; and the central actors, their incentives and roles for and against change. A better understanding of institutional development requires both general knowledge of these processes and specific knowledge of the local institutional context and reform processes. A training module will be developed to strengthen the capacity of IFAD staff, consultants and project implementers to analyse the institutional and organizational aspects of their work with governments and other actors; to develop more effective strategies for change; and to achieve a shared understanding among IFAD staff of the different dimensions of organizational and institutional development, and how this can be effected through development initiatives.

Figure 2 below illustrates the four concepts that form the framework of understanding in developing the training module, which will (i) provide a general overview of current concepts and ideas on organizational and institutional assessment and change in the agricultural sector; (ii) develop capacity to analyse and assess their specific IFAD-related situation with an institutional and organizational focus; and (iii) develop capacity to design and implement strategies of change. IFAD will also continue to take stock of ongoing project experiences and those of other development actors.

Capacity-building and institutional and organizational change

IFAD's sourcebook of institutional analysis underlines the need to internalize the present consensus about the definitions and key concepts of institutional/organizational development. Institutional development (i.e. reforming formal/ informal rules/procedures/by-laws of the game)

Figure 2   A framework for understanding institutional and organizational analysis
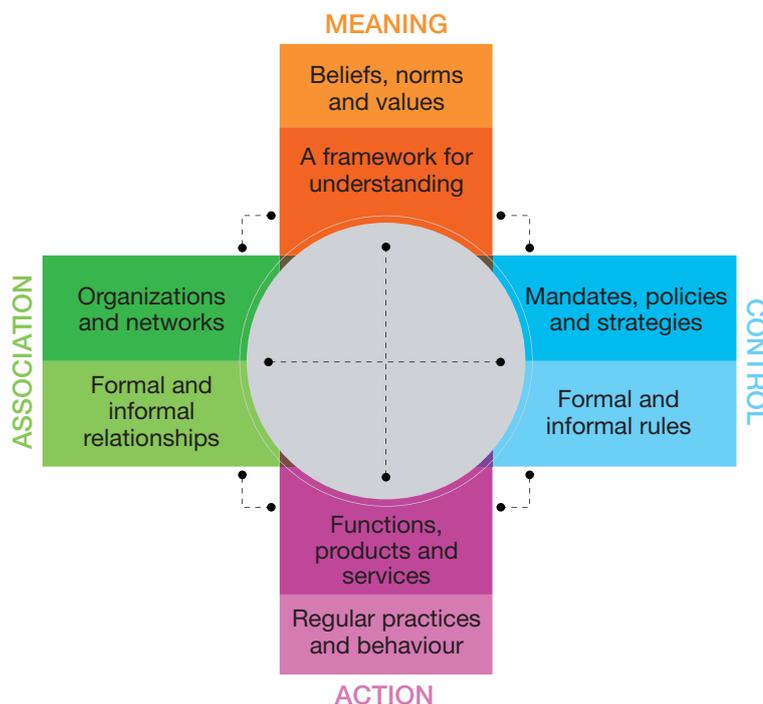
and organizational strengthening (i.e. enhancing the skills of individuals, behavioural change and the systems that support the main players) are difficult endeavours. New approaches need to be disseminated to field practitioners to ensure that capacity-building measures are linked to a clear concept of change. There is a constant need to consolidate and fine-tune approaches/operational tools that address how projects are successful in supporting institutional development and organizational strengthening. It is important that project design documents identify explicit concepts of change that: identify the extent to which capacity constraints at all levels are the key barriers to institutional and organizational change in lead agencies, implementation partners and service providers; and show how the proposed inputs, incentives, skills development activities and related outputs can lead to the desired reforms.

Institutional/organizational development interventions should therefore demonstrate how the inputs (financial resources), activities (skills development such as training, mentoring, study tours, etc.) and related outputs lead to the desired outcomes (change in/such as appropriate attitudes, required changes in rules, organizational functions and processes, accountability and transparency). Most support is focused on training individuals within government, NGOs,

private-sector organizations and community groups. This should include mainstreaming support measures (such as recurrent sustainable costs, market-based remuneration packages, career development strategies) that motivate and retain developed individual skills, which are needed to sustain organizational/institutional change processes and systems. Essentially, the skills acquired and the incentives provided should lead to broader institutional or organizational cultural change. In Peru the provision of monetary incentives to community and farmer groups, through an innovative and transparent competitive mechanism, and to implement development and business ideas was a powerful driver for group formation and institutional transformation at different levels. It also helped challenge the deeply rooted culture of patronage and paternalism.

Ideally, institutional and organizational transformation should not be sought for its own sake. The conclusions from the findings above (presented in **Box 10** and discussed below) focus on institutional design and organizational practice and performance for project delivery. Ultimately, modifying rules and regulatory provisions can actively develop institutional and organizational design, while organizational practice can be improved through strengthening based on sound analyses.

Box 10   Summary of key design and implementation conclusions

- In order to define support measures that are likely to influence processes of change, it is critical to understand the institutional and organizational context, including structure, function, existing capacity and the linkages therein.
- Provide differentiated but structured support – whether it is to formal or informal institutional and organizational strengthening. A participatory definition of indicators is important, as is setting milestones to track institutional and organizational change processes.
- It is critical to promote stronger vertical and horizontal institutional and organizational linkages to improve the governance and effectiveness of local institutions and organizations.
- Building robust and viable pro-poor institutions and organizations is a gradual process. It takes time and is dependent on contextual conditions. For this reason a flexible approach and methodology are required when planning and delivering strengthening activities.
- Striking a good balance between investments in 'software' (i.e. policies, institutions and organizations) and 'hardware' (i.e. infrastructure and equipment) is important, to avoid the possibility that infrastructure investment might become more of a symbol with minimum utilization.
- Managerial and organizational problems seriously undermine the implementation of projects in all the regional divisions. For this reason building management and coordination capacity is crucial to the success of development projects.

A need for differentiated structured support

Institutional and organizational strengthening is a complex and dynamic process that requires capacity-building at the community level and in overall systems reform. All of the country cases examined demonstrate the need for some form of structured support that is realistic and flexible in its approach to specific elements of organizational and institutional strengthening. It is not easy to pinpoint project interventions in capacity-building and determine the type of support needed for institutional strengthening – either in formal or informal institutions/organizations. In some cases, rather than being identified through strategic choices made during the COSOP or project design stages, the need for support emerges during implementation, and sometimes it is identified during supervision missions.

The preparation of the COSOP should include an adequate assessment of the key actors involved in project implementation. At this stage, it is critical to identify the lead agencies and relevant partners and to flag their weaknesses. The project design stage should go deeper in assessing the adequacy of structures, functions and what is required in terms of coordination and capacity needs to deliver project interventions. This analysis should be used to define appropriate measures for institutional and organizational support that would be best elaborated in a capacity-building plan with clear output/outcome indicators.[15] In order to ensure that these key institutional and organizational issues are addressed, the terms of reference for COSOP preparation and project design must clearly state the degree

of institutional and organizational analysis required. In some cases, useful analyses made of organizations in project areas should have been better utilized to define ways to strengthen institutions and organizations. It is critically important to develop realistic monitoring indicators and determine benchmarks/ time frames during implementation to track anticipated institutional/organizational change.

Grass-roots institutional and organizational development

An evolutionary approach to institutional and organizational development is key, because the process is dynamic and progressive and does not proceed rapidly during the early years of implementation. A flexible institutional framework allows for learning and adapting to changing circumstances. An evolutionary process means that groups can fall anywhere along the progression path. At different stages in their evolution they will need different types of support. For this reason it is important to avoid overarching guidelines and embrace flexibility.[16]

It is also important to go beyond top-down or abstracted 'training courses', and explore a variety of more demand-driven capacity-building mechanisms emphasizing peer exchange, learning and review – particularly where rural organizations and programmes are concerned. Few projects innovate in this respect and directly focus on the capacity development of rural organizations. Flexibility is probably the key factor needed when engaging rural organizations and allowing them to support the development of local livelihood strategies. Projects need to

---

15. In order to monitor the development of local groups more closely, performance indicators should be included in the logical framework, taking into account four key areas: good governance (elections, the presence of internal documents); strong membership (participation at trainings, payment of membership fees); representation (representation of social groups, interaction with other institutions); and financial sustainability (dependence on external resources, investment in services for members).

16. Diversity needs to be recognized in terms of: different livelihood needs (e.g. more income or more food); different capabilities (e.g. limited land and labour of female-headed households versus those with more resources); different interests (youth versus elderly); and different levels of group maturity.

respond to the new demands and concerns people have once they are empowered, and be able to recognize and respond to the changing demands of rural organization partners, always with a clear overarching strategy in mind. However, it is often difficult to monitor and evaluate the evolution of the targeted rural institutions over the life of the project through the current M&E systems.

IFAD is in the process of developing a methodology for grass-roots institutional and organizational development in partnership with the World Agroforestry Centre (ICRAF). An illustration of the approach is presented in **Figure 3**. It shows the mobilization of individual farmers into groups, how they are reinforced around common interest groups and their evolution/aggregation into producer associations. By forming farmers into groups and associated production units, they can access services, reduce the costs of service delivery and increase their choice, information, skills, income, their voice and welfare. The model shows a pathway through which enterprise-oriented farmer groups can be developed, starting with individual farmers and small, localized interest groups, and evolving towards producer associations at meso and national levels. When producer groups grow large enough and strong enough, they may either deliver services to members or be able to attract private and/or state service providers in their areas of operation. The essential role of producer associations is to establish sustainable linkages with input suppliers, financiers, output buyers and public service providers, so each can invest in their area of expertise, confident that the complimentary services that farmers need in order to make use of their services are accessible.

Figure 3   An evolutionary approach to grass-roots institutional and organizational strengthening
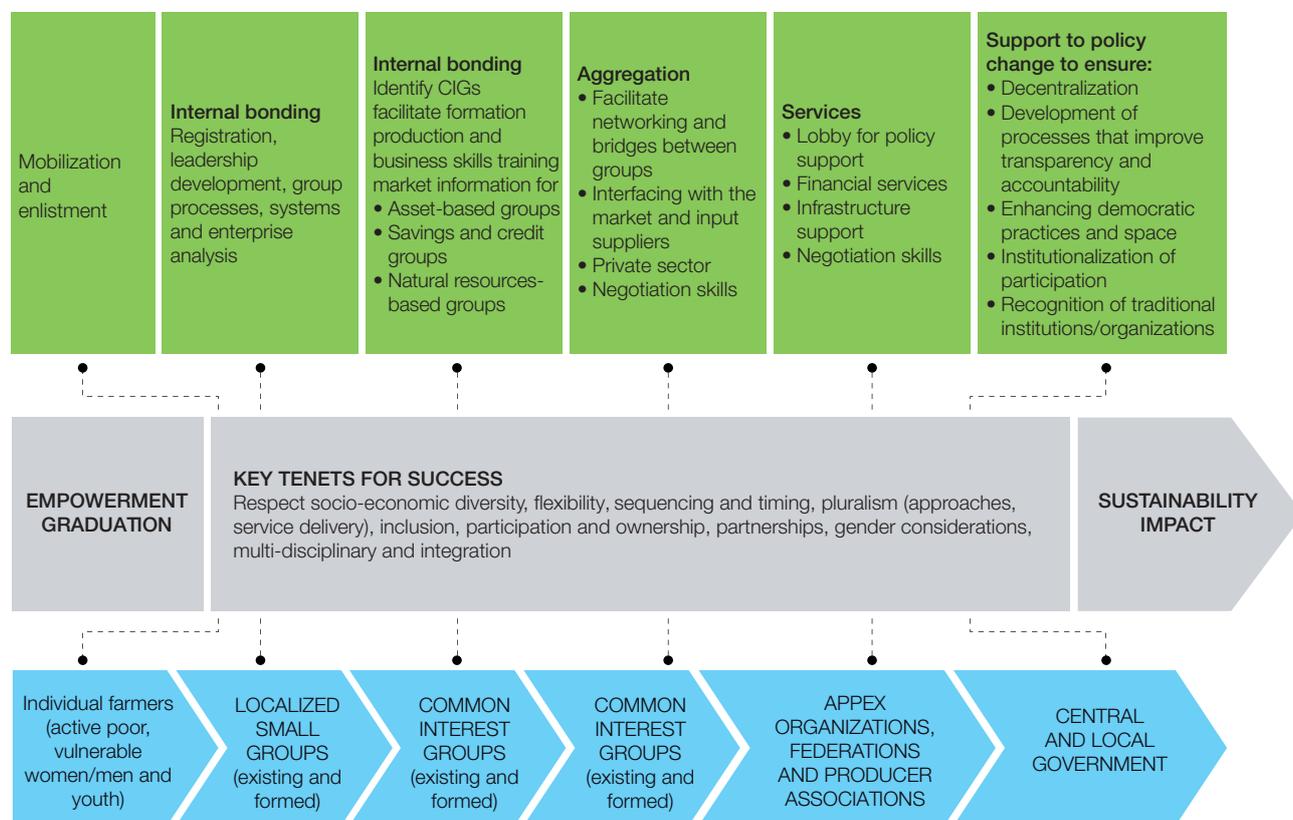
Institutional and organizational linkages

IFAD's main partners are government organizations, which usually answer to clear national development strategies. It is important to promote a conceptual understanding of how to achieve institutional and organizational change, as well as to help government officers understand the potentially significant role that civil society and the private sector can play in the rural transformation process. Mechanisms need to be tested through which the public sector can positively engage with the private sector – in both formal and informal situations.

This means fine-tuning tools and sharpening skills to ensure institutional and organizational structural development is informed by a comprehensive analysis of the functions, capacity needs and mechanisms for coordination and managing relationships (both horizontally and vertically) of organizations. This is critical for promoting stronger vertical and horizontal institutional and organizational linkages to improve governance effectiveness. The best way to facilitate these linkages is to focus on the functional dimensions of local institutions and organizations. These include linkages based on information flow, linkages related to the sharing of financial resources, and linkages built around decision-making, technical and managerial skills.

Finding a balance between 'hardware' and 'software'

For societies to prosper, adapt and cope with problems and crises, they need both 'hardware' (such as irrigation, market infrastructure and production assets) and 'software' (policies and institutional and organizational development for example). As demonstrated by all the projects visited (particularly those in Bangladesh, Cambodia, China, Kenya, Peru and Sierra Leone), poor farmers require more

than just better varieties of crops to improve their productivity. Often the real challenges they face are issues of land access and tenure security, poor knowledge of markets or an inability to access financial services. When we refer to institutional innovation, what we mean is improving the software side of how institutions and organizations function. This is not an easy undertaking because institutions and organizations are not easy to visualize. It is easier for everyone to understand what is needed when it comes to building roads or market-derived infrastructure, constructing irrigation schemes or breeding better crops and livestock. It is also clear what sort of technical skills and capacity are needed to undertake these activities.

When it comes to adjusting aspects of societal norms and values, government policies, market incentives, political systems or organizational processes, it all becomes much more intangible, although no less important. In addition, the 'soft' capacities of human communication – trust-building, diplomacy networking, making sense of messy social situations, political advocacy, leadership and mobilizing collective action to benefit from input and output markets – are often more difficult to develop. The complex nature of institutional and organizational adjustment also means that the direct impact of these capacities is difficult to demonstrate. For all these reasons, 'development' finds it much easier to focus on technological innovation and the required technical capacities rather than to engage deeply with the implications of institutional innovation (Baser and Morgan, 2008; OECD, 2006).

The importance of software-related components is usually well recognized by development agencies and international financial institutions. However, the lack of specific studies and empirical evidence on the subject makes it difficult to advocate for 'software' when governments or other investors wish to concentrate on high-visibility, quick-impact and fast-cost recovery rather

than long-term affordability and sustainability. Hardware is preferred because it is immediately more evident and tangible. For this reason it is crucial to present facts and figures to assist stakeholders and decision-makers in making a stronger case for balancing hardware with software during project design and implementation.

Software is the trigger for social transformation within a community that has limited access to basic services. The hardware element serves as a necessary platform from which the target group can start to internalize the software elements – elements that must be well synchronized during the planning and implementation process. Tangible infrastructure developments, such as small-scale irrigation and market-derived infrastructure, have the potential to be catalysts for social change, but adequate capacity-building (technical and managerial), maintenance and continued funding are required so that the infrastructure continues to be active and dynamic. Context, setting priorities during the planning process, and the sequencing of activities are all important, but success depends on striking a good balance between hardware and software investments at the design stage, followed by appropriate phasing during implementation.

Effective programme delivery mechanisms

Projects must define appropriate implementation procedures in order to achieve their development objectives. Throughout the regional divisions, managerial and organizational problems are seriously undermining the implementation of projects. Now that IFAD recognizes the crucial importance to the successful implementation of development projects of developing delivery systems, management and coordination capacity within countries, the organization will be carrying out an assessment of the performance of implementation approaches used by IFAD projects.

There is a need to evaluate differentiated implementation models across different thematic and project contexts to: (1) examine and analyse problems concerning programme management and coordination faced by public and private organizations in developing countries in implementing projects; and (2) provide specific examples and illustrations showing how policy, design, contextual coordination and management factors affect each other and the outcomes of the projects. The lessons from the case studies and their implications for enhancing the management of project implementation processes will be identified and used to update the practitioners toolkit for design teams and implementers. A sample of project management options used by IFAD projects is presented in **Annex 3**.

Bibliography

Agribusiness Institute of Cambodia (AIC). *Rural Productive Service Delivery: Case Studies on IFAD funded Projects – Rural Poverty Reduction Project and Community-based Rural Development Project*, Phnom Penh, January 2010.

Ahmed, Z. "Role of Local Government in Indigenous Market Management in the Rural Areas of Bangladesh: Do These Markets Play Development Roles?" in *Journal of Sustainable Development*, Vol. 3, No. 1, March 2010.

AIC. *Social Assessment for Cambodia's Community-based Agricultural Productivity Project*, Phnom Penh, February 2010.

Aldrich, Howard E. Organizations and Environments, 2007.

A. Martens, E. Funding Agricultural Development for the Small Farmers in China using *Micro-finance. Experiences from IFAD and WFP collaboration for Poverty Alleviation in China*, December 1998.

ANGOC, CIRDAP. *CSO Experiences in Strengthening Rural Poor Organizations in Asia*, 2006.

ANGOC, CIRDAP. *Strengthening Capacities of Organizations of the Poor: Experiences in Asia.*

Barnard, Chester. Functions of the Executive, 1938.

Barnard, Chester. http://www.business.illinois.edu/Working_Papers/papers/10–0102.pdf, 2010.

Cambodia Development Resource Institute (CDRI), *Enhancing Effectiveness of Rural Productive Service Delivery Systems in Cambodia: Case Studies on Issues and Constraints*, November 2009.

Das, Hari. Organization Theory with Canadian Applications, 2005.

Fernandez, A.P. *History and Spread of the Self-help Affinity Group Movement in India. The role played by IFAD*, IFAD, 2006.

Gallina, A. POVNET Case Study-Puno Cusco CORREDOR Project, Peru, (draft), 2009.

Gamanga, M. Land Management in Sierra Leone, Paramount Chief, Simbaru Chiefdom, Kenema District, 2004.

Gegba, J. Legal elements of traditional land tenure in Sierra Leone, in *Turay H. (ed) Land tenure systems in Sierra Leone, a Conference Report. Land Tenure Systems in Sierra Leone*, 8–10 February, Njala University College, Sierra Leone, 1980.

Government of Sierra Leone. National Lands Policy, Ministry of Lands, Country Planning and the Environment, Government of Sierra Leone, Freetown, Sierra Leone, 2005.

IFAD. Artisanal Fisheries Development Project, Design report, 2010. IFAD. Rehabilitation and Community-based Poverty Reduction Project (RCPRP), Appraisal Report, Sierra Leone, 2005.

IFAD. *Case Study: Maharashtra, India. Maharashtra Rural Credit Project.*

IFAD. CBRDP, *Beneficiary Impact Assessments.*

IFAD. Central Kenya Dry Area Smallholder and Community Services Development Project (CKDAP). Brief during the IFAD Mission, 2–10 November, 2009. Rome, Italy, 2009.

IFAD. Central Kenya Dry Area Smallholder and Community Services Development Project (CKDAP), Republic of Kenya, Appraisal Report, 2000.

IFAD. Central Kenya Dry Area Smallholder and Community Services Development Project (CKDAP), Supervision Report, 2010.

IFAD. Community-based Agriculture Productivity Project (CBAPP), Working Paper on Gender, Targeting and Community Development.

IFAD. Community-based Rural Development Project (CBRDP), Design Document (Main Report and Working Papers), Supervision Mission Reports.

IFAD. COSOP for Burundi, 2008.

IFAD. COSOP for Cambodia, 2008.

IFAD. COSOP for Dominican Republic, 2009.

IFAD. COSOP for Kenya, 2007.

IFAD. COSOP for Mozambique, 2004.

IFAD. COSOP for Niger, 2006.

IFAD. COSOP for Peru, 2010.

IFAD. COSOP for Sierra Leone, 2010.

IFAD. COSOP for Viet Nam, 2008.

IFAD. Environment Conservation and Poverty Reduction Programme (ECPRP), Design Document (Main Report and Working Papers), Supervision Mission Reports, Progress Reports, COSOP.

IFAD. Maharashtra Rural Credit Project, Project Completion Review Report.

IFAD. Market Infrastructure Development Project in Charland Regions (MIDPCR), Design Document (Main Report and Working Papers), Supervision Mission Reports, Progress Reports, COSOP.

IFAD. MIDPCR, *Draft Report on the Baseline Survey on Primary Market*, December 2009.

IFAD. MIDPCR, *Impact Assessment of Rural Markets*, September 2010.

IFAD. MIDPCR, *Impact of Market Development on Women Users*.

IFAD. MIDPCR, *Market Specific Institutional Profile*, April 2010.

IFAD. MIDPCR, *Opinion Survey Report of Market Participants on Physical Facilities Developed by the Project*, June 2010.

IFAD. MIDPCR, *Short-term Impact Assessment of Primary Market Development*, July 2010.

IFAD. *Partners in Empowerment, NGOs and Government in the Maharashtra Rural Credit Project*, January, 2000.

IFAD. *People's Republic of China: Thematic Study on Rural Financial Services in China*, December 2001.

IFAD. Post-crisis Programme for Participatory Integrated Development in Rainfed Areas (PIDRA), Design Document (Main Report and Working Papers), Mid-Term Review Report (Phase II/design document), Supervision Mission Reports, Progress Reports, Exit Strategy, Completion Report, COSOP.

IFAD. Programme transitoire de reconstruction post conflit (PTRPC), *Rapport principal*, République du Burundi, 2010.

IFAD. Programme transitoire de reconstruction post-conflit, République du Burundi, Rapport de pré évaluation, 2004.

IFAD. Projet de Promotion de l'Initiative Locale pour le Développement à Aguié, PPILDA, *Progress Report*, République du Niger, 2010.

IFAD. Projet de Promotion de l'Initiative Locale pour le Développement à Aguié, PPILDA, République du Niger, Evaluation à tiers parcours – ETP, 2008.

IFAD. Projet de Promotion de l'Initiative Locale pour le Développement à Aguié, PPILDA, Appraisal Report, République du Niger, 2002.

IFAD. Project for the Economic Empowerment of Ethnic Minorities in Poor Communes of Dak Nong Province, Design Report, Working Paper 2, Viet Nam, 2009.

IFAD. Rehabilitation and Community-based Poverty Reduction Project (RCPRP) and Rural Finance and Community Improvement Programme (RFCIP), Supervision Report, Sierra Leone, 2010.

IFAD. Rehabilitation and Community-based Poverty Reduction Project Plus (RCPRP Plus), Project Design Report, Sierra Leone, 2010.

IFAD. RULIP Project, Design Document (Main Report and Working Papers), Supervision Mission Reports.

IFAD. Rural Finance and Community Improvement Programme (RFCIP), Appraisal Report, Sierra Leone, 2007.

IFAD. Rural Poverty Reduction Programme in Prey Veng and Svay Rieng, Design Document, Main Report and Working Papers, Supervision Mission Reports.

IFAD. *Rural Sector Policy and Institutional Framework: An Assessment by the Asia and the Pacific Division in 21 Countries*, 2005.

IFAD. Tejaswini Rural Women's Empowerment Programme, Design Document (Main Report and Working Papers), Supervision Mission Reports, Joint Mission Review Reports, COSOP.

IFAD. Tonle Sap Project, Design Document, Main Report and Working Papers.

IFAD/BSF. Strengthening Rural Institutions: Burundi case study, 2009.

IFAD/BSF. Strengthening Rural Institutions: Kenya case study, 2009.

IFAD/BSF. Strengthening Rural Institutions: Mozambique case study, 2009.

IFAD/BSF. Strengthening Rural Institutions: Niger case study, 2009.

IFAD/NORAD/BSF. Sofala Bank Artisanal Fisheries Project, second tri-term review. Main Report, Institute for Development of Artisanal Fisheries, 2008.

IFAD/NORAD/BSF Sofala Bank Artisanal Fisheries Project, second tri-term review. Annex 1: Community Development. Institute for Development of Artisanal Fisheries. 2008.

Maru, V. The Challenges of African Legal Dualism: An Experiment in Sierra Leone. TIMAP for Justice, Freetown, Sierra Leone, 2005.

MAVIM. *Training Module for Self Help Group*, October 2003.

McNamara, Carter. *Field Guide to Consulting and Organizational Development: A Collaborative and Systems Approach to Performance, Change and Learning (for working with for-profit businesses and government agencies)*, 2005.

Messler, B. Scaling up institutional approaches. A case study on IFAD Operations in Peru. AGEG Consultants Rome, February 2010.

PIDRA. *Bookkeeping Administration Guidelines for Self-Help Groups*, August 2007.

Romano, M. *Assessment of Sustainability of Rural Institutions Supported by Ongoing IFAD Projects in Cambodia*, Implementation Support Mission Report, IFAD, December 2009.

Seth, A. *Institutions and Rural Services. Lessons from IFAD-supported Projects in Asia*, IFAD, August 2009.

Tango International. *Sustainability of Rural Development Projects. Best Practices and Lessons Learned by IFAD in Asia*, IFAD, May 2009.

World Bank. Solomon Islands Rural Development Project (SIRDP), Project Appraisal Document and Supervision Mission Reports.

Annex 1:
Field application of the sourcebook

The application of the sourcebook is a collaborative effort between IFAD's Policy and Technical Advisory Division (PTA), the regional divisions, the Belgian Fund for Food Security (BFFS) and the in-country field implementers. PTA's institutional and organizational analysis and development team coordinates this process, in close collaboration with country programme managers. A peer review group provides general advice and feedback, shares knowledge, and reviews, approves and – above all – champions the deliverables.

To date the PTA team has carried out three main activities related to the application of the sourcebook:

1. A desk-based, project-related analysis of the sourcebook was carried out, to integrate information from outside of IFAD that could be useful for institutional analysis in project design, supervision, monitoring and evaluation processes. Key questions were drawn up to guide focused in-country field consultations with implementers.
2. The institutional and organizational analysis team participated in design, implementation and supervision missions to assess how the analytical concepts/framework from the sourcebook were used to address institutional issues in project design and implementation. Field consultations with implementers revealed complementary information, which has been added to the knowledge base on institutional analysis and development in IFAD.

3. Discussion papers and country and back-to-office reports were prepared, as was the Field Application Report (FAR).[17]

To guide the application process, the PTA team developed a framework for institutional and organizational analysis, drawing on four key concepts:

- The first concept centres on the understanding and meaning of institutional and organizational analysis and development, i.e. the beliefs, norms and values that shape analysis and design.
- The second concept relates to aspects of control that include rules, laws, mandates, policies and strategies. These can be formal or informal.
- The third concept relates to action relating to organizational function, products and services. This can refer to regular practices and behaviour.
- The fourth concept concerns association and includes inter-organizational linkages and networks. These can be formal or informal relationships.

These concepts have been applied at different stages of IFAD's project-cycle process (i.e. in the development of IFAD's country strategic opportunities programme (COSOP) for the Dominican Republic; in the design of three projects in Cambodia, the Sudan and Viet Nam, and in 19 projects in 14 countries within the context of implementation and supervision support missions). **Table 1** below shows the countries in which the sourcebook was applied.

17. Unpublished internal IFAD document.

Table 1   Countries and projects where the sourcebook was applied

Asia and the Pacific	
Bangladesh	Market Infrastructure Development Project in Charland Regions (MIDPCR)
Cambodia	Community-based Rural Development Project in Kampong Thom and Kampot (CBRDP)
Cambodia	Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri (RULIP)
Cambodia Cambodia	Rural Poverty Reduction Project in Prey Veng and Svay Rieng (RPRP) Community-based Agricultural Productivity Project (CBAPP)[18]
China	Environment Conservation and Poverty Reduction Programme in Ningxia and Shanxi (ECPRP)
India	Tejaswini Maharashtra Rural Women's Empowerment Programme
Indonesia	Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas (PIDRA)
Solomon Islands Viet Nam	Solomon Islands Rural Development Programme (RDP) Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces
East and Southern Africa	
Burundi	Transitional Programme of Post-Conflict Reconstruction/*Programme Transitoire de Reconstruction Post-Conflict* (PTRPC)
Kenya	Central Kenya Dry Area Smallholder and Community Services Development Project (CKDAP)
Mozambique	Sofala Bank Artisanal Fisheries Project
Latin America and the Carribean	
Dominican Republic	Results-based Country Strategic Opportunities Programme
Peru[19]	Development of the Puno-Cusco Corridor Project (CORREDOR)
Peru	Management of Natural Resources in the Southern Highlands Project/Proyecto de Manejo de Recursos Naturales en la Sierra Sur (MARENASS)
Near East and Northern Africa	
The Sudan	Seed Development Project
West and Central Africa	
Niger	Project for the Promotion of Local Initiative for Development in Aguié (PPILDA)
Sierra Leone	Rehabilitation and Community-based Poverty Reduction Project (RCPRP)
Sierra Leone	Rural Finance and Community Improvement Programme (RFCIP)

The countries were selected to ensure global coverage, and all the projects were involved in processes of institutional and organizational change. It should be noted that the Near East and North Africa regions are under represented in the report as a result of difficulties in conducting some field visits. These issues will be addressed in the future, given that the application process is ongoing and the reports are subject to continuous updates. This publication also draws on back-to-office reports, project supervision technical notes and supervision and implementation support missions' aide memoires.

In order to cover the different phases of the project cycle, the countries were visited during

---

18. Later renamed Project for Agricultural Development and Economic Empowerment (PADEE).

19. No field application was carried out in Peru. Most information on Peru was customized from the scaling-up study by B. Massler and other project-related documents.

COSOP preparation, design and supervision missions.[20] Participating in implementation and supervision support missions provided an entry point to assess how ongoing or recently completed IFAD projects have been applying the concepts described above in institutional and organizational transformation processes. The PTA rural insitutions team participated in missions, and assessed the extent to which project design teams and implementers had addressed institutional and organizational issues in their projects. Since the BFFS provided funds for this initiative, several projects in which IFAD and BFFS collaborate were selected.[21]

For each project selected, the team made desk studies analysing project-related documents and information (e.g. project design documents); project implementation manuals; annual workplans and budgets; supervision and progress reports; and special studies. The information gathered was verified during field visits to the projects which lasted from two to four weeks. Mission meetings were held with various stakeholders, including members of community-based organizations, representatives of national and local government, local authorities, public and private service providers (such as consulting companies and non-governmental organization – NGO – staff), the country programme management teams, country programme managers (CPMs) and technical advisers from PTA. Each application exercise focuses on one project, or on several projects in one country where similarities have been found in and across regions or sub regions.

The field application was built around the following key questions:

- What type of support is provided for institutional and organizational strengthening within IFAD-supported projects?
- Is the support based on pre-identified needs? If so, how were these needs assessed?
- What approaches are employed in delivering this support?
- What difficulties have been encountered in providing this support?
- What key lessons have been learned so far?
- What could be improved and how?

After the field visits, a consolidated FAR was prepared. This document incorporates findings from the missions, observations from CPMs and implementers, and recommendations from relevant technical reports. The FAR captures the institutional transformation processes that are envisaged or ongoing in IFAD projects, the approaches adopted, the achievements and constraints of institutional development and strengthening, and the adjustments needed and made during implementation as a result of gaps in design or emerging challenges requiring support in institution building. Although various issues emerged at both the country and regional levels, a number of findings are common to all the case studies, and these provide useful lessons for IFAD's engagement in supporting rural institutions and organizations for poverty reduction.

20. The Dominican Republic was visited during COSOP preparation missions; Bangladesh, Burundi, Cambodia, China, India, Indonesia, Kenya, Mozambique, Niger, Sierra Leone and the Solomon Islands during supervision, implementation support or mid-term review missions; Cambodia, The Sudan and Viet Nam during design missions. The Peru and Syria discussion papers are based on the extensive fieldwork carried out in the context of an institutional review of IFAD's approach to scaling up the fight against rural poverty.

21. The countries are: Burundi, Kenya, Mozambique and Niger.

Annex 2:
Project profiles

Market Infrastructure Development Project in Charland Regions (MIDPCR)	
Country	Bangladesh
Duration	2006 – 2013
Total cost	US$ 43.9 million
Components	a) Infrastructure development; b) Production and market group development; c) Rural enterprise development; d) Policy, institutional and management support.
Description	The project targets people who produce primarily for the market, including farmers growing crops or raising livestock on small landholdings, fishers and fish farmers and others who engage in non-farm enterprises such as food processing, basket-making and cloth-making.

Transitional Programme of Post-Conflict Reconstruction/*Programme Transitoire* de Reconstruction Post-Conflict (PTRPC)	
Country	Burundi
Duration	2005 – 2012
Total cost	US$ 38.9 million
Components	a) Support to local governance; b) Rehabilitation and development of agriculture; c) Rehabilitation and development of rural infrastructures; d) Programme coordination.
Description	The setting of a participatory governance system of CDC is the engine of the project. Their function is to provide rural poor communities with an organizational platform for defining their own needs and planning their development. The project has supported various capacity-building activities in relation to community planning, the strengthening of local government institutions and the promotion of gender equality in decision-making bodies. Training activities have also covered HIV/AIDS and literacy. Legal support has been provided to women and vulnerable groups who have been subjected to violence during the conflict. Other important project activities include the restructuring of farm production through the donation of cattle, the creation of plant nurseries and the rehabilitation of essential rural infrastructure, including drinking water systems, wells and feeder roads.

Community-based Rural Development Project in Kampong Thom and Kampot (CBRDP)	
Country	Kingdom of Cambodia
Duration	2001 – 2009
Total cost	US$ 22.9 million
Components	a) Community development; b) Agricultural and livestock development; c) Rural infrastructure development; d) Support to institutional development.
Description	The project's goal is to help poor rural people, particularly women, overcome poverty by improving their ability to use natural resources effectively and access services; promote the transfer of agricultural technologies through farmer-based extension; improve infrastructure and operate and maintain it through user groups; and participate in community development, local planning, field demonstrations, seed-multiplication programmes, farmer training and the construction of rural infrastructure.

Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri (RULIP)

Country	Kingdom of Cambodia
Duration	2007 – 2014
Total cost	US$ 9.5 million
Components	a) Livelihood improvement; b) Support for decentralization and deconcentration in agriculture.
Description	The project targets poorer villages and communities composed of ethnic minorities. Commune councils, local extension workers and village elders assist in targeting the poorest villages and the poorest groups within communities. Poor people participate directly in planning and implementing project activities to ensure that they reflect local priorities and aspirations for social and economic development. Participants also have a role in monitoring the project's performance. The project also enhances the capacity of the Ministry of Agriculture, Forestry and Fisheries to formulate pro-poor policies and poverty reduction programmes.

Rural Poverty Reduction Project in Prey Veng and Svay Rieng (RPRP)

Country	Kingdom of Cambodia
Duration	2004 – 2011
Total cost	US$ 19.6 million
Components	a) Agricultural investment; b) Local development; c) Institutional support.
Description	The project's goal is to reduce rural poverty by supporting agricultural investments and local development, and helping build stronger institutions. The project empowers poor rural people to increase food production and incomes by diversifying and intensifying production and by managing natural resources in a sustainable way. It also improves their capacity to plan and manage development, including that of infrastructure. It enables service providers to work in a participatory way that is sensitive to gender issues.

Environment Conservation and Poverty Reduction Programme in Ningxia and Shanxi (ECPRP)

Country	People's Republic of China
Duration	2005 – 2011
Total cost	US$ 90.3 million
Components	a) Land-based production; b) Rural financial services; c) Social development; d) Management.
Description	The Project targets poor and very poor households suffering from a seasonal food deficit because of the region's severe climate. Its objective is to enable rural people in the area to improve their livelihoods and living conditions by increasing incomes, improving access to health and education facilities, promoting community participation in village development plans and supporting literacy and training programmes, particularly for women.

Tejaswini Maharashtra Rural Women's Empowerment Programme

Country	India
Duration	2007 – 2015
Total cost	US$ 39.4 million
Components	a) Grass-roots institution-building; b) Microfinance services; c) Livelihood and enterprise development; d) Women's empowerment and social equity; e) Programme management and institutional support.
Description	The objective is to enable poor women to have a wider range of choices and opportunities in the economic, social and political spheres so they can improve their own wellbeing and that of their households. The programme supports and strengthens women's self-help groups and their apex organizations, and provides them with access to financial services, fostering linkages with banks and supporting microfinance institutions. It also provides access to functional literacy and labour-saving infrastructure, and it strengthens women's participation in local governance.

Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas (PIDRA)

Country	Republic of Indonesia
Duration	2001 – 2009
Total cost	US$ 23.5 million
Components	a) Community and gender development; b) Agriculture and livestock development; c) Village infrastructure and land management; d) Institutional support and programme management.
Description	The objectives of the programme are to improve the income, food security and living conditions of low-income households and to promote the conservation and improvement of natural resources. Local NGOs support the development of self-help groups within the communities. The programme also introduces integrated nutrient management to help farmers make the best use of organic and inorganic fertilizers. Investments in soil conservation help develop/promote development of the most appropriate systems for diverse environments. The self-help groups establish the priority of activities to be undertaken and are responsible for monitoring performance.

Central Kenya Dry Area Smallholder and Community Services Development Project (CKDAP)

Country	Kenya
Duration	2001 – 2010
Total cost	US$ 18 million
Components	a) Public health, sanitation and domestic water supply; b) Technical services; c) Agricultural production; d) Group extension; e) Poverty alleviation initiatives; f) Project coordination and institutional strengthening.
Description	At the end of 2007, the agricultural extension services provided by the project had benefited about 30,441 individuals (97 per cent of the appraisal target). These benefits included supporting commercial honey production; introducing better breeds of dairy goats, sheep and poultry to diversify household livelihoods and incomes; and promoting soil conservation and environmental protection initiatives. Food security initiatives at the household level were also promoted through the introduction of drought-resistant varieties of crops and post-harvest handling facilities. To enhance the long-term sustainability of the activities, the project established several types of common interest groups such as water users' groups, agriculture development groups, savings and credit groups, and groups of community health workers. All groups received training in group leadership, constitution formulation, record-keeping and entrepreneurship. Access to clean drinking water has been made possible through the construction of piped water schemes and rain-harvesting facilitie, the protection of springs, and the development of shallow wells. Satisfactory progress was also made in developing health care infrastructure, and about 200,000 beneficiaries were reached. The project has brought facility-based health services considerably closer to the target group. The project has also supported community training in basic hygiene, sanitation and nutrition. Based on an impact assessment in December 2007, the adoption rate of sanitation and hygiene practices has risen significantly across the project's intervention area.

Sofala Bank Artisanal Fisheries Project

Country	Mozambique
Duration	2002 – 2011
Total cost	US$ 33 million
Components	a) Community development; b) Fisheries development; c) Market support and access; d) Financial services; e) Policy, legislative and institutional support.
Description	The project assisted fishermen to diversify their fishing techniques as a means of increasing both their productivity and their incomes It encouraged them to reduce post-catch losses and add value to their produce through improved processing techniques; and improved their linkages with both input suppliers and produce markets. The project ensured the availability of financial services that have responded to the needs of fish traders and fishermen. The community development component empowered communities to take control of the planning, implementation and management of their own development activities; the provision of social infrastructure in the fishing communities improved the living conditions; and the health care programme increased the capacity of communities to identify and manage their health problems and improve their health status. The rehabilitation and maintenance of access roads not only helped expand the fish trade but also provided a broader stimulus to local economies. Finally, the project supported the development of a legislative, policy and strategic framework, better suited to the challenges and opportunities currently facing artisanal fishermen.

Project for the Promotion of Local Initiative for Development in Aguié (PPILDA)

Country	Niger
Duration	2005 – 2013
Total cost	US$ 37.6 million
Components	a) Support to local innovations; b) Strengthening the capacities of rural organizations; c) Local initiatives and innovation fund; d) Strengthening service providers; e) Project management.
Description	The project has supported the emergence and development of a broad range of rural organizations, including community-based development committees, which manage the implementation of development activities. It has supported a larger number of rural organizations in terms of local development and food security. Support to local organizations involved strengthening their management capacity and supporting their formalization. Local human capital was fostered through study tours, exchange visits, demonstrations and the promotion of farming innovations. This has contributed in some instances to improved governance and management capacity of groups and associations. Moreover, the formation of 'local innovators' has enhanced the local supply of service providers, because these farmers play a key role in spreading the replication of local innovations and providing technical support to their peers. Food security has been addressed through the establishment of food and grain banks. The aim is to put an effective system in place to foresee and mitigate food insecurity during the hunger season that precedes the harvest. Support is also provided to income-generating activities.

Development of the Puno-Cusco Corridor Project (CORREDOR)

Country	Peru
Duration	2000 – 2006
Total cost	US$ 30.8 million
Components	a) Incentives for strengthening rural markets; b) Provision of grants for community investments in business activities; c) Rural financial services.
Description	The project implemented an innovative competitive approach/methodology (the concurso), which had been piloted under previous projects (see MARENASS), to transfer financial resources to communities and groups of small producers and micro-entrepreneurs to contract technical assistance and capacity-building services. More than 1,600 formal and informal groups have benefitted from this activity. The project also supported the formalization of rural organizations and the provision of identity cards to 13,200 people to enable them to participate in project activities. The rural financial service component promoted savings mobilization among women and the opening of bank accounts specifically for women. The number of project beneficiaries was much higher than expected. Women's participation was significant, including in leadership positions. The impact on the target group in terms of economic empowerment was also notable. The project achieved good results in terms of strengthening the local market of pro-poor service providers and developing new marketing opportunities in the project area.

Management of Natural Resources in the Southern Highlands Project/Proyecto de Manejo de Recursos Naturales en la Sierra Sur (MARENASS)

Country	Peru
Duration	1997 – 2003
Total cost	US$ 19.1 million
Components	a) Capacity-building and technological change; b) Support to production; c) Project's coordination unit; d) M&E.
Description	Marenass was an innovative rural development project focusing on the management of productive natural resources to overcome poverty in the Andean communities of the southern highlands of Peru. One of the causes of the high levels of poverty in this region is directly related to the deterioration of natural resources. The successful methodology used by Marenass was based on: the transfer of decision-making and responsibility for planning and financial resources to the communities; privatized services of technical assistance and farmer-to-farmer training; and the supply of technology to farmers with low external input. In strengthening the social fabric of the communities, the project has succeeded in respecting and maintaining local values and culture. An innovative aspect of the project was the introduction of competitions (concursos) to evaluate and reward the best approaches devised by communities to natural resource management. Twenty-five thousand families have moved from a subsistence existence and are now small-scale farmers producing a surplus and enjoying greater physical and financial assets and food security.

Rehabilitation and Community-based Poverty Reduction Project (RCPRP)

Country	Sierra Leone
Duration	2006 – 2011
Total cost	US$ 39.8 million
Components	a) Support for household recapitalization and farming activities development; b) Support for community-based institutions and participatory development; c) Rural infrastructure rehabilitation and development; d) Project management.
Description	The project was designed to provide rapid assistance to communities as part of a broader regeneration process. It was extremely important to restore basic productive capacity to satisfy people's food needs. The project implemented activities to support small-scale crop and livestock farmers by providing basic agricultural inputs, seeds and small-scale post-harvest agro-processing units. Farmer field schools have also been established. These activities have contributed to improving agricultural production and food security. At the same time, the project laid the foundation for long-term and sustainable development by supporting community-based institutions and building the capacity of community groups to undertake an active, participatory role in their own development. Some of the most important activities that have been implemented under the community development component include: the provision of support to participatory community development processes; capacity-building of facilitators and community groups. Foundation training has been implemented for farmers in needs assessment, group management, post-harvest, marketing, HIV, gender, peace building and nutrition, with an emphasis on women and youth.

Rural Finance and Community Improvement Programme (RFCIP)

Country	Sierra Leone
Duration	2008 – 2014
Total cost	US$ 10.9 million
Components	a) Access to rural financial services; b) Community development; c) Programme management.
Description	The main goal of the programme is to provide 'access to rural financial services', which involves building institutions and developing appropriate products for rural communities. The process is ongoing and already the financial institutions (i.e. FSAs, community banks and technical assistance agencies) are showing signs of sustainability. The financial service association pilot project aims to adopt best practices in rural microfinance models as tools for poverty reduction. The specific objective is to establish and manage six FSAs in the country for a period of two years. To date, the project has established two FSAs that are now fully operational in two districts. The pilot project reaches communities comprising subsistence farmers and extremely poor households, and strengthens community-based institutions through training and capacity-building. Information and awareness-raising campaigns are an integral part of the programme, especially regarding HIV/AIDS and nutrition.

Solomon Islands Rural Development Programme (RDP)

Country	Solomon Islands
Duration	2007 – 2013
Total cost	US$ 30.4 million
Components	a) Provision of local infrastructure and services delivery; b) Improved agricultural services; c) Rural business development.
Description	The goal of the programme is to raise living standards for rural households by improving mechanisms for delivery of priority economic and social infrastructure and services by the public and private sectors. This is achieved through: (i) increased, cost-effective and sustained provision of local services and basic infrastructure, determined through participatory planning and prioritized by villagers; (ii) increased capacity of agricultural institutions to provide demand-driven agricultural services at the local level; and (iii) support for rural business development.

Seed Development Project

Country	The Sudan
Duration	2012 – 2018
Total cost	US$ 17.5 million
Components	a) Institutional and regulatory environment strengthening and development; b) Improvement of the seed production system; c) Support seed supply/market development; d) Project management and coordination.
Description	The project goal is to reduce rural poverty and increase food security and incomes for about 20,000 households, including 19,000 smallholder households. The project will focus on technology transfer, market access and post-harvest management, as well as capacity-building and institutional strengthening.

Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces

Country	Socialist Republic of Viet Nam
Duration	2011 – 2016
Total cost	US$ 65.4 million
Components	a) Institutional strengthening for the implementation of pro-poor initiatives under Tam Nong; b) Promotion of pro-poor value chains; and c) Commune market-oriented, socio-economic development planning and implementation.
Description	The goal of the project is to improve the quality of life for rural people, with a particular focus on those living in the most disadvantaged areas. The project works to increase the sustainable participation of 73,800 ethnic minority and rural poor households living in Gia Lai, Ninh Thuan and Tuyen Quang Provinces in income-generating activities.

Annex 3:
Some implementation models used by IFAD projects

Implementation arrangements depend to a large extent on the country context
(politics, leadership, decentralization, policies, attitudes, history, what other donors are doing, rules of the game)

CENTRAL GOVERNMENT IMPLEMENTATION		DECENTRALIZED GOVERNMENT AND NGO IMPLEMENTATION	COMMUNITY-BASED ORGANIZATION
PMU within the government structures	PMU autonomous	Decentralized PMU Government/NGO implement	Decentralized PMU Community/farmers implement
Positive Alignment with policy, sustainability (building capacity), ownership, policy dialogue, outsourcing services to private sector		**Positive** Tailored to local needs Aligned to local government needs/plans Local ownership	**Positive** Empower community Owned by local community Demand-driven Sustainability Outreach to poor
Negative Corruption, bureaucracy, top-down decision-making, inhibits participation of civil society and communities, weak technical and human capacity and weak coordination		**Negative** No fiscal decentralization Weak capacity of local government and NGOs Elite capture Political interference	**Negative** Elite capture Political interference Weak capacity
Examples PMU in government: Bangladesh, Mozambique PMU autonomous: Kenya, Dominican Republic, Guatemala, Honduras		**Examples** Uganda, Tanzania, Viet Nam	**Examples** Niger, Peru

◄···►

PUBLIC-PRIVATE PARTNERSHIPS		
Private-sector involvement **Government's role limited to coordination, policy guidance** **Autonomous PMU with facilitating role; market-oriented**	**Positive** Market orientation Change in attitudes regarding the different roles of government, private sector, civil society **Negative** Little CSO participation Weak private sector/farmer organizations Weak management capacity Few best practices Little attention for the poor	**Examples** São Tomé, Uganda, Yemen