

Organisational Development and Institutional Reform

Key Lessons Summary

The Primary Sources of lessons in this Paper are projects within DFID's Rural Livelihoods Programme (RLP)*. The evidence for these lessons mainly come from evaluations of the projects carried out by the Rural Livelihoods Evaluation Partnership (RLEP). The evidences are included as

Thematic Lessons Papers (TLP) are intended for stakeholders who are involved in policy/programme design and influencing, in order to assist them in making

The TLPs draw together experiences of livelihoods programme in a particular thematic context. This paper focuses on Organisational Development and Institutional Reform. For Organisational Development lessons are grouped under key issues:

- The Four Capitals of Organisational Development.
- Organisational Culture and Management

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1. The DFID supported Rural Livelihoods Programme (RLP) projects endorsed that decades of development through projects principally concerned with infrastructure development and capacity building (mostly formal training) cannot be transformed into vehicles of change to the 'rules of the game' requiring support at higher levels of government and macro-level policy reformation.
2. Shift from tangible capital to organisational capital development not supported by existing structures and mutuality of vision. New approaches are required for organisational capital development. (see Way Forward)
3. Where the opportunity arises the best way to ensure sustained institutional reform and organisational change using the project approach may be; i) aligning a project within an apex international organisation (expertise pool and raising profile), ii) engaging a national consultant who is an influential and highly respected 'champion' (to promote new institutional values and concepts within national organisations) and, iii) support with a communications strategy integrated into the programme. [But must be concurrently implemented with a higher level public service reform process].
4. Strategic planning exercises can be of immense help in the process of "de-projectisation" in particular and re-integration of organisational capital. They stimulate forward analytical thinking, exposure to the strategic planning process and promote ownership.
5. Since most organizations lack in-house expertise in policy development and change management, projects that engage national Research & Development institutions e.g. Bangladesh Institute of Development Studies (BIDS), Centre for Policy Dialogue (CPD), etc. early in the project period progress faster and more effectively because national specialists can be influential, well respected, have good access and well versed with local norms.
6. Donors and projects must be ready for 'policy windows' and move fast. Immediate results are likely when reform is requested by government. The key challenge for donors is to find ways to respond quickly before the 'window' closes. Evidence from RLP indicates that projects and programmes must have in-built flexibility to respond to these 'windows'.
7. Policy influence will be more successful if a comprehensive communications strategy is integrated into the programme from the start. Projects should all have "good stories" to tell. Good strategic communication of these 'stories' is essential. More thought has to be given to the means of communicating findings to policy makers.
8. Support for the development of tangible capital remains a valuable entry point to senior decision and policy maker engagement but balancing the high investment cost with value in terms of exposure to new ways and actually influencing policy change remains unknown.
9. If an overarching reform process is in place the organisational component HRM/D may be the easiest to reform because many Departments have HRM/D specialists, facilities, resource persons (for technical training) and training resources. Its impact may be underestimated in terms of the resultant raised human capital to deal with many other facets of the reform process.
10. All RLP projects successfully demonstrated that organisational culture and management structures can be modified and improved but only within the formal project boundaries and duration. Embedding cultural reform in the organisational context (which will influence management

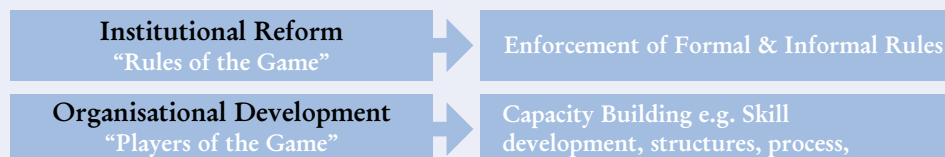
*8 projects within DFID's Rural Livelihoods Programme (RLP)

1. Fisheries Training and Extension Project- II (FTEP II)
2. Agricultural Services Innovation Reform Project (ASIRP)
3. Research and Extension in Farm Power Issues (REFPI)
4. Poverty Elimination Through Rice Research Assistance (PETRRA)
5. Support For University Fisheries Education and Research (SUFER)
6. Fourth Fisheries Project (FFP)
7. CARE Rural

Differentiating between Organisational Development and Institutional Reform

Institutions tend now to be defined in terms of the constraints people have devised to structure human interaction i.e. “the rules of the game”. These consist of (a) formal rules (statute law, common law, and regulations), (b) informal constraints (conventions, norms of behaviour and self-imposed rules of conduct), and (c) the enforcement characteristics of both. Organisations tend to be seen as players

Figure 1 Organisational Development of Institutional Reform



Organisational Development

The Four Capitals of Organisational Development

Overview: The development of organisations relates to improvement to the four inter-connected forms of capital: i) Tangible Capital, ii) Human Capital, iii) **Organisational Capital**, iv) Social or Political Capital.

This paper deals primarily with *Organisational Capital*. Human resource development and management is the subject of a separate report in this series and therefore deals with most issues relating to *Human Capital*. Important lessons regarding the status of this capital are

Figure 2 Four Forms of Capital

Tangible
Land, research stations, libraries, laboratories, offices, equipment and financial assets.
Human/Intellectual
The skills, professionalism, motivation, creativity and degree of problem-orientation of the staff.
Organisational
The appropriateness of the institution's mandate, the quality of its internal management procedures, and its policies and decision-making procedures assessed in terms of their contribution to the creation and improvement of research outputs.
Social or Political
The political and economic support the institution is able to muster, which in turn is largely a function of its reputation and prestige in the eyes of its stakeholders.

Tangible Capital

The provision of this capital varied widely across the programme; FFP invested significantly (through World Bank funding) in refurbishment of facilities and infrastructure development, PETRRA mainly equipment and ASIRP only minor office equipment (project to essentially reform management of service delivery)

Lessons Learnt

- The provision of equipment, refurbishment of facilities and infrastructure development is still regarded by many government officials as the most significant attribute of a project. If projects support this development a solid platform for senior decision-makers may be formed to engage influential persons in the reform debate but is dependent on the nature of linkage and individuals engaged and involved with both (e.g. compare PETRRA with FFP)
- As staff become more computer literate they are able to access more information for their own self-development which indirectly contributes to human resource capacity building; likely to lessen necessity for expensive formal training intervention. Supporting computer literacy in organisations may reduce capacity building costs over the longer term.

Human or Intellectual Capital

For further details refer to the TLP entitled Human Resource Management and Development. This section highlights lessons from the institutionalising or internalising the process of building human capital.

Lessons Learnt

- The human capital building process is still strongly linked to project prescribed activities (by the very nature of project design) and cannot be formalised into an organisational human resource development plan. Thus the development of institutionalised HRM/D structure cannot be achieved through an isolated project located at Department level.
- If an overarching reform process is in place this organisational component may be the easiest to reform because some Departments

Organisational Capital

Turning to organizational capital, this is without doubt the most difficult of the four forms of capital to enhance, as attempts to do so tend to challenge a potent mixture of tradition, vested interest and inertia. However, it is also the most important form of capital an agency can possess and the one that will largely determine success of efforts to enhance the other three forms.

Of the four forms of capital, organisational capital received the most attention in the evaluation reports of RLP projects. The nature and extent of the challenge is determined by the status of the agency, and quite a wide range was represented in the host agencies of the eight projects (Table 1).¹

Table 1 Host Organisations of the Projects

Organisation	Organisational Status	Project(s)
Department of Agricultural Extension	Government department	ASIRP
Department of Fisheries	Government department	CBFM2, FFP, FTEP2
Bangladesh Rice Research Institute	Semi-autonomous public sector institute	PETRRA
University	Autonomous public sector	REFPI, SUFER*
International NGO (CARE)	Self-governing	CARE-RLP

*SUFER is located within the University Grants Commission, but works with a range of universities as its primary partners

The table is arranged vertically in increasing order of autonomy. The most difficult organisation in which to initiate significant reform is a government department, not least because so many of its rules are set at a higher level and cannot be changed unilaterally. The semi-autonomous research institute has relatively more freedom, although in Bangladesh the degree of autonomy is not great. Universities have a much greater degree of self-government, while the NGO clearly has the greatest degree of organisational autonomy. It is not surprising that the reports on the two government departments tended to dwell most on the issue of deficiencies in organisational capital, and the following analysis reflects this.

¹. Most of the projects worked with organisations beyond their host agencies, but these are the subject of a separate report on partnerships in this series.

Organisational Culture and Management Structures

The culture of an organisation is often referred to as the norms of an organisation, the way things are done and management structures relate to the more formal structures and processes in place (which are influenced by the 'culture'). Projects try to influence changes in the way things are done to deliver outcomes more effectively; essentially to enhance organisational performance.

Key lesson for 'better practice'

All RLP projects successfully demonstrated that organisational culture and management structures can be modified and improved but only within the formal project boundaries and duration (e.g. research management and partnerships in PETRRA, REFPI and SUFER, strategic HRD at Divisional level by FTEP-2, extension approaches and community management developed by ASIRP, FFP and CBFM2). Best results were with administrations based at the District or Divisional level e.g. District Partnership Initiative Funds and Divisional HRD strategy. The RLP experience reiterates the notion that working at the meso-level at the same time as a coordinated approach to reform at

Lessons Learnt

- The clustering of projects in an organisation, particularly one whose organisational capital is largely exogenously determined, in itself hampers prospects for reform. Therefore donors and partners need to take stock and at the very least redefine the roles of projects working at this level in GoB and identify more realistically their most appropriate locus.
- While a full sectoral approach is inappropriate for institutions with the mandates of DAE and DoF and must await action at higher government levels, major progress towards a more programmatic approach is still possible, but the issue needs to be prioritised. To this end, donor agencies must make clear their own policies by offering direct support to encourage organisational reform and sector strategies.
- Organisational development and reform projects can take a lot longer, cost a lot more, and have much less effect than the donors may expect and where changes are achieved in organisational set-ups, doubts often remain as to their post-project sustainability.
- Embedding cultural reform in the organisational context (which will influence management structures) may only be realised over a

Strategic Planning

This relates to what an organisation wants to become, where it wants to go and, broadly, how it means to get there. Projects with outputs relating to organisational reform have tackled the issue of more detailed strategic planning to attain national and organisational development goals.

Key lesson for 'better practice'

The lengthy developmental process for strategic planning involving many groups and working committees (meetings, workshops, discussion groups) consisting of individuals maintaining key posts throughout the departments (and not just project personnel) is an expensive but essential approach to stimulate forward analytical thinking, provide exposure to strategic planning and promote ownership [However without requisite organisational backing and support at Ministerial level, strategies are not implemented].

Lessons Learnt

- Strategic planning exercises can be of immense help in the process of “de-projectisation” in particular and re-integration of organisational capital, but to date even the most advanced and self-critical of these (DAE's SP 2002-2006) is weak on implementation specifics, illustrating the need for reinforcement from a higher level in order to make reforms effective.
- Evidence is clear that there is little commitment or even resources to implement the plans, and thus the development of such plans must be part of a wider reform process with wider sectoral linkages. Also projects do not have the necessary timeframe to successfully develop and implement the plans.
- Efforts to promote collaboration among organisations must pay serious attention to the reasons people collaborate. Incentives and rewards must be considered, although this does not necessarily mean that people need to be paid extra in order to motivate them to work together.
- If contrasts between goals of host organizations and donors were acknowledged at the outset and interventions designed to address or accommodate these then implementation of strategic initiatives would be easier and less likely to fall foul of rumours and suspicions of 'alternative agendas'.

Pro-Poor Governance

Many donor agencies now embrace poverty reduction/alleviation/elimination as their overarching goal. This is often reflected in their efforts to assist in the process of organisational reform, but experience indicates that the extent to which this has impacted on organisational capital of host institutions is variable.

Key lesson for 'better practice'

Projects' work in empowering the poor to demand a better level of service may be their most significant contribution to sustainable rural livelihoods, particularly when they help local civil society organisations to emerge and become stronger. However there are opportunity costs to the poor in organising, because for them more than most time is money, and they will see these costs as worthwhile only if the organisations are structured around activities that raise returns to labour (e.g. by improving and augmenting human capital) so as to deliver

Lessons Learnt

- Decentralisation can be achieved on a small scale in the short term but it is not clear to what extent this can be scaled-up and mainstreamed. Greater emphasis from project and programmes is needed to define workable mechanisms for scaling up and mainstreaming initiatives like the decentralisation process.
- Inter-agency collaboration improves service delivery and increases access to services for communities in closer contact with local NGOs and private sector agents. Ways need to be found to sustain collaborative arrangements.
- The use of Competitive Grant Scheme or Value Based Research, applied field-based research in partnership with other agencies is effective, under certain conditions, in targeting benefits towards poor people and women but the lessons on overall socio-economic impact are incomplete and sustainability by implementing agencies unclear.
- Agriculture provides an effective entry point for developing and empowering self-help groups. Pond farming, homestead gardening and poultry rearing enable programmes to focus attention towards women. The demand of services has greater impact and more likely to succeed if from a group.
- If pro-poor drivers for organizational change are identified from within the entire stakeholder community (farmers groups,

Impact Monitoring

Measuring impact of organisational development could quite simply be no more than monitoring milestone events such introduction of new management systems, structures policies etc. but measuring the causal links between changes and outcome in terms of improved organisational performance is less easy and commonly the appraisal monitoring process for this is not in place.

Key lesson for 'better practice'

Logframes and project guiding documentation (e.g. Project Memorandum) can be a stumbling block to impact monitoring unless they are designed from the outset with this in view. In cases where Objectively Verifiable Indicators (logframes and workplans) are structured around a participatory monitoring process by the target group (including government senior officials) which allow the

Lessons Learnt

- One of the more compelling reasons for shifting from a project mode to a more programmatic approach is unification and standardisation of impact monitoring systems but it is essential that this process does not result in acceptance of the lowest common denominator in monitoring, i.e. the target based monitoring that characterises GoB systems. Monitoring must be viewed in terms of impact on intended beneficiaries.
- In order to gauge such impact, participatory monitoring systems are essential, but for participants these must be empowering, rather than extractive with best examples found in the CARE-RLP which has its own livelihood monitoring impact unit.
- Impact assessments tended to be incomplete across many of the RLP projects and missing vital social-economic elements of change in the analysis. Future projects need to integrate social development analysis into a process monitoring approach with far more 'interactive' participation (rather than the commonly noted 'functional' participation) by stakeholders.

Institutional Reform

Overview: The lessons learnt on Organisational Development indicate that, especially in the case of GoB departments, the rules of the game will have to be changed in order for there to be a meaningful shift in the way they fulfil their mandates. This basically means a set of policy shifts and the development and deployment of an integrated range of policy instruments to give this effect. Only two of the projects had a remit to operate at the policy level. PETRRA's logframe has two policy-related outputs, which require it effectively to communicate its findings to policy makers. The CBFM2 remit extends rather further, with the Project “required to execute research that produces accurate and well-documented evidence in support of pro-poor policy formulation” Perhaps reflecting this rather strong

Key lesson for 'better practice'

Aligning a project within an apex international organisation (e.g. IRRI) and engaging as a national consultant an influential and highly respected 'champion' to promote new institutional values and concepts within national organisations (Ministry of Agriculture, BRR) which is supported with a concurrent communications strategy integrated into the programme represents the best opportunity to ensure sustained institutional reform and organisational change using the project approach (PETRRA). [But must be linked to a higher

Lessons Learnt

- The better practice lesson is unique to an organisation like BRR which has obvious links with IRRI and may not be relevant for wider institutional reform of other government sectors but this kind of link strengthens the potential to reform by having access to an international reservoir of knowledge and experience (e.g. DoF with WorldFish or NACA)
- The RLP projects endorsed the now well known fact that decades of development through projects principally concerned with infrastructure development and capacity building (mostly formal training) cannot be transformed into vehicles of change to the 'rules of the game' requiring support at higher levels of government and macro-level policy reformation.
- Incremental change has its value and has delivered benefits, but the time is now ripe for more substantial institutional change and donor agencies should make their policies and funding approaches very clear to client institutions.
- High-level exposure is important by setting communications as a project output and integral part of project activities, but it does not necessarily lead to sustained macro-level policy reform. PETRRA developed more awareness of the need to reform and why (mainly research management approaches to benefit poor rice farmers) at high investment cost (events and materials) but policy reform (not a specific project output) did not occur and the short term likelihood of reform in research management processes appear quite remote.
- More thought has to be given to the means of communicating findings to policy makers. PETRRA's approach has much to commend, but may not be easily replicable. Another vehicle would be to produce very short (e.g. 2 page) briefs in Bangla aimed at busy decision makers. High level policy makers normally have an informal advisory group, and it is important to create linkages to them.
- It is essential to engage strategic research and development institutions (eg CPD and BIDS) for specific guidance on influencing policy processes in primary theme areas. The role of these institutions and how best they may be supported to bring about change needs to be part of the design process.
- Given the understandably sensitive issues surrounding questions of national sovereignty, it is essential to be clear what is meant by “policy influence”. Policy analysis, communicating the findings of this and encouraging policy dialogue may all be legitimate objectives of a project, but a requirement to sway national policy formulation is not. This is related to the point regarding being open with the strategic planning agenda.
- The current process of developing the PRSP and the three year rolling plan process may open some windows of opportunity for meaningful institutional reform in specific sectors. RLP projects have contributed to its development which is an important example of attribution not often credited to the programme.
- Opportunities may suddenly open for initiatives to be adopted (a 'policy window'). Such windows occur due to changes in the political stream, such as a change in government or a national mood swing, but they close quickly. It is crucial that a project: (a)

- can identify such a policy window and (b) have ideas and proposals in place to solve the problem well in advance of the window's opening. Project and programmes must have in-built flexibility to respond to these 'windows'. Two relatively minor but nevertheless important examples in RLP were requested assistance to FFP to draft a Training Policy for MoFL and to SUFER to develop a Quality Assurance scheme for universities.
- Although the validity of many policy narratives is questionable, they persist because they simplify complex development

Way Forward?

1. If projects located within government departments are to be effective in bringing about institutional reform and organisational change then a national level committee headed by the Minister should be established as a minimum requirement to provide guidelines for strategic reform and reorganisation e.g. National Fisheries Committee headed by Minister of MoFL. For projects that have a policy and strategy development agenda clear links must be made to this committee and the key role of a 'champion' is to build links between the two.
2. Internal policy analysis units within government departments should be established to implement National Committee directives for policy change and institutional reform. These units may draw on the best of internal staff, national policy think-tank units and top grade external implants. Greater involvement of strategy research and development institutes may supplement the activities of these units (e.g. CPD, BIDS etc.)
3. New and novel ways of working at the departmental level must be sought. Projects or defined programme elements (i.e. intrinsically linked to a bigger programme) operating at the departmental level can only be effective if critical elements are in place e.g. government ownership of the process, donor coordination, capacity enhanced, institutional accountability and a clear coherent strategic plan endorsed by all major stakeholders. For example, projects coordinated through multi-donor and GoB liaison (e.g. LCG) located at the departmental level could function as a 'programme element' supporting an integrated macro-level reforming initiative. The RLP projects, among others, have defined project approach value and limitations to function at the departmental level.
4. If a more holistic approach were to be taken, whether it is through Programmes, Sector Wide Approach (SWAP), or the Integrated Agricultural Development Programme (IADP), this should lead to more attention being given to the processes that have made the greatest difference over the past 25 years: (a) improvements in the regulatory environment, (b) access to inputs, farm equipment and credit and (c) improved functioning of the marketing system.
5. The reform agenda can only be driven by key individuals who understand the need for reform, articulate a strategic vision and able to implement the reform process. The intellectual capital building process is essential at all key levels of public administration linked to the creation of new positions for Institutional and Human Resource Development specialists.
6. Empowerment of grass roots organisations and local government for community development through a decentralisation process should start with small incremental changes to ensure the capacity building process for skills, knowledge, attitudes and resources maintains pace with change and expectations of outcomes.
7. Gearing up for organisational development and institutional reform takes time. The best short to mid-term project approach is through a programme of empowering the poor to demand better services but this must be structured around activities that raise returns to labour (e.g. homestead gardening and empowerment programme delivered by CARE-RLP).
8. A radical overhaul of monitoring systems must complement the institutional reform and organisational development process. A more standardised and uniform process and participatory monitoring approach would generate improved feedback on stakeholder outcomes and can become empowering for beneficiaries rather than extractive.
9. Inter-agency collaboration improves service delivery but need to build on some of the ways developed in RLP to harness win-win or 'pull' relationships rather than 'push' ones cemented by money.
10. Donors need to integrate their funding cycles and policy priorities to provide the necessary momentum for change, optimize 'policy window' opportunities and coordinate programmes across the wider policy stakeholder matrix targeting all tiers of government.
11. Although support to Local Government (LG) should undoubtedly be a major focus, the benefits delivered to the poor will only be

Further Reading

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*More information on these themes & issues can be found in Project Output to Purpose and End of Project Review documents accessible at RLEP shared learning site: [Rural Livelihoods Exchange](#).