

# A Grassroots View of Development Assistance

By Ramón Daubón

*“Among the laws that rule human societies there is one which seems to be more precise and clear than all the others. If men are to remain civilized or to become so, the art of associating together must grow and improve in the same ratio in which equality of conditions is increased.”*

Alexis de Tocqueville, *Democracy in America*



PHOTO: EDGAR RICARDO VON BUETTNER

*A small grant in 1973 to Fundação de Desenvolvimento Integrado de São Fernando (FUNDIFRAN) in the Brazilian Northeast helped a young regional development agency prepare a long-range action plan.*

## The art of associating

In the 1830s French political philosopher Alexis de Tocqueville was concerned about where his country was headed. As a template for comparison he chose to study the still remote, but nevertheless intense, American political experiment that had preceded the French Revolution. Tocqueville was convinced that the success of both democratic movements would hinge on the population's command of what he termed the "art of associating." Recent evidence on economic development bears Tocqueville out. It suggests that a community's art of associating, its capacity to act together, may be the single most important factor in its economic advancement. Development, it now appears, cannot be sustained in the absence of this capacity. And this capacity cannot simply be built; it has to grow organically in the political culture of a country.

## In search of a new paradigm

International development assistance is in search of a new paradigm. If we rigorously define development as a society's capacity to sustain its own economic progress, then more than half a century of development assistance has failed. With notable exceptions, recipient countries are no more capable now of sustaining their own development than they were two generations ago. And where successes have occurred, few can be irrefutably traced to the intervention of international donors.



PHOTO: WILHELM KENNING

*El Ceibo cooperative federation, pictured above in 1981, is a South American pioneer in the cultivation and processing of organic cocoa beans. The cooperative used conservationist agricultural techniques and consensual self-management as well as extensive service programs to become one of Bolivia's most important chocolate manufacturers.*

Until now development assistance operated under a questionable premise. The condition of underdevelopment was defined as essentially economic and hence mainly receptive to economic remedies. Bilateral, multilateral and private charitable organizations all assumed the development process could be jump-started by well-timed economic interventions. Implicit in the assumption was that the subject communities or nations were trapped in a low-level equilibrium situation and would respond to a jolt from outside creating dynamic disequilibria. The challenge to donor organizations lay in designing the right intervention and choosing the right moment to intervene.

For development purposes human factors were addressed in economic terms. Education served the development of human capital, managerial skills and, ultimately, productivity. Concerns about health or general welfare were either primarily humanitarian or related to the effectiveness of the labor force. Quality

of life factors were seen as positive by-products of economic success. Contextual variables, such as legal or regulatory frameworks, were also seen as facilitators of economic forces. Transparency and the rule of law, indispensable requirements for reduced transaction cost, came to be viewed as policy targets directly susceptible to interventions. Finally, political forces were recognized as critical, but only to the extent that they might—or might not—be conducive to an appropriate allocation of economic resources. Dictatorships were generally perceived as bad for the economy, but only because concentration of power led to corrupt practices or capricious policies, both wasteful of scarce resources. Mechanisms for accountable democratic governance were therefore promulgated and their operative institutions—bureaucracies, parliaments, electoral processes, political parties and independent judiciaries—targeted for “strengthening.”

It was assumed that the donor community could supply all of the conditions for development that

underdeveloped societies lacked. Over five decades countless billions were invested for this purpose. Yet the investment failed. The low-level equilibrium turned out to be static rather than dynamic; when development assistance stopped pushing, the development wheel generally stopped moving. Sure, the bridges and infrastructure were built and the credit and education programs were put in place but—as a rule—countries were no more capable of building bridges or extending credit or educating on their own than they had been at the start. Obviously economic development was about more than economics.

Worse yet, the development industry spawned a whole pattern of behavior to manage and exploit foreign aid programs. As recommended strategies for development changed over the years, aid programs were modified—from seeking forward and backward linkages to import-substitution industrialization to regional economic strategies to integrated rural development to export promotion to poverty reduction to market integration to structural adjustment. And as the program guidelines changed, recipient governments and service agencies, as well as technical support specialists in the donor countries, all defined and redefined their structures to fit the donor philosophy *du jour*. An opportunistic *proyectismo* and “grantology” flourished to tap into the latest trend, making countries even less capable of setting their own agendas.

By the turn of the millennium, donors were quietly questioning where it was all going. Foreign aid budgets began drying up—just as the collapse of the socialist camp was increasing the number of potential claimants. As human crises surged in Africa and Eastern Europe, aid programs that remained strong became proportionately more focused on emergency relief and less on development. With the rise of structural adjustment and globalization in the 1990s, the mantra “trade not aid” further justified the drop in foreign assistance budgets. Meanwhile, Eastern Europe was seen largely as a bottomless pit, Africa was essentially written off as unsalvageable, and Latin America became a test case for institutional strengthening to bolster free trade and sustain the transition to electoral systems. Foreign aid meanwhile drew more and more detractors among political constituencies in donor countries.

## The birth of civil society

In Latin America the 1990s and the end of the Cold War brought about a major turning point. For half a century politics in the hemisphere had been a captive of the Cold War mentality: one was either pro-East or pro-West. Competing subtleties within each camp further complicated the ideological picture. Whatever level of sophistication Latins may have claimed for their politics at the time, the fact is that their parameters were all echoes of distant battles. Local tribal rivalries were cloaked in imported Cold War rhetoric. Consequently, the fall of the Berlin Wall was significant. As reference parameters disappeared from the political structure, the floor and ceiling moved. With one side missing, the entire edifice collapsed. Political alignments had to be redefined—who really cared if you were a pro-China communist now? People who formerly would not have been seen in the same room were talking to each other. This made for political renovation at a time when Latin America badly needed it.

Latin America of the 1980s inherited the fallout from the energy crunch and the credit flood of the 1970s, when authoritarian governments had ruled the continent, legitimized by their anticommunist posture and justified by bona fide leftist insurrections. The mid-decade oil crisis suddenly tripled fuel costs, wreaking havoc with budgets. International banks, flush with deposits from the oil-exporting nations, embarked on lending sprees, making huge loans of dubious repayment potential to grateful governments loaded with deficits but unfettered by accountability to constituents. Reality soon came home to roost as the debt burden became unbearable. Throughout the 1980s military governments felt increasingly compelled to hand the mess over to civilians. The end of the cold war, and of the communist menace, provided the final incentive for this expedient democratization.

While a clamor for debt relief gave the new governments some breathing space, the pressure from international financial organizations to get the respective fiscal houses in order was overwhelming. Budget deficits had to be trimmed, but public expectations for social services, heightened since the activist 1960s, pulled in the opposite direction. Elected governments had to deliver despite restrictions on their ability to

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raise revenue: politicians resisted taxing constituents, and pressure to open markets reduced the potential take from tariffs on imports. The silver bullet became civil society. Defined loosely as the institutional space between individuals and the state, civil society had always been a presence in Latin America. Public life, particularly in remote rural communities, had depended on these organizations to provide services that overly centralized states failed to deliver. Even in cities, civic associations had, on one hand, filled gaps in deficient government services, and, on the other, provided an institutional space for political action and protest when—as often happened—partisan activities were curtailed. But if civil society had been there all along, it had been either remote, charitable or oppositional. What governments now discovered was civil society, as it existed in the Northern countries, could be omnipresent, activist and collaborative. However, some major adaptations were in order. For one thing, the right institutions simply weren't there. For another, civil society in the North worked best at the local level, where the social needs were. But in Latin America, after five centuries of centralization, there remained little public life at all at the local level.

So two complementary trends began to emerge: first, decentralization and “municipalization” to create local spaces for decision making, and, second, “strengthening civil society” to take advantage of those spaces with private resources. Both local government and nongovernmental organizations required major institutional development and major legislative and regulatory changes. As central governments and donor agencies realized this need, an all-out effort materialized to

- decentralize decision making, which meant creating the necessary policy spaces and connecting channels between national and local government;
- devolve control over the budget process, which was much harder to negotiate politically;

- assist municipal governments in organizing to negotiate collectively with national governments for the orderly and effective transfer of these authorities, and in seeking their own funds directly from donors and the market place;<sup>1</sup>
- provide models and technical assistance to municipal officials on effective local governance; and
- offer training and technical assistance in the management and operation of nongovernmental organizations.

Curiously, the prevailing wisdom was that if government were brought to the level of the people it would automatically become more democratic. In fact, both local governments and—particularly—nongovernmental actors began presenting themselves as the voices of the citizens. They were validated as such, thanks to an apparently nervous willingness to do so, in official circles from the township level all the way to the United Nations. Once the U.N. had set the pace in the early 1990s, the United States Agency for International Development, the Inter-American Development Bank and the Organization of American States followed suit. (Summits of the Americas in Miami in 1994 and in Quebec in 2001 are examples of the trend.) But civil society, even when implausibly viewed as a whole, is not the people. It is an associative space where individuals and institutions come to share their civic concerns. It cannot speak in a single voice, for it represents countless voices, many of them not sufficiently influential to be heard. The institutions of civil society must not be equated with the civic culture that should sustain those institutions.<sup>2</sup>

<sup>1</sup> This also entailed opening legal channels of communication at the central level and overcoming resistance to this new kind of accountability. For example, before 1992 Chilean law prohibited local authorities from “colluding” to negotiate with the central government. When the Chilean Congress introduced legislation authorizing such “collusion” on the part of newly created associations of municipalities, the then-minister of the interior reminded municipal officials that they were heads of *administrations* not of *governments*.

<sup>2</sup> Victor Perez-Diaz powerfully makes this point in *The Return of Civil Society* (Cambridge: Harvard University Press, 1993). He credits Spain's democracy not to the institutions of civil society but to the emergence of a democratic culture within them led by the business associations. This bodes well for Spain's cultural offspring in the Americas.

Furthermore, a government closer to the people is not necessarily more representative of the people. Government close to the people will be responsive only if the people are present. This was illustrated in the United States in the 1980s when massive local and state devolutions of federal funds and authority did not automatically result in more participatory local government. In fact, in the absence of the strict scrutiny levied on the national government by the national press, party machines in some U.S. cities had an unsupervised joyride of huge proportions, with their political patronage and discretionary capabilities multiplied by the block grants programs of the time.<sup>3</sup> Regardless, development assistance in the 1990s focused on strengthening institutions of local governance and institutions of local and national civil society. Both are indispensable to a democracy, but neither alone makes a democracy. Strengthening these institutions was a step in the right direction, but an incomplete step, which carried the risk of vesting authority in local governments and equally unaccountable NGOs. The key factor was missing; the people were missing.

PHOTO: PATRICK BRESLIN



### A serendipitously different approach

At the end of the 1960s the Inter-American Foundation bucked the prevailing notion that development was based essentially on macro-economic factors and required macro-economic solutions. The IAF focused instead on people and ascribed the potential for development to their capacity to formulate their problems and devise their solutions. “They know how,” was its motto, spoken in a lone voice to a

*When the international shrimp industry threatened their environment and access to the sea, communities on Honduras’ western coast formed the Comité para la Defensa y Desarrollo de la Flora y Fauna del Golfo de Fonseca (CODDEFFAGOLF). After securing fishing rights and the marine ecosystem for the coastal inhabitants, such as this boy’s family, CODDEFFAGOLF, with a 1992 IAF grant, expanded into agricultural production, eco-tourism and other development activities.*

development assistance community convinced that experts knew better.

More than 30 years and thousands of projects later, the IAF’s once maverick approach is being vindicated by a growing consensus among development professionals that people—not capital—and their capacity to orchestrate their own development are the

<sup>3</sup> See Coalition for Human Needs, *The Impact of Block Grants Programs on Communities* (Washington, D.C., 1988).

foundation of sustainability. Economic development is less about economics and more about people's capacity "to concert," a bona fide English verb defined in Webster's as "to plan or arrange in mutual agreement."<sup>4</sup> (The Spanish equivalent, *concertar*, is much more widely used.) By taking its assistance directly to the people, the IAF made an important assumption that traditional aid programs had ignored. It assumed governments in developing countries were not particularly good at assessing the problems of the poor and were perhaps too disposed to accept the interpretations of development experts. The IAF believed instead that people were best able to identify their own problems. Of course, only governments could manage infrastructure and education and health programs, so traditional foreign aid still had a place. For a long time, unfortunately, other donors had missed the complementarity and saw the IAF's assistance as a feel-good activity for the U.S. taxpayers, with great potential for goodwill but little impact on real development—a notion that the IAF over three decades has failed to dispel.

The IAF also assumed that the aggregate individual capacity to invent solutions was essential to raising the entire economic floor of a country. It wasn't a question of "scaling up" as the IAF has often—and unsuccessfully—struggled to portray its programs. It was a question of spreading out. Time has proved the IAF right; the economist Michael Porter<sup>5</sup> now even defines economic development as the "long-term process of building the array of interdependent micro-economic capabilities and incentives to support more advanced forms of competition." To Porter, economic culture derives from a micro-economic context. Economic development is a behavior, regulated by an economic culture which, as all cultures, evolves through experimentation in response to changing circumstances. And this experimentation happens at the micro level when countless individuals are encouraged

to identify problems and try out new solutions.

Ironically, the IAF was for years accused of spreading a collectivist economic gospel, when—alone among development agencies—it was in fact sowing the seeds of a democratic capitalist culture at the grassroots.

That foreign assistance giants such as USAID, the Inter-American Development Bank and the European Commission have taken up the call of "strengthening civil society" does not invalidate the present work of the IAF. It only points to a lamentable misunderstanding in those agencies as to what underdevelopment is about. Strengthening institutions—public, private and nongovernmental—is indeed indispensable for development, but the strongest institutions will be corrupted in the absence of a culture to make them work. And a culture of development only grows out of its own exercise; we feel it grows best within a democratic exercise. Even enlightened aid donors wishing to work directly with community organizations will approach their potential grantees with technical solutions in search of problems. Unfortunately, large assistance programs must be put together in that manner, along topical lines according to the agencies' best assessment of aggregate country needs. When the programs—in education, health or microcredit—are made available to community candidates, even the most virtuous is tempted to conclude it needs what is being offered.

The potential damage goes far beyond a possibly misallocated resource. By opting for the donor's perception of its needs, the beneficiary community realigns its own relationships to suit the outsider's view. Its capacity to discuss its own issues internally and define its problems in its own terms is thwarted by the packaged project offer. There is, of course, a role for such projects, but only after the community has defined its own problem, considered alternative approaches and chosen one among them. Only then should expert help be brought in, and only to design the project that the community wants, not to suggest it opt into an existing program because it's there. For large donors this means programs should be high on technical capacity and flexibility and low on definition. Tailor-made should be the guideline, not off-the-rack. Large donors should be more responsive, less strategic. They will not develop these countries; these countries will develop themselves.

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<sup>4</sup> For an overview of the theoretical arguments for civic life as the foundation of economic possibility, see Ramón Daubón and Harold Saunders, *A Citizens' Political Process to Enhance Civic Life for Communities' Economic Development* (Kettering Foundation, 2001).

<sup>5</sup> Michael Porter, "Attitudes, Values, Beliefs, and the Microeconomics of Prosperity," in Lawrence E. Harrison and Samuel P. Huntington (eds.), *Culture Matters: How Values Shape Human Progress*, (Basic Books: New York, 2000).



*This Haitian girl learns the intricacies of French spelling in a school built and equipped in 2001 through a partnership initiated by her community and supported by Fondasyon Enstitsyon-yo pou Devopman ki Sòti na Baz-la (FIDEB), an IAF-financed development fund that makes grants to projects mobilizing twice the award amount in counterpart from other sources.*

For the IAF, the adaptation is less. Notwithstanding the pressure in recent years from its regulatory bodies to emphasize quantifiable results over process, the IAF still relies primarily on accompanying communities in designing their own plans. Its approach is still on-the-ground, staff-intensive and flexible. An important modification seems advisable, however. So far, the IAF comes into the process after the community has decided what their problem is and how to address it. Often the IAF will work with the community in strengthening some technical aspects of a conceptually sound project. But this assumes the

community has chosen the particular direction set in the proposed project after actively considering alternatives, not because a member or faction of the community favors the project for other reasons. Often an intermediary service organization will have worked with the community, and the IAF must assume the intermediary did not influence the deliberative choice of direction. This is a big assumption.

Moreover, the IAF assumes the problem addressed by the project is indeed what the community needs to address, and not a symptom of a deeper problem the community hasn't had the time or dedication to

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uncover. For example, an educational deficiency could be presented simply and directly as a lack of schools, teachers, books or transportation. Upon discussion, however, the community might discover that it is not taking advantage of educational resources already available—because of a deep distrust of the educational system perhaps rooted in fear or prejudice. A grant might make the matter moot, but only temporarily. Meanwhile resources have been disregarded, and the fundamental problem is likely to arise again at the next level of education, when the damage may be greater. A permanent solution would require dealing with the underlying lack of trust in the system.

Hence a careful naming of the problem is critical, and only an engaged community can give its problem a name. This is a community's first act of ownership of its circumstances. In a survey of the literature on the construction of this civic ownership, the Research Work Group at the Kettering Foundation<sup>6</sup> elaborated on the connection between ownership and efficacy in public action. Only a sense of ownership of the shared issue allows discovery of the potential that something can be done. This sense of potential in turn encourages actual engagement with others, which over repeated instances leads to civic learning, to the capacity to create new agreements about new ways of relating and doing things. It is on these covenants, this social cohesion, this social capital, that effective community development initiatives depend.

### Going a step further

The IAF might therefore consider taking advantage of its experience and go beyond setting the bases underlying the “micro” sense of ownership of the problem. It could take a step further and support this necessary process of discovery of common own-

ership of the “problem beneath the problem” and of the alternative paths to deal with it—before a project is formulated. The investment would be minimal and the payoff could be enormous in terms of enhancing the community's capacity to draw its own designs, to concert.

The IAF might think about the phasing of this conversation and determine in which phase and in what manner it would be most effective to intervene. Two final considerations relate to the manner of intervening. First, development assistance is often seen as only a transfer of funds, yet money represents perhaps the least important of the three elements that foreign aid donors can contribute. The other two are networking connections and advice. Donors are continually in touch with a broad range of development experiences and specialized practitioners. While donors often facilitate contacts between their grantees under controlled circumstances, such as conferences, they seldom make networking a primary activity of their grants. Donor agencies are also constantly involved with development processes and carry in their institutional memories a wealth of experience as to what works and what doesn't. While this experience is applied to funding decisions, a misguided sense of non-intervention often keeps it from being shared. There is, however, an important distinction between offering advice and telling grantees what to do. If the grantees have arrived at the design of a project through a participatory process that probed the root of the problem and alternative routes to address it, the actual design becomes a technical issue. Technical advice from the donor—after the funding decision has been made—would be welcome. This means, of course, basing the funding commitment on the general merits of the process and using it to strengthen the funded project.

Which leads to the final consideration as to the manner of intervening. As long as donors are, by necessity, limited to supporting defined projects and not general processes, projects should only be justified in the context of the civic processes that generate them. Only projects born of a civic process will produce a community's learning to further engage in development. And only projects that leave a residue of learning will be sustainable. The donor should therefore demonstrate an awareness of the broad

<sup>6</sup> Research Work Group, “Pathways to Citizen Engagement,” Kettering Foundation, 2001.

process underlying a project and then choose where in the process to intervene most effectively and how often. The donor's long-term commitment would be to accompany the community along this process even when not directly funding a part of it. This will probably imply funding smaller projects over a longer period, but, again, a donor's main contribution to development is not funds. Its main contribution is helping the communities develop the capacity to act in concert to define their own needs and design their own solutions.

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*Ramón Daubón, currently an associate with the Kettering Foundation, has worked as a deputy assistant administrator with AID, the Ford Foundation's representative for the Andean and Southern Cone countries, and the IAF's senior representative for, successively, Chile, Argentina and the Caribbean. The above article is excerpted from a longer work to be published in its entirety.*

## Recommendations to Donors

As it was created to do, the IAF has fostered grassroots ownership of public processes. It should be commended now for wishing to further its impact by taking advantage of the current focus in development circles on connectedness rather than on economic capabilities. In doing this, the IAF might consider lessons learned from its successful experiences—lessons other donors might also wish to heed.<sup>7</sup>

**1. Fund only projects that support community processes.** All projects should leave a residue of an increased capacity to concert as a required by-product, no matter what other merits the project might have.

**2. Do no harm.** Civic cohesion is shredded when projects are inserted in a community that has not generated them and therefore does not own them. "Good" national projects can, for this reason, inadvertently produce devastating civic distortions locally.

**3. Know the power of the local.** Good policy is indispensable, but it needs a civic culture to give it the space to work. Civic culture is formed in the local community.

**4. Stay with the process.** Continue to accompany a community even after funding ceases. If necessary, opt for duration over intensity of support.

**5. Funding is the least useful of what a donor has to offer.** More important are questioning and advice, networking and referrals, and assistance in discovering resources.

**6. Bank on flexibility and depth of staff more than on funding.** Knowledgeable, adaptable field staff are far more important for development than levels of grant funding.

**7. Encourage communities to go back and rethink rather than urge them to conclude and report.**

**8. Support communities in taking the time to convene all of the voices; discover the problem behind the problem; deliberate and choose among alternatives; assess their own resources and design their own plan; act, evaluate and be willing to recast.**

**9. Be more responsive and less strategic.** Be available as a donor, not directive as a patron. Development is the capacity to devise and carry out one's own strategy.—R. D.

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<sup>7</sup> See Daubón and Saunders, "Operationalizing Social Capital."