Building Sustainability Into IFAD's Development Support

In recent years, the International Fund for Agricultural Development (IFAD) has increasingly been preoccupied with the sustainability of its development support. And because rural poor organizations (RPOs) are the mechanism by which IFAD has chosen to implement its projects, IFAD has been just as concerned with the RPOs' continued, effective functioning.

Organizing the rural poor, who are the usual beneficiaries of IFAD's work in countries in the Asia-Pacific region, has traditionally been incorporated into the design and implementation of IFAD projects. However, IFAD had not always acknowledged the role of RPOs in the long-term empowerment of the poor. Until recently, IFAD had sought the participation of RPOs only at the implementation stage, and to a limited degree, at the design stage, and during monitoring and evaluation. The result was that RPOs often functioned as mere conduits for project

COMMON PROBLEMS FACED BY RURAL POOR ORGANIZATIONS IN THE POST-PROJECT PERIOD

1. LACK OF EXIT/HANDING OVER STRATEGIES

▸ Inadequate and frequently belated provisions for an exit/handing over strategy constitute a major obstacle to efforts to promote the sustainability of RPOs. An exit or handing over strategy anticipates the needs of the RPO in the immediate post-project period and provides for a plan to meet such needs, including how to pay for them. Unfortunately, few RPOs emerging from the project cloister are armed with such provisions.

▸ To be effective, an exit/handing over strategy has to be defined in the project design or as early on in the project as possible, and be formulated with the involvement of the agencies that are expected to be part of the post-project support mechanism. Corresponding budget allocations must also be provided for the various components of such exit/handing over strategies.

▸ Other components of an exit/handing over strategy are as follows:

　▸ Adequate incentive systems to build and maintain organizational capacities, including assisting RPOs to generate their own resources and thereby sustain themselves;
　▸ Efforts to get governments to adopt policies that are favorable to RPOs and to support these RPOs after the project period.▸▸▸

benefits and resources. They rarely outlived the projects that were put up on their behalf.

In 2002, an External Review of IFAD operations expressed concern that IFAD might be retreating too early from its projects before the newly formed RPOs had attained enough capacity and institutional wherewithal to fend for themselves. The review noted that at the time a project ended, income improvements made possible by IFAD projects had not risen above a critical level that would prevent project beneficiaries sliding back to poverty.

IFAD's Strategic Framework for 2002-2006 reflected IFAD's growing realization of the inadequacies of its methods thus far. The new framework assigned much more importance to the strengthening of the capacities of the rural poor, particularly of their organizations, to ensure the long-term empowerment of RPOs and the sustainability of project benefits.

A three-year project called "Strengthening Capacities of Organizations of the Poor: Experiences in Asia", or SCOPE, was an important step towards operationalizing this framework. The SCOPE project, which was jointly implemented by the Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC) and the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), aimed to contribute to

enhancing the capacity of IFAD and its partners to design and implement sustainable development actions of RPOs.

In aid of implementing the SCOPE Project, a Review of IFAD Project Experiences in Asia in Building Organizations of the Poor was conducted in 2005, and its findings presented to an IFAD-Asia Divisional Meeting in Rome, Italy in February 2006. While this review was focused on issues related to the establishment and strengthening of RPOs, one of its major findings concerned the lack of exit strategies to address the sustainability of the RPOs and of project activities and benefits. The review emphasized that exit strategies must be incorporated into the project design (so that resources could be earmarked accordingly) and that they need to address a number of concerns, such as the development of adequate internal organizational capacities and incentive systems, including the provision of assistance to help RPOs generate and sustain their own resources; and the training and development of social mobilizers from the communities that could support the organizational processes of the RPOs.

The major findings and recommendations above from the Review of IFAD Projects would be further validated and would serve as a springboard for subsequent SCOPE and project partners' major activities, specifically on field-testing the concept of RPO

sustainability and its indicators, and developing capacity building interventions for five IFAD-supported projects.

FIELD-TESTING RPO SUSTAINABILITY

The results of SCOPE's Review of IFAD Projects served as critical input to field-testing the concept of RPO sustainability through two initiatives: 1) capacity building in IFAD-supported projects; and 2) drawing up the RPO sustainability framework and indicators. The SCOPE Project undertook the field testing of these two initiatives with five IFAD projects in Asia, specifically:

1. Sunamganj Community-Based Resource Management Project (SCBRMP) in Bangladesh;

2. Orissa Tribal Empowerment and Livelihood Project (OTELP) in India;

3. Participatory Integrated Development for Rainfed Areas Project (PIDRA) in Indonesia;

4. Rural Poverty Reduction Project (RPRP) in Mongolia; and

5. Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP) in the Philippines.

Capacity Building in IFAD-Supported Projects

In 2005, SCOPE initiated in-country capacity assessments in the five abovementioned

IFAD-supported projects. The capacity assessments were meant to identify the capacity-building needs of those projects in building RPOs and coalitions. The results of the assessment shall be used in the design of capacity building interventions to enhance the post-project sustainability of the RPOs assisted by the five projects.

The assessments focused on four major categories of project interventions that are considered critical in the post-project sustainability of RPOs: (i) interventions to build the primary organization in the community; (ii) interventions to link the primary organization with local government units; (iii) interventions to link the primary organization with resource agencies; and (iv) interventions to link the primary groups with each other to address common challenges.

In the first quarter of 2006, four of the five projects – SCBRMP in Bangladesh, PIDRA in Indonesia, RPRP in Mongolia, and NMCIREMP in the Philippines – submitted their respective proposals for in-country capacity-building interventions, which were eventually approved for SCOPE funding. OTELP-India decided not to avail of SCOPE in-country assistance as the Project Director (PD) had projected that capacity building interventions identified by the capacity assessment study would be covered by its own project resources.

Table 1. Focus and impact of SCOPE grant in four IFAD–supported projects

	SCOPE Intervention	Impact of SCOPE Project
SCBRMP, Bangladesh	Capacity development of Community Development Facilitators (CDFs) as a sustainability mechanism to support community organizations when the project ends	*Building primary organizations:* Confidence and capacities of community organizations (COs) strengthened through constant interaction with CDFs; community participation in local development activities (e.g., road alignment, Food for Work, etc.) has improved. *Improving local governance:* Stronger links between COs and local government units (LGUs), facilitating government service delivery and community participation in local development
PIDRA, Indonesia	Micro-finance training for District Implementing Officers and PIDRA staff	*Building primary organizations:* SHGs and federations have established a Common Fund (from savings, interest and penalties) for members' income-generating activities. *Improving local governance and building external linkages:* LGUs now provide training funds for SHGs, seed capital for federation-based MFIs, and link them to banks.
RPRP, Mongolia	Capacity building on participatory approaches for community organiza-tions (incl. herder groups, women's groups, and Rangeland Monitoring and Management Committees or RMMCs) in two districts	*Building primary organizations:* Community groups (incl. herder groups, women's groups, RMMCs, etc.) formed in 2 districts, and have established objectives, leadership norms, action plans, and fund management. *Improving local governance:* Community groups use new skills to the improved operations of RMMCs and other local bodies.
NMCIREMP, Philippines	Formation and strength-ening of four multi-sectoral provincial core groups to address difficult issues through "bridging leadership" approach	*Building external linkages:* COs have developed effective links with external agencies to access resources for the community; community groups have linked with other NGOs and projects for useful information to adopt in their own groups. *Linking the primary groups with each other to address common challenges:* The provincial core groups formed have agreed on a common issue to address, and have come up with respective action plans to address such issues.

Based on the monitoring reports and feed-back from the four PDs themselves, the SCOPE grant, although very small (averaging USD 20,000 each), has resulted in positive impact in three areas: a) building primary organizations: b) improving local governance; and 3) building external linkages.

Table 1 presents a summary of the focus and impact of the SCOPE grant to the four IFAD projects.

Lessons from In-Country Capacity Building

Through SCOPE's in-country capacity-building activities, the four projects have taken concrete steps to address their post-project sustainability as well as that of the RPOs they had assisted.

The capacity building interventions in the four projects have highlighted the key elements necessary to ensure project and RPO sustainability, specifically:

LESSON 1: Develop social mobilizers from within the community who can continue to assist community organizations (COs) after the project ends. "The SCOPE grant has expedited the project sustainability process by introducing Community Development Facilitators (CDF) who are recruited from the community with the view that they will be functioning after the project ends with community's assistance and supervision. The CDF was not provided for in the main project

proposal. The SCOPE grant has made it possible to include them and to train them. With the CDFs, the capacities of COs have increased, especially in handling banking affairs, resolving social conflicts, dealing with line departments, etc. It has had a big impact on project sustainability. People are now more confident about sustaining their activities in the long term." – *from SCBRMP Lessons Learned, by Sk. Md. Mohsin, Project Director*

LESSON 2: Provide sufficient resources to support the RPO's organizational processes and capacity building of its leaders and members. "Because of the positive results of the SCOPE project, the RPRP plans to incorporate more of these participatory approaches in strengthening the capacities of the Rangeland Monitoring and Management Committees (RMMCs) and various other groups/communities particularly to help ensure their sustainability. In fact, the RPRP wants to expand the SCOPE project to cover all the RMMCs in all the *aimags* particularly after the assessment of the RPOs in the Project Mid-Term Review which showed that many of these groups remained weak." – *from RPRP Lessons Learned, by Dalai Dagvaa, Project Director*

LESSON 3: Develop the capacities of RPOs to link with other RPOs, governments and other sectors for policy advocacy and to address common issues and concerns. "As a result of

most groups can only go so far without some form of external support.

▸ Newly independent RPOs have recourse to at least four types of "support mechanism":

1. A government agency, which takes on the role of "executing agency" at the end of the project. The problem with this arrangement springs from government agencies' general unfamiliarity with participatory processes that should underlie collaborative relations with RPOs.

2. Where NGOs or a core team of facilitators are given the task of "staying behind", the question remains as to how these support providers would be compensated for their efforts.

3. Where volunteers/ organizers/activists residing in the community have been trained to do the follow-up facilitation work, there is a greater likelihood of persistence in the task, but these would need to be supported to some degree.

4. Institutions formed and managed by RPOs themselves appear to be the most viable option. An example of such institutions are the ▸▸▸ Community Managed Resource Centers put up by the NGO partner, MYRADA. Self-Help Groups (SHGs) ▸▸▸

the SCOPE grant, "there is now a core of "bridging leaders" who could facilitate sectoral consultations aimed at engaging the multi-stakeholders in addressing an issue or issues. These are the provincial core groups that could continue the discussion and implementation of solutions. As a contribution to the bigger IFAD NMCIREMP Project, it is interesting to note that these coalitions are now focusing on the main challenges of NMCIREMP as pointed out by the MTR and latest supervision missions– unresolved IP issues and natural resource management, issues that would most likely persist even after NMCIREMP." – *from NMCIREMP Lessons Learned, by Antonio Menor, Project Director*

LESSON 4: Assist the RPOs to generate and sustain their own resources. For the PIDRA Program, "the SCOPE grant supported the idea of an exit strategy and the development of PIDRA's microfinance institution in 2007 – 2008, towards the end of the program." – *from PIDRA Lessons Learned, by Djadi Purnomo, Project Director.*

RPO SUSTAINABILITY FRAMEWORK AND INDICATORS

At the IFAD-Asia Divisional Meeting in Rome, Italy in February 2006 in which SCOPE's Review of IFAD Projects was presented, IFAD Asia Director Mr. Thomas Elhaut proposed that the SCOPE Project assume the task of assisting the five IFAD-supported projects

covered by the SCOPE Project in addressing the concerns pointed out in the foregoing review.

In this regard, the SCOPE Project was given two main tasks: (1) to identify the elements or components that could be incorporated into an exit strategy, and to identify which of these elements would constitute the minimum requirements of an exit strategy; and (2) to review the project documents of the five IFAD-supported projects covered by SCOPE and to assess whether they contain the minimum elements as identified, point out the gaps in the projects and incorporate the necessary elements or components in the project strategies.

On 24 June 24 2006 SCOPE organized a meeting in Bangkok, Thailand among some staff of IFAD Asia Division, Country Portfolio Managers (CPMs) for Bangladesh and India, and the five PDs involved in the SCOPE project, at which the latter presented their respective sustainability plans. Following this meeting, a provisional set of sustainability indicators was prepared based on the recommendations of the Review of IFAD Project Experiences in Asia. These indicators, numbering 32, were grouped into five categories, representing sustainability issues related to:

1. Good Governance;

2. Management;

3. Financial Management, Viability and Sustainability;

4. Service Delivery; and

5. External Relations.

Likewise, a number of general strategies designed to help the five IFAD projects meet the foregoing indicators were proposed.

A follow-up meeting among the five IFAD PDs was held on 19-20 February 2006 in Manila, Philippines, where the set of indicators, including the proposed strategies, were discussed and revised, with one major category being added ("Nurturance of the Organizational Culture") and a number of sub-indicators being re-categorized or subsumed under other groupings. This exercise was followed by the PDs' re-drafting of their sustainability plans according to the new set of indicators.

Indicators of RPO Sustainability

The following indicators of RPO sustainability were identified during a series of meetings among Project Directors (PDs) of five IFAD Projects in Asia from 2006 to 2007 in regard to the implementation of the *Strengthening Capacities of Organizations of the Poor: Experiences in Asia* (SCOPE) Project. An e-discussion on RPO sustainability supported by the International Fund for Agricultural Development through its Knowledge Networking for Rural Development for Asia/Pacific Region (ENRAP)

Program, and convened by ANGOC from 26 February to 16 April 2007, also served to clarify a number of these indicators.

I. GOOD GOVERNANCE refers to processes, mechanisms, or tools that ensure the continual competent management of the RPO, and that facilitate organizational oversight, promote transparency, and exact accountability from the RPO's leaders and members.

1. **Pool of committed and capable leaders**

   ‣ Recruitment policy that the organization's leaders should have both the requisite expertise (including forms and degree of expertise) and a personal network that is relevant to the organization's vision, mission and goals;

   ‣ Clarity/clear policies in regard to: (1) the number of leaders, both first- and second-line, that are required by the project; and (2) the proportion of men vs. women leaders, and to ensuring that there is no gender imbalance in the leadership;

2. **Continued development/build-up of capacities of leaders and members**

   ‣ Mechanism for regular rotation of leadership;

contract services (e.g., training, marketing, audit, etc.) from such resource centers for a fee.

‣ Possible sources of funding for post-project facilitation are contributions from RPOs (in the form of fees for services), government, corporate, and other donors.

4. UNFAVORABLE POLICY FRAMEWORK

‣ It is sometimes taken for granted that governments would be supportive of the continued development of RPOs. While most democratically elected governments may not actively hinder, if not promote, the activities of RPOs at the start, they have been known to to change their minds once the RPO begins to demand reforms. In non-democratic regimes, the situation simply does not support such optimism.

‣ Where the political environment is favorable, other obstacles may still impede the RPO's growth. For instance, small SHGs find themselves cut off from formal sources of credit, especially banks, because they have not complied with certain government requirements (such as legal registration) or because of the lack of collateral for a loan. ▸▸▸

5. THE HURDLES OF SCALING UP

▸ Scaling up, or seeking membership in coalitions, federations, or networks, could help enhance the sustainability of RPOs because doing so generally increases a group's bargaining power with institutions from which it can access resources, including credit, information and technical assistance. It could also help to bring about changes (i.e., policy/ institutional reforms, concessions from a local government unit) that are favorable to the development of the RPO.

▸ However, the advantages of scaling up may be offset by the problems that come with it. Larger numbers pose a bigger management problem, tending to make operations unwieldy and resulting in deterioration in the quality of the service provided. Leaders of RPOs, not to mention their staff, are also often ill-prepared (e.g., in terms of education) for their new tasks and roles as leaders/members of a larger group.

▸ Capacity-building is therefore indispensable to the formation of federations, coalitions and networks. Capacity-building towards the formation of federations and coalitions should focus on the following:

   ▸ Transition from membership in an unaffiliated RPO towards membership in a ▸▸▸

▸ Documented annual plan for capacity-building of the RPO's leaders and members, including programmed allocation of time and resources for the purpose;

3. **Written vision, mission and goal statements, and by-laws**

   ▸ A formal document stating the RPO's vision, mission, goals and by-laws;

   ▸ Ability of members, not just the leadership, to articulate the organization's vision, mission and goals. This ensures that the membership is not only aware, but has a sense of ownership of what the organization purports to do.

4. **Legal status and/or registration**

   ▸ Registration of the organization with the appropriate government body/ies;

   ▸ Documented policies, processes, and guidelines for the selection/ election of leaders and office bearers (whether traditional, customary or formal), including rotation of leadership, benefi-ciary selection and participation, and distribution of benefits (Such document to be included in the organization's By-Laws).

However, the smallest unit of RPOs, such as the self-help group [SHG], may have no need to secure a legal personality or identity at its inception or even in the early years of its life. Besides the difficulty and expense involved in the process of registration, being registered itself entails compliance with a host of other legal requirements, which could hamper rather than aid the develop-ment of the fledgling group. Nonetheless, as the group develops and as its organizational needs and interactions expand, especially with government, it will have to formalize its status. Meanwhile, it might be difficult to reconcile the need for formal government recognition with the norms of tribal gover-nance, in the case of RPOs formed among indigenous communities.

5. **Clear and functioning accountability mechanisms and systems**

   ▸ Clearly defined and strictly enforced roles and responsibili-ties of leaders and members. This is made possible through a number of instruments and processes, such as (i) sanctions that are formally acknowledged/ agreed upon by the members, stated clearly in the organization's By-Laws, and scrupulously enforced; (ii) regular reporting to members; (iii) agreed policies and resolutions

that are written down and disseminated; (iv) proper documentation of meetings (including provisions to ensure that there is capacity within the organization to do the documentation, e.g., through capacity-building); and (v) regular internal assessments among members.

6. **Clear criteria for membership, and explicitly defined contributions expected of members (time, effort, money), as well as the parameters of participation by members, especially the women, all of which are stated in the organization's By-Laws**

7. **Regular meetings among officers and members to discuss organizational and program directions and policies**

    ‣ A regular schedule for organization meetings;

    ‣ Membership attendance taking;

    ‣ Active participation of the majority of members in decision-making.

8. **Proper documentation of all meetings and transparency of operations**

    ‣ Provision for capacity building for documentation;

    ‣ Circulation of minutes of meetings to members.

9. **Capacity to solve internal conflicts**

    ‣ Clearly written and agreed upon policies and procedures for solving internal conflicts, including conflicts among members;

    ‣ Provision for capacity building for the resolution of internal conflicts.

10. **Provision for intensive and effective communication within the organization**

    ‣ A flowchart detailing the flow of communication within the organization.

11. Written policy of non-interference by external facilitators in group decision-making.

II. MANAGEMENT pertains to the various measures undertaken by the RPO to guarantee the smooth functioning of the organization on a day-to-day basis and to continually improve its operations through regular and participatory monitoring and assessment.

12. **Well-established and efficiently/ effectively functioning organizational structure**

    ‣ An organizational chart that clearly indicates lines of author-

coalition/federation/ network;

‣ Preparedness of the RPO to take on its changing/ evolving role/s as member of a coalition/federation/ network;

‣ Management of coalitions, federations and networks, as opposed to that of unaffiliated RPOs;

‣ Strengthening of RPOs to ensure their autonomy from its federation/ coalition/network partners;

‣ Management and resolution of conflict.

ity and communication, work flow and accountability, checks and balance.

13. **Written organizational/program plan**

   ‣ Written organizational/program plan that is flexible (especially where newly formed RPOs are concerned) and is based on the organization's stated commitments, e.g., its vision, mission and goals; and that includes: (i) a business plan, (ii) a list of proposed projects/activities, including the required training for one year and the target fund sources, and (iii) plans for recruiting the needed staff and/or volunteers who would implement the proposed programs/projects.

14. **A built-in and operational monitoring and evaluation system for the organization**

   ‣ Indicators of success are developed, agreed, stated in a Monitoring & Evaluation Manual, and measured and assessed with the participation of target beneficiaries, including women;

   ‣ Regular schedule of Monitoring and Evaluation activities.

15. **Proper documentation and reporting of transactions, especially those**

undertaken in compliance with government-, donor-, and member-requirements. The reporting system is based on the agreed time and content

   ‣ Preparation and dissemination to members of process documentation reports.

16. **Capacity to develop and manage organizational activities/initiatives, including knowledge and information management, and disaster and risk management**

   ‣ A Planning Manual;

   ‣ A schedule for planning activities;

   ‣ Dissemination to members of details of prepared plans.

17. **Capacity of administrative and technical staff and/or volunteers to undertake project related tasks.**

III. FINANCIAL MANAGEMENT, VIABILITY AND SUSTAINABILITY pertains to processes conducted to ensure financial oversight of the RPO and to build up its financial self-reliance.

18. **Written policies and procedures that adhere to generally accepted principles of accounting and internal control; transparency in financial transactions**

19. Written policies and procedures promoting financial prudence (e.g., rotating the task of handling bank transactions).

20. Diverse sources of funds for the organization and organizational capacity to generate funds/income outside those afforded by project grants/assistance

    ‣ Record of funds sources;

    ‣ Proposals for income generation.

21. Conduct of an annual audit by an independent auditor and a regular and timely mechanism for disclosure in regard to resource allocation, resource use, and fundraising activities.

22. Capacity of the leaders/members of the Board to undertake financial analysis and management

    ‣ Credentials demonstrating Board leaders' and members' capacity.

23. Commitment to attaining financial self-reliance of the organization

    ‣ Short- to medium-term financial sustainability plans, including an annual budget plan, towards building financial self-reliance

    ‣ Plans to establish a profitable enterprise;

    ‣ Plans to implement a fee-for-service scheme.

IV. SERVICE DELIVERY refers to building up the RPO's various capacities in aid of improving its service to its members and beneficiary communities.

24. Capability of the organization to access and/or develop technical expertise internally and externally

    ‣ Plans/schedule for skills training activities.

25. Capability to deliver organizational and emergency services according to members' needs and interests, including the possibility of developing a special skill or niche.

26. Capability to regularly assess the organization's service delivery to its members, particularly its usefulness and impact.

27. Equitable sharing of economic and other benefits among members.

V. EXTERNAL RELATIONS concern the RPO's efforts and activities to build partnerships that would enhance its access to needed resources, to increase its political clout in the community and at other levels, and to broaden the constituency for its development agenda.

28. Effective networking and linkages

‣ Membership of the organization in an NGO, a network of RPOs and/or other networks, including multi-stakeholder alliances;

‣ Good relationships and partnership with other sectors like government (permanent line departments/agencies, local government units), and business, among others.

29. Increased political participation and advocacy in processes that have an impact on the organization, such as participation in local government councils/bodies.

30. Ability to negotiate and access resources, whether human, natural, financial, or technical.

31. Autonomy from external agents/ actors in decision-making and other processes, and in the use of resources.

32. Awareness among the local government and community of the RPO's vision, mission, goals and activities.

33. Active involvement in community activities (e.g., sanitation/beautification drive; local political exercises, etc.).

VI. NURTURANCE OF THE ORGANIZATIONAL CULTURE involves a range of practices and ritual observances which have the effect of reinforcing the members' commitment to the RPO, and as such are central to the development, growth and impact of the group. It also includes the ways in which an organization builds up the stock of social capital, on which it continually draws to sustain itself in ways other than those identified in the foregoing but are no less crucial to its long-term viability as an organization.

34. Regular observance of celebrations, festivals, anniversaries related to events that are significant to the organization.

35. Periodic review of the organization's vision, mission, and goals and of how these relate to the members' core values and culture.

36. Commitment to the principles of non-discrimination on the basis of sex, religion, caste, or race, and integrity in all internal and external dealings/transactions.

37. Mutual help among members and a spirit of volunteerism.

38. Positive reputation or image of the organization among the local community.

39. Formal recognition of the contributions of members and support organizations.

40. Regular collegial feedback among members and leaders as conducted through committees or task forces.