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Renewing approaches to institutional development

In an effort to reverse the way of doing international development cooperation, the importance of formal and informal institutions for development has attracted the renewed attention by policy makers and practitioners over the recent past. Against this background, a wealth of new methodologies, guidelines and tools have been designed to promote institutional development. Even though it is broadly recognised that development organisations face big challenges when translating what are often abstract concepts into operational realities, there are nevertheless relatively few opportunities for people to systematically exchange information and learn from each other's experiences with institutional development.

It was for this reason that the Dutch Ministry of Foreign Affairs and the ECDPM joined forces to find ways to enhance learning and share practical experiences. A 'resource network on institutional development' was set up in November 2002. The first task of the reference group working on the network was to perform an inventory of institutional development experts, approaches and tools. The results of this work will be published in the first quarter of 2004 in the form of a booklet introduced in this issue of *Capacity.org*.

In addition to this booklet, the reference group suggested initiating a process of wider learning, networking and sharing beyond the current boundaries of Dutch development cooperation. This was the reason for the production of this issue of *Capacity.org*, which not only introduces the resource network to a wider audience, but also describes the experiences of three practitioners working with very different types of institutional change processes. The focus is on the 'how' of institutional development and on the lessons learned from what are often long-term processes involving a multitude of stakeholders.

The first article is from Guatemala and describes a long-term process of organisational transformation in the forestry sector. Luis Castañeda and Laurent Umans outline the

creation of a semi-autonomous institution for improving the management of timber production, explain how it took over from a patently corrupt department at the Ministry of Agriculture, and describe how the process of integrating it into the mainstream public administration was started.

The second article, by Charles de Monchy, relates the experiences of a fly-in institutional development expert who was called in to help with a project involving the national audit office in Mozambique. He was asked to broker an institutional stalemate between the audit office staff and an external project team, and to suggest a learning path along which change could be introduced into the audit office.

The final contribution is from Francisco Aguirre, who describes how a local consulting firm helped to transform the agricultural sector in Chile. A support programme aimed at enhancing rural production and market access has helped 'Associative Peasant Business Firms' with their organisational development, financial administration and the management of their partner networks.

The issue contains a list of relevant source-books and tool kits for institutional development. More information on the resource network is forthcoming and will be published on the Internet at www.capacity.org.

Mobilising actors and merging interests: Guatemala's forestry sector

This article focuses on the process of transformation in the Guatemalan forestry sector that was facilitated by the Dutch-funded *FAO Forestry Action Plan Project*¹ for Guatemala (PAF-G). A process spanning several years fostered interorganisational collaboration between various forest stakeholders and facilitated a change in the Forestry Service's organisational structure. A semi-autonomous National Forest Institute (INAB), in which all relevant stakeholders are represented, evolved from a Ministry of Agriculture department known as the Directorate of Forest Management (DIGEBOS). Institutions such as the Forestry Act and Forestry Incentive Programme were designed and implemented.

Setting the scene: divergent interests in the forestry sector

In the mid-1990s, relations in the forestry sector between the government, private-sector timber firms and civil-society organisations were such that collaboration was non-existent. The FAO project, which during its initial years assumed a dual role as both an expert centre and a meeting place for stakeholders, began by organising discussion platforms. Initially, the level of discussion was illustrative of the state of relations, the divergent interests and the limited capacities. The private-sector representative would try to get permits from the DIGEBOS representative for *his* timber operations. The NGOs were highly suspicious. It took quite an effort to raise the debate to the level of sector-wide issues such as policies and national plans. It was the 'politically neutral' and 'independent' position occupied by the Dutch-funded FAO project that created the conditions that were needed in order to build trust among all the stakeholders.

Strategies: open dialogue and trust-building

The main strategy was to create opportunities for an open dialogue by promoting discussion and analysis. Input papers were presented that provided objective information on problems and alternative solutions. With the help of development cooperation, but under national leadership, higher levels of

interaction and discussion were gradually reached, to the point where senior policy-makers became interested and involved. These included members of Congress, as well as high-level representatives of various state agencies. After these events, a technical team with good communication skills ensured all recommendations were properly followed up and undertook various forms of lobbying in Congress. These included promotional activities such as field visits for members of Congress in both rural areas and abroad. These visits helped to alert them to the vital ingredients of the new Forestry Act. Once platforms had been installed at national and regional levels, analysis was shared, learning took place and innovation emerged. Three main developments were pursued simultaneously: a review of the organisation responsible for forestry, a review of the law and a review of the financial mechanism for promoting reforestation.

DIGEBOS superseded by the INAB

The first step was to critically review the organisational setting and mandate. DIGEBOS was part of the Ministry of Agriculture, and had been reduced by structural adjustment policies to a merely administrative entity. It lacked the capacity and budget to execute forestry programs and investments. DIGEBOS had a strong technical orientation and a limited focus on the forest as a timber resource. It did not take account of indigenous institutions and organisations that had used their forests in sustainable ways. DIGEBOS was also corrupt and lacked legitimacy. It was dissolved in 1996 and superseded by the National Forestry Institute (INAB). This was an autonomous organisation with a board composed of the multiple stakeholders present in the PAF-G process. Out of the seven members, only two are from the executive

Forest management is the set of purposeful practices, organisational forms and normative arrangements developed by (a group of) persons aimed at providing them with desired products or services derived from a particular forest ecosystem (Laurent Umans).

arm of the state. Others are representatives of the private sector, NGOs, the Forestry School, the National Association of Municipalities and universities. INAB's manager is elected by the board rather than being nominated by the Minister of Agriculture or the President. INAB is geared towards 'sustainable development', taking account of ecological and social considerations. Forest conservation is now a central concern. It has a transparent internal structure. Remarkably, it has never been accused of corruption.

Review of the Forest Act

The next step was for the stakeholders to review the Forest Act, which needed to be changed to accommodate the organisational changes outlined above. The main changes proposed were as follows:

- The creation of a National Forestry Institute as described above.
- The participation of local authorities in forest administration. They were not only given a seat on the Board of INAB, but were also entitled to a percentage of timber tax proceeds. The local authorities are supposed to spend this income on forestry programmes.
- The abolition of various bureaucratic and technical impediments to sustainable forest management.
- The penalisation of violations and shortcomings under national law, thus enabling fines and other sanctions to be imposed on offenders.
- Finally, the Act also included provisions for transforming fiscal benefits into forestry incentives. This point is explained in more detail below.

Transformation of fiscal benefits

DIGEBOS managed a fiscal instrument under which firms undertaking reforestation were eligible for certain tax breaks. This had evolved into a tool that promoted poor-quality, expensive reforestation. It was open to corruption and only of interest to large companies, who were more interested in the tax benefits than in the business of forest production. Following the enactment of the new law and the creation of the new institute,

the government introduced a new fiscal instrument known as 'forestry incentives'. This is a financing scheme that pays legally recognised land owners a certain amount per hectare of reforested land. The annual payments are based on results in terms of seedling survival during a period of six years. The scheme also pays for forest conservation, although the amount per hectare is of course less than for reforestation. In some cases, this incentive is used by poor women groups as a labour scheme: they reforest someone else's land and receive the incentive on the latter's behalf, thus earning more or less an average wage. Although the new instrument, with its inherent need for property certificates, is still not ideal for pro-poor policies, the poor do benefit in some rural areas. Some actors, such as the World Bank and the International Monetary Fund, were opposed to the instrument because they regard it as a subsidy that distorts market forces. Others see the incentive as an expression of the environmental services provided by forests that are not reflected by the price of timber or other products.

Impact of the changes

These institutional changes have already had a clear impact. For instance, reforestation has increased from some 20,000 hectares in 20 years to 70,000 hectares during the seven years of INAB's existence. But their success has also been evident from the way in which certain incidents have been resolved. In 2001, the President of Guatemala intervened to appoint a new manager at INAB. Not only was this considered a threat to the organisation's autonomy, transparency and efficiency, it was



Photo: ECDPM

also regarded as unconstitutional. The whole forestry sector, including donors, pressured the government to observe the rule stating that the manager of the INAB is elected by the board. The President finally gave in and INAB came out stronger.

Lessons learnt

All in all, the transition of the forestry sector was an undertaking involving multiple actors that did not follow a preset design, but took the course of an interactive process that opened opportunities for innovation.

- The first lesson is that initial success depends on transforming competing interests into analytical and technical issues in the light of overriding policy challenges and concerns. The institutional fabric was analysed and taken apart from a neutral standpoint and in a common forum in order to be restructured, reassembled and reinstitutionalised.
- A second key success factor was the continued production of information and the maintenance of communication so that all stakeholders retained an interest

in the process. Communication in the form of lobbying in Congress and frequent press appearances lent a high profile to participants, who therefore wanted increasingly to identify themselves with the forestry sector. Competing interests had become collective interests without going through a merely technocratic phase of (depoliticised) disinterest, which probably would have stalled the process.

Follow-up: strengthening INAB

Following this successful exercise, the ground was prepared for strengthening INAB's organisational structure and institutionalising the development project into INAB's own structure. The project's independent 'neutral' position had now become a disadvantage and was seen as an absence of embedding. Rather than continuing with the project as an island within the wider institutional field, the Dutch embassy decided to form a partnership with INAB. Strengthening INAB and its role in the wider institutional field is now seen as a good way of supporting the forestry sector. Thus, the process of institutional development continues along new lines, with the donor accompanying INAB's ongoing process of change and learning.

1 FAO = Food and Agriculture Organisation of the United Nations

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Institutional Development: Learning by Doing and Sharing

The draft version of a booklet entitled Institutional Development: Learning by Doing and Sharing brings together tools, experiences and background resources on institutional development. Its aim is to inform practitioners and help them improve their skills in facilitating institutional development initiatives. The booklet stems from a project the first stage of which involved gathering information on the experiences gained mainly by Northern-based consultants and the tools used by them. The big challenge now is to connect with Southern-based practitioners and to tap into their own expertise.

The booklet begins with an introduction that emphasises the need to use a process-based approach when working on institutional development. It also recognises the need to facilitate mutual learning processes (mutual because both facilitators and stakeholders learn from them). It then discusses various approaches and tools which are currently and could in the future be used for the purpose of institutional development initiatives.

Where possible, the approaches and tools discussed are accompanied by accounts of practitioners' experiences. The latter make practical recommendations and explain the circumstances under which the tools can be used. The booklet will be finalised during a workshop that has been scheduled for the second half of 2004. In the meantime, its contents will be gradually expanded as information on new experiences and tools is inserted.

Facilitating institutional change from the outside: the case of Mozambique's national audit office

Background

Mozambique is reforming its government and economy, moving from a planned economy towards democracy and a market economy. The 1990 constitution invests considerable powers in Mozambique's Tribunal Administrativo as the country's supreme audit institution, i.e. national audit office. As the external auditors of public funds, the staff of the Tribunal check the accounts and internal control systems of all recipients of public funds, to ensure the latter are put to proper use. But what's the best way of getting the job done? The challenge is enormous and twofold:

- 1 **Managerial:** all procedures for auditing over 600 publicly financed entities have to be designed and implemented from scratch.
- 2 **Professional:** audit expertise needs to be built up in many areas, from checking accounts and contracts, through conducting financial audits of large organisations, to issuing an annual opinion on the State General Account.

In 2000, the Tribunal called in the assistance of the Swedish national audit office, later joined by its Portuguese counterpart, the Tribunal de Contas. A project was launched the aim of which was to enable the Tribunal Administrativo to comply with about half its statutory obligations for auditing the application of public funds by the end of a three-year period. Although the Tribunal failed to reach this very ambitious target in terms of the number of audits performed, it nonetheless made considerable progress during this period. A number of newly created Audit Departments, staffed by about 25 new professionals, were incorporated step by step into the Tribunal's structure.

The problem

It became apparent during the integration process that views differed on the roles and responsibilities of the project team (funded under the project agreement) as compared with those of the Tribunal's permanent staff. The issue had of course been discussed at the start of the project, when it was agreed that:

- the permanent staff of the Tribunal would remain in command of the line organisation,

- the members of the project team would act as counterparts to the operational managers of the Audit Departments, and
- the Project Manager and the General Secretary would coordinate cooperation between the temporary project team and permanent staff.

The project was supervised by a steering committee comprising senior executives from the three institutions involved (i.e. the Tribunal, the Swedish national audit office and the Portuguese Tribunal de Contas).

In practice, tensions surfaced as soon as the project got off the ground. The project team felt responsible for meeting the targets set for the quantity and quality of the audit work performed. Although the permanent staff shared the same targets, they wanted to meet them in their own way. This meant that the roles and responsibilities of the project team on the one hand and the permanent staff of the Tribunal on the other needed to be redefined.

The solution

The steering committee had two days to discuss the problems and to reach agreement on a solution. They asked me to help, since I had facilitated previous planning and evaluation workshops for the project. After an initial

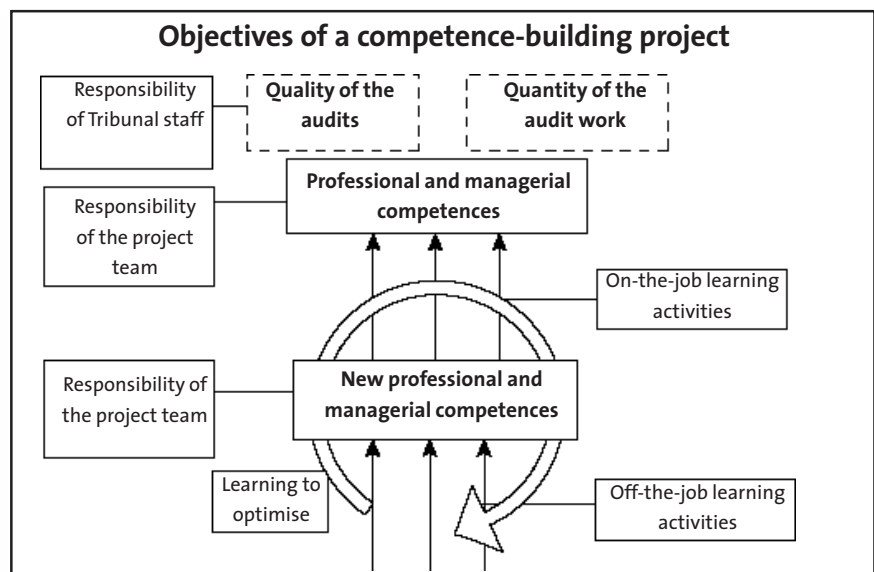
round of interviews, it became clear that we needed to redefine the way in which the project was to operate. We then organised a workshop consisting of the following components:

- 1 The participants first reconstructed the management model for the project and the agreements on which it was based.
- 2 They then performed a brainstorming exercise to identify those things they would like to see happen, as well as those things they wanted to avoid during the project. These items were grouped into categories such as planning, monitoring, evaluation, etc.
- 3 The participants then defined how each of these categories of activity should be performed, and to which rules or principles they would be subject.

Results of the workshop

Based on the results of the workshop, we ended up with one organisational model and one set of principles covering all the aspects raised during the brainstorming exercise. Reading from the top down, the model (see box) may be summarised as follows:

- The quality and quantity of the audits are the objectives that the Tribunal needs to accomplish, and are its own responsibility.
- These objectives can be attained by developing certain professional and managerial competences. These are



developed at work, by undertaking certain on-the-job project activities. The consultants act as advisors or partners during these activities.

- Occasionally, consultants may act as hands-on expert to perform a specific audit job.
- New professional and managerial competences need to be acquired beyond the strict confines of the Tribunal's production process. In this respect, the consultants act as trainers and experts.

Definition of 'competence': the ability to achieve a task in our work. Competences may be defined for individuals, for a team and even for an organisation. At a personal level, competences may be professional or managerial.

This model is based on a learning approach. The planned competences should be adapted every year, in accordance with the insights gained during implementation.

How the model works

The steering committee defined a number of principles on which the model described above is based.

Joint control

The line managers at the Tribunal plan all project activities, with the assistance of the consultants. Both strategic and practical issues are discussed well in advance. The activities are approved by the steering committee each year.

Learning approach

Although targets need to be formulated for the quality and quantity of the work performed, this is not enough in itself. The steering committee concluded that more discussion and interaction were needed in order to learn from experiences gained during the implementation process. At an operational level, project activities always lead to new competences. This means that people need to ask themselves what they need to learn in order to attain the objectives they wish to achieve. At a management level, it was agreed that managers would dedicate a 'budgeted' amount of their time to learning activities within the organisation.

Management ownership

To ensure that middle managers and the staff of support departments also have ownership

of the project, it was agreed to involve all management levels in operational planning, and to plan support at an early stage. Another decision taken was to extend the training activities covered by the project to all management levels.

Lessons learned by the facilitator

- 1 In institutional development projects, the question of the roles and responsibilities of the project team on the one hand and permanent staff on the other should be addressed right from the start. Often, the conclusion will be that performance objectives are the responsibility of the permanent staff, while the temporary project team is responsible for developing any new competences that may be required.
- 2 However, when an institutional development project is started from scratch, it is difficult to foresee what competences are going to be required, especially by professional staff and managers (i.e. skills relating to leadership and team development). While it is possible (and useful) to plan performance objectives and training activities, it is generally not possible to define all the competences a project needs to generate well in advance. This planning paradox may explain why so many institutional development projects take the form of training programmes (generally centring on technical aspects) that ignore the further development of the organisational context.
- 3 Although, as planning facilitators, we help to formulate performance objectives and plan training activities, we should also face the planning paradox. With a bit of patience, it is possible to find a learning approach in which all players have their own responsibilities. Facing up to the uncertainties intrinsic to such a project produces more sustainable results.
- 4 Finally, I would like to pay tribute to the wisdom of the steering committee, whose members found an elegant solution to a difficult problem. As it was expressed by one of the workshop participants, 'change always meets a lot of resistance, but it can be overcome once we have a clear spirit of harmony, understanding, seriousness and agreed rules'.

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Building a resource network on institutional development

The process of constructing a resource network started in November 2002, during a seminar organised by the ECDPM in collaboration with the Division for Poverty Policy and Institutional Development of the Dutch Ministry of Foreign Affairs (DSI/AI). At the seminar, administrative staff and consultants met a number of experts in institutional development from policy institutes, universities, NGOs and private companies in order to exchange ideas on how to improve the sharing of information on institutional development.

After the seminar, a 'resource network reference group' was set up consisting of Ministry staff and external partners. Its task was to advise on the way ahead and one of its main recommendations was to gather experiences, stories and approaches instead of just tools and instruments.

As a first step, ECDPM and DSI/AI drew up a short-list of consultants with a track record in institutional development and participatory methodologies, and carried out an inventory of approaches, tools and practical experiences. This material has now been brought together in the form of a booklet entitled Institutional Development: Learning by Doing and Sharing, which will be available in draft on the Capacity.org website from February 2004.

Second, it was decided to publish this issue of Capacity.org so as to share the group's information with a wider audience, notably colleagues in the South. Capacity.org will also be acting as a platform for a web-based debate of the topic, and will be providing follow-up information on the development of the resource network.

Third, the reference group decided to organise a number of seminars in different regions in the South. The aim of these seminars is to expand the network by identifying other experts in institutional development and to enable a wider audience to benefit from the practical experiences of others.

Finally, a workshop has been planned for the second half of 2004 to validate the process so far, to take stock of the experiences, tools and approaches collected, to finalise the booklet and to plot a new course for the future.

Changing rural production in Chile: the story of a local firm of consultants

A need for change

New trade agreements and tariff reductions introduced by the Chilean government in the 1990s caused serious difficulties to the country's agricultural sector. As a consequence, farmers were forced to choose between diversifying and finding more competitive production methods. They also realised that they could only survive by organising themselves differently. They needed to penetrate new markets, obtain new technologies and create institutional networks.

The main actors behind this clamour for change were groups of small producers in agriculture and fisheries who were organised in the form of 'Associative Peasant Business Firms' (APBFs). There was no precedent in Chile's history for the creation of organisations of this kind, which meant that the methodology and procedures for supporting them became of great importance.

The *Fundación Andes* is a private, non-profit institution that supports projects in the areas of education and science, culture and social development in Chile. With the assistance of the *Fundación Andes*, a seed capital fund was created to help the APBFs find new production methods for agriculture and fishing. The seed capital fund started operations in 1998. By 2003, a total of 110 cooperative projects had been funded, representing a total investment of USD 4 million, of which 70% was provided by the *Fundación Andes*. The remaining 30% came from other institutions.

Creating an operational framework for change

The *Fundación Andes* recruited Agraria, a Chilean consulting firm with 25 years' experience in rural development, to design a conceptual and methodological framework

aimed at strengthening the organisations supported by the *Fundación*. The first framework was designed in 1998, but has since then been constantly refined and adapted, based on practical experiences. It consists of the following steps:

- A national competition. APBFs are required to submit an innovative project proposal that adds value to the production process, and to explain which markets they wish to penetrate and which management model they intend to use.
- Evaluation and selection: a selection committee assesses the proposals and conducts a field mission to extract additional information. Funding is provided only to those projects that are technically, economically and organisationally viable. (About 200 project proposals are submitted each year; on average, about 20 are selected.)
- Construction of a baseline: a set of initial indicators is constructed for each project. These encompass a range of aspects (i.e. economic, financial, organisational, managerial and marketing), and are used further down the line to assess progress and to undertake a final evaluation.
- Formulation of a reinforcement programme: an 18-month reinforcement programme is prepared in conjunction with the enterprise concerned. This also allows for the recruitment of skilled personnel so that the enterprise can solve the most urgent problems.
- Final evaluation, based on the indicators set during the baseline study.

Learning from advisory work

While the methodological framework allowed for project selection, an efficient assessment of local capacities and the monitoring of success and failure, Agraria needed to learn to deal with a number of problems in working directly with APBFs and their members. Small farmers and fishermen are brimming with enthusiasm

and good ideas. Lack of funding is an issue which needs to be addressed. More importantly, however, there are basic management and organisational problems affecting the relationship between the APBFs and its members which need to be resolved in order to make full use of the available capacities.

An area to which particular attention needs to be paid is the decision-making process. Information is generally not well shared and of poor quality, resulting in non-transparent and slow decision-making (compounded by a tendency to get lost in group discussions without assigning clear roles and responsibility). Finally, APBFs are reliant on farmers who are used to working on their own. Creating a climate of social trust between all parties is of vital importance if the enterprise is to succeed.

These were all important lessons for Agraria, which needed to reorganise its team to respond to specific demands in these areas. As an organisation with a track record in providing technical advice on rural production, it now had to specialise in areas such as organisational development, building social trust, motivation, management (including information-sharing, decision-making and negotiating), as well as financial issues.

Agraria now does this by attaching training teams to APBFs over a lengthy period of time, so as to support internal learning and the development of business skills. At the end of five years working with these projects, Agraria is now better equipped to provide a tested methodology and has a solid knowledge base from which it can support small and medium-sized firms of all types.

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Veal instead of rice: the case of Carnes Andes Sur

Carnes Andes Sur is an APBF consisting of 40 small farmers who had previously produced rice. Because they were unable to compete with imported rice, they have been forced in recent years to look for alternative products. This led to the idea of producing and processing veal for specific markets.

The organisation presented its project proposal to the *Fundación Andes*, and was awarded funding. Agraria was involved in the following processes:

- (a) Baseline construction: this consisted of a meeting with all partners at which organisational, managerial, financial and marketing aspects were discussed. Key indicators were identified for each of these issues, such as 'leadership', 'relationship between the partners', 'managing board reliability'.
- (b) Devising a plan of action: once the various strengths and weaknesses had been identified, an 18-month plan of action agreement was signed with the organisation. This resulted in the following activities:
 - Suppliers Development Programme: together with the APBF, Agraria showed the producers how to price their output, and provided them with information on payment practices, etc. A second activity was carried out in the field; this involved estimating income and expenditure for a group of producers, and assessing the quality of their land and the possibility of increasing production.
 - Market knowledge and management: Agraria helped the APBF to identify problems, devise solutions to them and find sources of funding. For example, a grant was obtained for a study trip to Europe and for the recruitment of specialist staff.
- (c) Results: At the end of the 18-month period, the APBF had made good progress in relation to market access and had started exporting veal to Israel. It had also forged close links with European importers, so that it could start exporting to Europe in 2004. Although the quality of management improved during the period, the APBF remained dependent on a single capable manager. Finally, approximately 50% of the members increased their stake in the APBF.



Photo: Agraria

Concepts, guides and perspectives

Bossuyt, Jean (2001). *Mainstreaming institutional development: why is it important and how can it be done?* Maastricht. European Centre for Development Policy Management (ECDPM). <http://www.ecdpm.org>

This ECDPM paper argues that institutional development should be fully integrated with all aspects of development cooperation. In doing so, it is important to recognise that institutional development:

- (i) reverses the usual cooperation route;
- (ii) requires a comprehensive and coherent intervention strategy;
- (iii) calls for profound reforms in the corporate culture of donor agencies, and
- (iv) requires an implementation process that can rely both on high-level political support and on the participation of all key actors and stakeholders concerned.

Engel, P.G.H. and M.L. Salomon (1997). *Facilitating innovation for development. A RAAKS resource box.* Amsterdam. Royal Tropical Institute. Soon available on the Internet at <http://www.kit.nl/>. This resource box lays the foundations for the RAAKS methodology, which seeks to enhance the effectiveness of innovation processes. Besides an extensive theoretical explanation of RAAKS, it contains a set of 'windows' that act as guides for 'opening up' new perspectives on innovation, as well as tools for gathering, organising and interpreting information in a participatory manner.

Hounkonnou, Dominique (2001). *Listen to the cradle, building from local dynamics for African Renaissance: case studies in rural areas in Benin, Burkina Faso and Ghana.* Wageningen. S.n. Hounkonnou believes that one of the main causes of development failure is the tendency of national

authorities to listen only to foreign 'experts'. Despite the failure of many large-scale projects, a number of indigenous ones have been successful. Hounkonnou looks for the key factors behind these local dynamics and reflects on issues such as how to build effective partnerships with local development actors and how to link these to different support systems.

Schein, Edgar H. (1999). *Process consultation revisited - building the helping relationship.* Pearson Education / Addison - Wesley.

This book by Edgar Schein emphasises the process of consultation, as the interaction between the client and the consultant is much more important than what is actually done. Its focus is primarily on the 'how', i.e. the processes that take place when one person advises another. It stresses the importance of the 'psychological contract' between the

consultant and the client, and sets out basic principles underlying communication and feedback.

Woodhill, J. & I. Guijt (2002). *Managing for impact in Rural Development, a guide for project M&E*. Rome. International Fund for Agricultural Development (IFAD). Also available on the internet at <http://www.ifad.org/evaluation/guide/>. The IFAD guide to project M&E is about using monitoring and evaluation to improve the impact of (IFAD-supported) projects. The focus is on a learning approach. The object is to create an M&E system that helps primary stakeholders, implementing partners and project staff to learn together in order to constantly improve their development interventions. The guide contains detailed information on more than 25 tools and methods.

Websites and sourcebooks

Chambers, Robert (2002). *A sourcebook of 21 sets of Ideas and activities*. London. Earthscan Publications. This sourcebook is written for those working in the field of participatory learning and change. It provides 21 sets of ideas, activities and tips on a range of subjects including getting started, forming groups, dealing with dominant group members, evaluation and monitoring.

DFID Sourcebook (2003). *Conducting Institutional and Organisational Appraisal and Development. Guidelines for DFID and Sourcebook*. The latter is also available on the Internet at http://www.dfid.gov.uk/Pubs/files/inst_org_sourcebook.pdf

The purpose of these DFID guidelines is to help the reader identify any institutional problems that inhibit organisational improvements, and to work out how to make the necessary changes. Although the guidelines are based on DFID experiences and have been written in a DFID context, they are nevertheless of interest to all those involved in institutional development. The guidelines are complemented by a sourcebook containing a number of tools.

DFID (2002). *Tools for development: a handbook for those engaged in development activity*. Version 15; available on the Internet at <http://www.dfid.gov.uk/FOI/tools/index.htm>.

A useful handbook containing development tools (such as stakeholder analysis, problem and situational analysis, visioning, risk management, influencing and negotiating) that can be applied to any developmental activity or intervention.

FAO participation website: <http://www.fao.org/Participation> This website, operated by the FAO's Informal Working Group on Participatory Approaches and Methods, contains a great deal of detailed information on participatory tools, methods and approaches. This is presented in the form of one-page overviews (i.e. description, source, purpose and applications, project phase, project level, references and links to further information). It also contains links to many other relevant sites, as well as descriptions of lessons learned from practical experience with the tools presented on the website.

Governance Resource Centre website: http://www.grc-exchange.org/g_themes/cc_institutionaldevelopment.html

The GRC Exchange is a new website sharing the latest information on governance in development. Hosted by the Governance Resource Centre (GRC) of the UK Department for International Development (DFID) and compiled by leading international experts, the GRC Exchange provides a focal point for sharing ideas on themes such as institutional development.

Nauheimer, Holger. *Change Management Toolkit*. See <http://www.change-management-toolbook.com/>.

Although the Change Management Toolkit focuses mainly on organisational development, it also contains useful hints on the broader process of institutional development. It offers a broad range of methods and strategies for use during different stages of personal and organisational development. The site is inspired by the 'learning organisations' philosophy expounded by Peter Senge. It contains references to a large number of books on change management.

SNV Reference Guide on Local Governance, <http://www.snvworld.org/LocalGovernance> and updated version 2003 available as CD-ROM by SNV: mpoel@snv.nl

This guide is a highly recommended source for policy makers and practitioners working on Local Governance. It contains discussion papers, case studies, tools, academic papers, as well as a list of research institutes and resource persons. Moreover, there are plenty useful links to websites for those who do have access to the Internet.

The European Centre for Development Policy Management (ECDPM) launched Capacity.org as a tool for development researchers, practitioners and decision-makers. As a website and a newsletter, Capacity.org combines information on capacity development policy and practice within international development cooperation with debate on policy issues and practical experiences. It acts as a platform for dialogue by providing a channel for informed review and synthesis of the complex issues faced by development practitioners and policy-makers.

Focusing on both the 'why' and the 'how' of capacity development, Capacity.org seeks to unravel the complexity of ideas and practices underpinning the term 'capacity development'. To achieve this, the editors particularly encourage the exchange of perspectives

and experiences from the South, so as to ensure that discussions are rooted in reality.

Our aim is to make Capacity.org a joint effort, mobilising and sharing a range of capacities and expertise. Interested individuals and organisations can help make Capacity.org an effective communication tool for people seeking to alleviate poverty through capacity development by contributing information, lessons, ideas, opinions and feedback. Any offers of co-finance or for linking up with related initiatives are very welcome.

This issue of Capacity.org has been jointly produced by the Netherlands Ministry of Foreign Affairs (DGIS) and the ECDPM. For more information on the resource network, contact Hinke Nauta (DGIS): hinke.nauta@minbuza.nl or Arin van Zee: az@ecdpm.org.

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