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The Promotion of Participatory Development: From the Perspective of Japan's ODA

Shina OKAICHI*

Abstract

Nowadays there are problems in the quality of Official Development Assistance (ODA). Participatory development, empowers the poor by involving them in development process, has been recognized as an effective approach to reaching the poor. This approach often does not occur without Non-Governmental Organizations (NGOs). However, some NGOs face financial problems. In this sense, there is a considerable space and need for collaboration between NGOs and ODA. By comparison with the system in the Canadian International Development Agency, this essay proposes the promotion of participatory development in Japan's ODA as a means to improve its quality.

Keywords : Participatory Development, Official Development Assistance (ODA), Non-Governmental Organizations (NGOs)

* Ph.D.candidate, Osaka School of International Public Policy Osaka University

Introduction

Nowadays, more than one billion people are suffering from poverty in the world and the gap between the North and the South has become wider. In 1997, the United Nations agreed the 'Decade for Poverty Alleviation' to enhance tackling poverty alleviation during the period. However, how can poverty be reduced?

In the growth-centered approach in the 1950s and 1960s, the process of development was seen as a series of stages of economic growth which all countries must pass through. It was believed that saving and investment would accelerate economic growth and these benefits would 'trickle down' to all people. However, this did not occur. This failure of the conventional development has led to the realization that a growth-centered approach alone has not been able to reduce poverty. Along with this trend, since the 1970s, more emphasis has been placed on social development rather than economic growth. This also has grown into a new development thinking termed participatory development which promotes people's collective initiatives in order to improve their economic and social status.

Japan's Official Development Assistance (ODA) has been estimated to be the highest in the world since 1991. However, as a result of administrative reform in 1997, the amount of ODA is going to be reduced. After that, the Council on ODA Reforms for the 21st Century was set up in April 1997 and reviewed Japan's ODA. A final report¹⁾, which submitted in 1998 by the council, points out that ODA should be improved its quality and that poverty alleviation is one of most important aid policy. In addition, in order to reform ODA, it refers to the importance of promoting participatory development. Now, ODA is at the turning point from quantity to quality and groping for a way to improve the quality.

This essay aims to establish a concept of participatory development in Japan's ODA policy and to propose a practical way of promotion of participatory development as a means to improve its quality. Firstly, this essay will describe participatory development. Secondly, it will analyze the roles of outsiders because participatory develop-

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1) The Final Report of the Council on ODA Reforms for the 21st Century

Source: <http://www.mofa.go.jp/gaiko/oda/oda21.index.html> (5th. January. 1999)

ment does not occur without the guidance of Non-Governmental Organizations (NGOs). In addition, some NGOs face financial problems. In this sense, there is considerable space and need for collaboration between NGOs and ODA. Finally, by comparison with the system in the Canadian International Development Agency (CIDA), which promotes and implements participatory development through co-operation with NGOs, this essay will introduce the notion of participatory development within Japan's ODA and propose a practical way to promote participatory development.

1. Alternative Development and Participation

Conventional models of development prominent in the 1950s and 1960s were principally models of economic growth: it was assumed that gradually economic growth would 'trickle down' and benefit all people. The benefits of this progress have, however, tended to be concentrated within urban upper, middle income groups and rural elite. The majority of poorer farmers and their families have not been able to share significantly its benefits. In the 1980s, in many developing countries, the rate of economic growth slowed down and poverty was exposed dramatically. Both the slowdown in growth and the problems, which were encountered in programmes aimed at transferring resources to the poor, have focused attention on the limitations of government and official aid agencies. Nowadays proponents of a growth-centered approach to development argue that economic growth remains of fundamental importance. However, in many developing countries, the evidence suggests that growth alone has not been able to reduce poverty in the absence of more direct policy initiatives (Riddell and Robinson *et al.*, 1995). This has grown into a new development thinking termed 'popular participation in development' or simple 'participatory development'²⁾.

Participatory development is a radical departure from conventional development practice and it implies a correspondingly radical re-appraisal and re-orientation of development strategies, objectives and bureaucracies (Oakley, 1995: 27). Its central concern is with the development of the intellectual and technical capabilities of individuals. Therefore, a development project is regarded as a process for the expansion of

2) 'Popular participation' and 'participatory development' are often used synonymously, and as an interchangeable concept. However, proponents of the 'popular participation' argue that it focuses more directly and explicitly on disadvantaged groups at grassroots level, than the latter more general term (OECD, 1997: 104).

these capabilities. This implies that the initiative in establishing the activities must be taken by the people themselves who should also be in charge of the project (Ghai, 1989).

1.1 Meaning of Participatory Development

Participatory development is carried out worldwide with many different approaches and methodologies. There is no single blueprint. Indeed, such a concept would be interpreted variously. Therefore, when the term is used, we should analyze the different dimensions such as when, who, how and for what purpose in the participation.

- (1) What is the type of participation? We must consider participation in decision-making, in implementation and maintenance, in benefits and in evaluation.
- (2) Who should participate? Indeed, in the participatory approach, we might expect all people would be affected by the project. This highlights the fact that certain groups, for example the poorest and women, have been by-passed by previous development and should now be included, or even put first (Lane, 1995).
- (3) How is this to be achieved in practice? Paul (1989) identifies four methods of participation: information sharing, consultation, decision-making and initiating action. The latter shows participation of highest intensity and each level of participation is characterized by a different relationship between the implementing agency and the beneficiaries. Information sharing 'refers to a process where the agency informs intended beneficiaries about the project, and so flows of information and control are both in a downward direction' (Lane, 1995: 183). In consultation, 'information flows are more equal, with the agency often making use of local knowledge, however control is still from the top-down' (Lane, 1995: 183). In decision-making, 'beneficiaries have some control over the process' (Lane, 1995: 183). Finally, initiating action is that 'both of information and control flows are primarily upward, from the beneficiary group to the agency, but the donor agency retains some degree of control' (Lane, 1995: 183).
- (4) What is the purpose of participation? Is it participation as an end or participation as a means? Participation could be a means to 'improve project effectiveness through the use of local information to specify correctly problems and needs, improve solutions, avoid misunderstandings, and enable the NGO to reach more people' (Lane, 1995: 183). On the other hand, participation also could be an end itself when

it increases self-respect, confidence and power.

(5) What is the benefit of participation? (Oakley *et al.*, 1991: 17-18 and 1995: 9-10)

Efficiency: Participation implies a greater chance that resource available to development projects will be used more efficiently. Participation can, for example, help minimize misunderstanding or possible disagreements, and thus the time and energy, often spent by professional staff explaining the project's benefits to the people, can be reduced.

Effectiveness: Participation will also make projects more effective as instruments of development. Projects are invariably external mechanisms which are supposed to benefit the people of a particular area. Participation which allows them to have a voice in determining objectives, to support project implementation and to make their local knowledge, skill and resources available must result in more effective projects.

Self-reliance: This all-embracing term covers a wide range of benefits which participation can bring. Participation helps to break the mentality of dependence which characterizes development work and, instead it promotes self-awareness and confidence, making people examine their problems and think positively about solutions.

Coverage: Most government programmes and many donor-supported projects reach only a limited, and usually privileged, number of people. In many developing countries, its efforts have contact with only a fraction of the population. Participation will extend this coverage, bringing more the poor people within the direct influence of development activities.

Sustainability: Experience suggests that externally-motivated projects frequently fail to sustain themselves, once the initial level of project support or inputs either diminishes or is withdrawn. Participation is seen as the antidote to this situation in that it can ensure that local people maintain the project's dynamism.

1.2 Key Concepts of Participatory Development

Participatory development is a complicated process because there is no clear guideline and no straight pathways to success. Studies by the International Labor Organization (ILO) have identified basic issues which make participatory development difficult (Rahman in quoted Burkey, 1993: 59-60): (1) Participation will develop in different ways in specific situations dependent on the problems faced by specific groups of the poor and the specific factors inhibiting their development, (2) The poor need to be

approached as a specific group and their economic situation must be improved if participation is to be successful, (3) Participation requires organization, and (4) participation processes do not occur spontaneously. However, even if these are some of the difficulties, we can say that the following key concepts lead to success of participatory development. The key concepts are associated with 'conscientization' and the formation of 'people's organization'.

1.2.1 Conscientization

Conscientization is the fundamental framework of participatory development. In the process of participation, it is seen as the first step which ensures the basis for sustained participation. It is predicated on the agreement that non-educated poor people can understand, analyze and interpret the issues which affect their development (Oakley *et al.*, 1991: 194).

'The central element of a participatory process is identified as conscientization which is seen as a process of liberating the creative initiatives of the people through a systematic process of investigation, reflection and analysis, undertaken by the people themselves. People begin to understand ... [the problems they face] through a process of self-inquiry and analysis, and through such understanding, perceive self-possibilities for changing that reality' (Tilakaratna in quoted Ghai, 1989: 228-229).

The origin of conscientization is to be found in the work of Paulo Freire. Essentially, Freire argued that poor rural people, marginalized and made dependent by an external dominance which rigidly supported the status, could reverse this situation by breaking the mythological barriers which enforced their marginalization. Through a process of conscientization, poor rural people could emerge and actively intervene in the forces which influenced their development.

On the other hand, conscientization is linked closely with the notion of empowerment. The whole purpose of conscientization is seen as empowering rural people; that is, noticing the problems they face and equipping them with the analytical and action-oriented skills which are necessary for them to become actively involved. Empowerment has three major dimensions (Oakley *et al.*, 1991: 196); firstly, empower 'through greater confidence in their ability to take action successfully'; secondly, empower 'in terms of the increasing relations they establish with other organizations, thus broaden-

ing their basis of operation'; and thirdly, empower 'as a result of their increasing access to the economic resources, e.g. credit and inputs, which will help their development.'

1.2.2 People's Organizations

Conscientization leads to self-organization by the people as a means of undertaking collective initiatives. It is widely argued that organizations have a fundamental role to play in providing the means whereby people can effectively participate in development activities (Oakley, 1995: 14). The lack of effective structure for people's participation had been seen as a major constraint on development. There are two main reasons why rural organizations are important. First, they facilitate access for the rural poor to available services and inputs for development. Second, they provide the structure through which people can influence the direction and implementation of development. The World Bank (Oakley, 1995) confirms the link between grassroots organizations and effective people's participation, and the crucial importance of such organizations in sustainable development. Among the formal types of organizations, there are co-operatives, rural workers' organizations, peasant or farmer associations, trade unions, credit unions, and women's groups. On the other hand, there are informal ones such as local self-help groups.

The need for organization makes the community the main social body. The formalizing of this organization is therefore the result of an awareness of common problems, which are difficult to solve at the individual or family level, and which require an agreement or consensus among the different members of the community (Sanchez, 1994: 308).

As we have seen, participatory development has various approaches and interpretations. However, there is a consistent viewpoint of participatory development as alternative development for poverty alleviation (Oakley *et al.*, 1991: 3); poverty is structural and has its roots in the economic and political conditions which influence rural people's livelihoods. In order to begin to tackle this poverty, it is important to develop the abilities of rural people to have a say in, and to have some influence on, the forces which control their livelihoods. In addition, development programmes and projects have largely by-passed the vast majority of rural people; there is a need, therefore, to rethink the form of development intervention to ensure that these neglected people have

a chance to benefit from development initiatives. The one single idea is the need for a greater participation of rural people in development processes. This participation will not only change the nature and direction of development, but also will lead to a type of development which is more respectful of poor people's position and interests.

2. Roles of Outsiders in Participatory Development

Participatory development processes normally require outsiders to facilitate the start of the process and to support the growth of the process in its early phases (Oakley *et al.*, 1991; Burkey, 1993; Heyzer, 1995; Boyd and Farrington 1997). Participatory development rarely arises from within poor groups without any form of outside stimulus (Burkey, 1993: 75). It requires a facilitator³⁾, who can break a vicious circle, who will work with the poor, who identifies with the needs of the poor, and who has faith in the poor (Burkey, 1993: 75).

2.1 Characteristics of Facilitator

The facilitator has basically two roles. The first is to facilitate conscientization. Once this process has begun among a group of people, then the role changes to an organizational consultant or assistant.

- The facilitator should lead to conscientization (awareness-building) – the process of discussion, reflection, questioning and analysis together with the poor so that they become increasingly aware of their own world and how it works.
- The facilitator should not try to organize people, but wait for people to decide to organize themselves and then assist them in this process.
- The facilitator should assist and encourage groups and communities to establish external linkages between communities and development agencies, government, commercial enterprises, banks and credit institutions. Through these relationships, information or resources could be available for development activities. In addition, development agencies, especially ODA and international NGOs, have certain advantages in establishing good working relationships with official in the develop-

3) As another term, outsider is also described as an educator, catalyst, broker, intermediary or activist (Oakley *et al.*, 1991: 182).

ing country government.

- The facilitator can provide information and technical assistance, which are useful for the people.
- The facilitator can provide funding in modest amounts, when it is necessary in the early phases of group activities. However, external funding should be obtained by the people themselves through sources of credit and grants. This funding should come in addition to each group's own savings.

Facilitators can operate at different levels: (1) At the grassroots level where they work directly with the people. They may be from the village itself, but they will be most likely to be someone from the outside who works with the people to start the process of change through conscientization. (2) At the intermediate level where they provide support to grassroots level facilitators by coordination, fund-raising, information and support activities. They can be defined in governmental or non-governmental personnel who are committed to participatory development. Therefore, next section will focus on role of NGOs and ODA.

2.2 Role of NGOs as Facilitator

The role of NGOs has received attention in recent years which has been called 'the decade of the NGOs'. This reflects the current opinion that NGOs are more suitable to reach the poor than bilateral or multilateral aid agencies (Oakley *et al.*, 1991; Lane, 1995). Three factors contribute to this view. Firstly, these aid agencies have seen NGOs as alternative development channels after the dissatisfaction with their development projects. Secondly, there has been a paradigm shift in development thinking to stressing the participation of local people in the development process. Finally, the comparative advantages of the way to the NGOs carry out their projects have been focused on (OECD, 1988: 15; Lane, 1995; Riddell and Robinson *et al.*, 1995: 35-36): (1) NGOs are innovative, flexible and not weighted down by bureaucracy because they tend to be small-scale. (2) NGOs are independent and autonomous which enable NGOs remain free from political pressure and by-pass inefficient and corrupt government structures and local elite. (However, the increase in official funding of NGOs may challenge these independence and autonomy. It will be discussed later.) (3) NGOs operate at the grassroots level and are closer to the poorest of the poor. This orientation stems partly

from the ethical position of many NGOs, and also from the nature of NGOs as small resource constrained organizations, largely dependent on voluntary donations. These three comparative advantages suggest that the NGOs approach fit naturally with the promotion of participation. They are more grassroots in their focus than other development agencies, and their philosophies carry out more people-centered development approaches (Oakley *et al.*, 1991; Oakley, 1995; OECD, 1997).

Carroll (quoted in Oakley, 1995: 12) summarizes his findings by suggesting indicators that should be looked for when assessing the 'participatory qualities' of NGOs. Essentially Carroll argues that there is a direct link between the field presence and operational structure and the ability of an NGO to promote people's participation.

- Field presence (proportion of staff in provincial or district centers as against metropolitan areas).
- Staff incentives and training which support participation.
- Iterative planning in consultation with local communities.
- Bottom-up accountability mechanism.
- Contribution of cash, labor, raw material or local facilities by local communities.
- Horizontal and vertical linkages to other institutions.
- The NGO has prior experience in the target community and is aware of local conditions.
- The community/beneficiaries have a positive perception of the NGO.
- The NGO and its personnel have keen understanding of any sensitivity to issues concerning women and other marginalized groups.

These suggest that facilitators can play their role effectively only if they have adequate knowledge and understanding about the community, and that they should know about the social and economic conditions, the value systems, the cultural traditions, and the conflicts within the community and its leadership patterns. This requires patience and sensitivity.

This evidence is gained largely from intermediary Southern NGOs. Therefore, it is not impossible to apply the same kind of criteria in assessing Northern NGOs. NGOs can be divided into two groups: (1) international NGOs such as OXFAM and Save the Children (commonly referred to as Northern NGOs), and (2) Intermediary NGOs in the

South (Southern NGOs), which support grassroots work through such as funding and technical assistance, or Grassroots Organizations (GROs), which are controlled by their own members. These NGOs play a distinctive role in development. The role of the Northern NGOs is to support people's participation, especially in terms of funding. Indeed, it becomes increasingly common for Northern NGOs to fund projects and programmes undertaken by Southern NGOs rather than to execute projects themselves, and to channel funds to partners in the south (Riddell and Robinson *et al.*, 1995). Northern NGOs have, in fact, become much large deliverers of ODA. For example, almost 28% of the United States Agency for International Development (USAID) spending are channelled through Northern NGOs (Smillie, 1997: 564). Northern NGOs receive significant funding from the government and most of them are channelled to Southern NGOs or GROs (Riddell and Robinson *et al.*, 1995: 27).

As a consequence, Southern NGOs and GROs, as facilitators, raise the consciousness of local people, help them to organize self-help groups, undertake training such as health and environmental protection, and lead to motivations of participants. Northern NGOs contribute to provide funds for Southern NGOs or GROs, and also to give information and technical assistance for them.

2.3 Role of ODA as Facilitator

Governments typically are weak in organizing out-reach activities to reach the poor. When the poor are illiterate, unorganized and live in inaccessible areas, they recognize the difficulties of reaching, educating and mobilizing the poor to participate. Grassroots organizations, especially NGOs, tend to have comparative advantages in this regard. Their flexible and small organizations with highly motivated personnel are often more suitable for educating and mobilizing the poor (Paul, 1989).

However, while NGOs have comparative advantages over ODA, NGOs face constraints in terms of scaling-up successful projects beyond the community level because of limited financial resources (Korten and Quizon, 1995; Riddell and Robinson *et al.*, 1995: 88; OECD, 1997). Several NGOs have pointed out that they face additional costs when seeking out new clients to organize (Carroll, 1992: 162). NGOs face the challenges of ensuring their financial viability (Korten and Quizon, 1995: 154). Therefore, one of ODA roles as facilitator is to provide funding. In these points, to a large extent, NGOs tend to depend on ODA (Galjart, 1995).

Much bilateral aid have been channelled Northern NGOs to Southern NGOs; these Northern NGOs also work with or through Southern NGOs. In some instances, channelling ODA through NGOs is considered a more effective use of aid than conventional government-to-government bilateral aid programmes (Burkey, 1993: 125; Arrossi *et al.*, 1994: 37). This is partly a response to growing criticism of the failure of ODA. In general, NGOs are believed to be more effective than governments in getting assistance to reach the poor. Therefore, many donors have developed relationships with NGOs and provided ODA indirectly (through Northern NGOs) and directly to Southern NGOs. Overall, donor funding for NGOs has increased significantly since the 1980s. Then, in fact, most of Southern NGOs act in their countries with funding from Northern NGOs and ODA (Riddell and Robinson *et al.*, 1995). As a facilitator, ODA can contribute to the creation of a more adequate environment to promote participatory development by providing funding for NGOs.

2.4 NGOs-ODA Relations

ODA and NGOs play different roles as facilitator. On the other hand, ODA and NGOs have different strengths which are complementary. ODA has resources, but it is difficult to reach the poor. On contrary, NGOs can reach the poor, but they do not have enough resources because their major source of income is from uncertain voluntarily donation such as through press advertising, posters and the mail and membership fee. Therefore, there is considerable space and need for co-operation between ODA and NGOs in order to exploit their comparative advantages (Paul, 1989; Rahman, 1995; OECD, 1997). According to the Food and Agriculture Organization (FAO)'s report, in 1989, total assistance made available to NGOs worldwide increased to US \$6.1 billion from about US \$5.4 billion in 1987. For the same period, the ODA provision to NGOs has also increased from US \$1.9 billion to around US \$2.1 billion. As a result of an analysis of the role of Southern NGOs or Grassroots Organizations (GROs), Northern NGOs and ODA, the roles of facilitator are divided as follows (Table1) and we can draw two streams of flows of funding (Figure1).

According to a Development Assistance Committee (DAC)'s research (OECD 1988: 26) in 1984, all DAC members, who provided ODA, answered that the main reason for co-operating with NGOs was to make use of the special characteristics of NGOs and to enhance public interest in development issues in their countries. Almost all the members

Table 1: Roles of Facilitators

	SNGOs/GROs	NNGOs	ODA
Conscientization	○		
People's Organization	○		
External Linkage	○		
Info and Tech Assistance	○	○	○
Funding	○	○	○

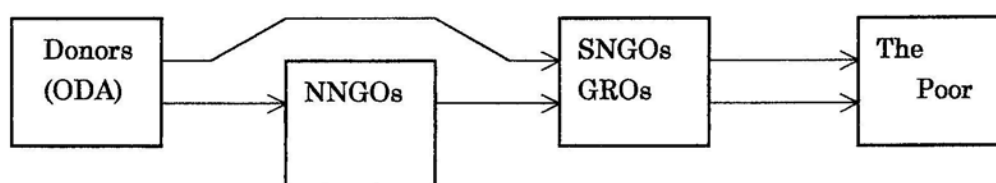


Figure 1: Flowchart of Funding

also mentioned the strengthening of partnerships of NGOs in developing countries as an important factor, and about half of them quoted it as a reason for co-operating with their own NGOs. The official aid agencies had experienced the defective implementation of government-government projects in such areas as rural development or health, with discontinuation of activities. Such disappointments also enhanced the importance of NGOs. Official contributions to supplement NGOs have increased substantially over the years and in 1985 accounted for 5 per cent of total ODA provided by DAC members. This trend indicates the recognition by governments of the increasing value to them of co-operating with NGOs and the importance of poverty alleviation programmes at the grass-roots level.

On the other hand, governments and NGOs indicate their concerns that while financial co-operation has taken some of the increased fund-raising, several reports express alarm at the risk of dependence (OECD, 1988: 26; Korten and Quizon, 1995). As a result of the NGOs increasing dependence on ODA. There is a danger that NGOs may lose their independence and autonomy. Substantial resources from the official sector may encourage such a trend. It seems that relatively secure resources and growth in size endanger such essential NGOs' characteristics as the willingness to innovate, and to stay close to the poor. There are two major consequences of heavy donor funding (Edward and Hulme, 1997: 8). First, NGOs have become donor-dependent, not merely

in terms of the funding, but also in terms of seeking donor assistance to legitimize their activities. Second, upward accountability to donors has skewed NGOs activities towards donor-driven rather than at indigenous priorities. In other words, in order to get funding, NGOs have become a reflection of their donors. To avoid this trend, the International Council of Voluntary Agencies (ICVA) produced the guideline in 1985, *NGO Attitudes towards Government Funding: Suggested Guidelines the Acceptance of Government Funds for NGO Programmes*:

- Governments should take account of dependence, autonomy and flexibility of NGOs and communities.
- It is desirable that NGOs negotiate with the community about applying government funds before that.
- NGOs should promote dialogue within themselves in order to assert their opinions against governments.
- Agreements for a way of audit and evaluation are required between governments and NGOs.
- It is desirable that government funds are flexible or block grant⁴⁾.

By receiving government funds, NGOs are able to expand their projects to other communities. Moreover, as relations between governments and NGOs are closer, it becomes possible that NGOs sometimes join in the designing of government projects. Therefore, despite the fact that there are some problems in terms of dependency and autonomy of NGOs, this evidence suggests the merits of co-operations between ODA and NGOs if they keep paying attentions to their relations.

3. Implementation of Participatory Development in the Canadian International Development Agency (CIDA)

The Canadian International Development Agency (CIDA) deals with approximately 75 per cent of total ODA. CIDA started co-operating with NGOs in 1968. It was one of the first countries to do that. However, at that time, participatory development was not a clear part of the CIDA's aid policy. From the beginning of the 1980s, CIDA had

4) See detail 3.2 Forms of Fundings.

realized disappointing their aid and reviewed its aid policy. As a result, *Sharing Our Future* was produced in 1988. In this new aid policy, poverty alleviation was declared as one of the main purposes of aid. Then, participatory development was focused upon to promote this purpose. In 1991, CIDA defined participatory development as 'a process whereby individual or community can participate actively at all level of development and can, therefore, be involved fairly in economical and political power'⁵⁾.

3.1 Co-operation with NGOs

The CIDA has three ways of co-operating with NGOs. First is the NGOs Division Programme where NGOs ask CIDA to share project costs. Second is the Country Focus Programme where NGOs join and implement CIDA's projects. Third is the Canada Fund which funds not only Canadian NGOs but also NGOs in developing countries through their embassies.

NGO Division Programme

The core co-operation between CIDA and Canadian NGOs is co-financing which started in 1968. Co-financing means the way in which NGOs and the government bear project costs jointly based on a ratio from one-to-one to one-to-three. For up to five years, NGO division can finance projects/programmes planned and implemented by Canadian NGOs or the Southern NGOs which cooperate with Canadian NGOs. Responsibility for projects is within NGOs, and the NGO division gives them only advice or assistance. In principle, Canadian NGOs and Southern NGOs co-operate to identify and plan projects. However, when Southern NGOs are able to do so alone, the Canadian NGOs become advisers.

Depending on the status of the NGOs, the way of funding is separated into three parts, the Project Funding, the Programme Funding and the Institutional Funding. **The Project Funding** finances a part of a project, and is applied for newly formed NGOs. This is because CIDA is not sure whether the NGOs are capable of carrying out such projects or not. CIDA finances 75 per cent of project costs for NGOs (Arai, 1990). In each project, NGOs must apply CIDA for funds. **The Programme Funding** finances a part of programme costs. This scheme is adopted when NGOs have adequate experiences of the NGO Division Programme's projects. In this case, CIDA and NGOs share

5) 'Technical Note on Participatory Development at CIDA' (a fax from CIDA in 22nd September 1996).

costs equally. It means CIDA finances 50 per cent of the costs and NGOs contribute other 50 per cent (Arai, 1990). **The Institutional Funding** is a CIDA's new attempt, founded in April 1994. It is not like the funding above which is for specific projects or programmes, but it is to support the NGOs own activities. In other words, within three to five years, NGOs can make decisions how to use the fund by themselves. This scheme is more decentralized; it means NGOs take the initiative in organizing programmes, and a relationship of reliance between CIDA and NGOs is essential. To be regarded as partners, NGOs have to submit detailed documents such as their budgets and their relationship with Southern NGOs and it is their duty to submit an annual report.

Country Focus Programme

CIDA founded The Country Programme as part of the bilateral assistance programme in 1981. While its merit is an introduction of the idea of NGOs into the bilateral assistance programmes which are usually carried out by only CIDA, NGOs initiative is more limited than NGO Division Programme's. In addition, the purpose is to make use of the complementary parts of each organization. It has jurisdiction over each area bureau in charge of bilateral assistance such as French-Africa, America, English-Africa and Asia bureaus. They finance most of the cost, maximum 90 per cent (Takayanagi, 1990). To apply for this scheme, the eligible programme should be firstly carried out in one of the developing countries where CIDA's aid policy directs, and secondly share same purposes with the CIDA's aid policy. Therefore, the choice of programs is limited by these conditions and NGOs have to follow the CIDA's priority for aid. However, in contrast to NGO Division Programme, it is possible to plan and implement larger scale programmes (Takayanagi, 1992). In planning programmes, in fact Canadian or Southern NGOs plan more than 80 per cent of the programmes despite CIDA take the initiative in principle (Arai, 1990).

Canada Fund

The CIDA's small-scale fund started as the Mission Administrative Fund (MAF) in 1973 and since 1988 it has been known as the Canada Fund. Its purpose is to complement the weakness of CIDA's aid programme, which tends to be difficult to reach the poor. A Partnership Branch provides each embassy with maximum 0.5 million Canada dollar. In

addition, CIDA has devolved the authority to approve projects, costing less than 50 thousand Canada dollars, to the embassies. As a result, in 1992, Canada Funds allocated a total of 35 million Canada dollar in 107 countries.

Through the overview of the CIDA's funding scheme, we can see a consistent view of CIDA co-operating with NGOs. Firstly, in the relationship with NGOs, CIDA sees it as 'partnership' in order to respect their characteristics. This does not mean that CIDA takes initiatives as investor and NGOs are just implementers, but that they stand in equal positions and complement each other to plan and implement projects. Therefore, as precondition to financing for NGOs' projects, CIDA adopts co-financing in order to use NGOs' own resource. This has the following merits: (1) NGOs are able to take initiatives to carry out projects; (2) it can avoid depending on CIDA's resources; (3) CIDA can facilitate another resource for aid; and (4) CIDA raises public concern about development issues through the co-operation with NGOs.

Secondly, in implementation of projects, CIDA adopts the 'hands-off' principle so that CIDA does not intervene in NGO's activities. For example, as we have seen in the Institutional Funding, NGOs take initiative in the use of funding and how to carry out projects. In this case, an important factor is how to build up reliance between CIDA and NGOs. Therefore, CIDA gives careful consideration to NGOs' proposals and their accountability.

Thirdly, the NGOs, which is going to apply for funding, are basically limited to Canadian NGOs. When Southern NGOs apply, Canadian NGOs are intermediate to coordinate between CIDA and them. This is because CIDA does not have as much information about Southern NGOs as Canadian NGOs and CIDA can remain its procedures such as an audit by going through Canadian NGOs. In addition, CIDA requires co-operation with NGOs in such projects as human resource development (primarily education or literacy), institutional building, community development and poverty alleviation.

3.2 Forms of Funding

As we have seen, CIDA has three ways of funding NGOs (Project Fundings, Programme Fundings and Institutional Fundings, Country Focus Programme, and Canada Fund). These are possible to divide into two groups. One is **co-financing schemes** and

another is **small-scale direct fund**.

Co-financing schemes

The original and classical form of co-financing is called as **Matching Grant** in which 'the government supplements the financing of an individual NGO project on condition that the NGO itself contributes an agreed share of the needed funds from its own resources, demonstrating its ability to mobilize private support for its development activities' (OECD, 1988: 85). The ratio in co-financing is basically 50 per cent. In case of CIDA, ratios vary from 50 per cent for fund-raising NGOs to 90 per cent for NGOs' projects. Matching grants are allocated on a project-by-project basis for a year, corresponding to the annual budget of aid agencies, sometimes with a commitment for financial support over two to three years if evaluation results are satisfactory. The Project Fundings in CIDA adopts this scheme.

However, there are shortcomings. Firstly, for aid agencies, the approval of individual and often small projects raises administrative problems in terms of time and staff. As NGOs submit an increasing number of projects, aid agencies do not have resources to deal with their applications. Therefore, adequate staffing is a key point. In CIDA, the NGO Division increased from a staff of five in 1968 to 30 people in 1982, when it cofinanced over 2000 NGO projects and dealt with about 200 NGOs (OECD, 1988). Secondly, according to NGOs, their programmes need more long-term assurance of financing and flexibility in the use of funds than matching can provide. To reduce these constraints, block grants have been developed.

Block Grants 'cover the official share of co-financing for a number of projects simultaneously, assessing projects once they are terminated rather than in advance or assessing the entire programme of an individual NGO rather than each one of its projects' (OECD, 1988: 87). In addition block grants are useful in strengthening the organizational capacity of NGOs. Such donor supports, sustained over long-term, would ensure institutional stability. It would also contribute to keeping NGOs closer to the poorest. Short-term projects often push NGOs to work with more accessible clients who already have some capacity and can assure a quicker payoff (Carroll, 1992). In CIDA, the Programme Fundings, the Institutional Fundings and the Country Focus Programme adopt this scheme.

Small-scale direct fund

Up to the late 1970s, support for host-country NGOs was, as a rule, only extended indirectly through aid agency co-operation with Northern NGOs. The Canada Fund is known as a forerunner in establishing direct funding. Small-scale direct funds support smallscale project in developing countries through embassies or field offices. This scheme makes small and quick funding possible because the authority to approve the projects is devolved to the embassies/field offices.

3.3 Case Study: Conservation Project in Costa Rica⁶⁾

The Arenal Conservation and Development Project (ACDP) was financed by CIDA, and implemented by the Arenal Conservation Area (ACA) division in the National Park Service (NPS) in the Ministry for Natural Resources, Energy and Mines (MIRENEM) in Costa Rica, with support of the World Wildlife Fund Canada (WWFC). The project aimed at sustainable rural development and biodiversity conservation. In this case study, ACA is regarded as an NGO because it was established to implement ACDP and associated with half of governmental and half of WWFC's personals.

Background

At the end of the 1980s, the most urgent problems encountered by MIRENEM in biodiversity conservation were that (1) local people who live in the buffer zone of national parks exploited forest resources, (2) the five divisions of MIRENEM had different objectives which resulted in difficulties in reaching a consensus concerning nature conservation, and (3) the small extent of each protected area could cause the isolation of the endangered species and reduce its genetic diversity.

In order to solve these problems, advocacy groups, focused on nature conservation led by NPS, pointed out that it was essential to formulate appropriate land use management plans, implement cooperative projects with local people considering their socioeconomic needs, and establish corridors for endangered species to maintain their habitats. However, MIRENEM, because of its legal jurisdiction, could only work in the buffer zones by providing environmental education to the local people who lived there. Moreover, MIRENEM did not have sufficient funds or the personnel needed for conservation activities. To overcome these difficulties, at the beginning of the 1990s,

6) This case study is based on Yamamoto, W. & Hagiwara, T. (1997).

CIDA and WWFC began to support activities with local people through government agencies.

Before this project was settled, WWFC had already implemented reforestation, environmental education and community development with local NGOs in Arenal Conservation Area. After that, WWFC proposed an integrated management project for the entire the Arenal Conservation Area. CIDA then provided funds for the Arenal Conservation and Development Project (ACDP). In 1990, a feasibility study of ACDP was conducted by a Canadian-Costa Rica cooperative team, followed in September 1991 by the start-up of the project, which has continued for last three years.

The objectives of ACDP were (1) nature conservation and sustainable rural development, (2) social development and natural resource management, and (3) well-coordinated policy and institutional empowerment. These were required technical assistance, community development, and the promotion of local people's participation and training.

Approach of the project

In the initial 15 months of ACDP, biophysical, socioeconomic, and cultural statuses were preliminarily studied by working groups. **The preliminary strategic guideline** was formulated with different aspects based on the experiences and policies of NPS, WWF Canada and CIDA. Then, eight sector surveys, named geographical, meteorological, hydrological, soil, forest inventory, biological, socioeconomic and agricultural sectors, were carried out. Each sector survey analyzed its subject from the point of view of nature conservation, the potential of nature resources and small-scale environmentally friendly projects, and regional culture. Based on these analyses, **the general land use management plan** was formulated.

The important thing in this process is that members of Grassroots Organizations (GROs), as well as male and female representatives of local communities, were involved in all aspects of data collection and participatory workshops in the formulation of the management plan. Local NGOs also participated in the biophysical and socioeconomic data collection. Workshops stimulated local people to undertake small-scale projects. This suggested that for the natural resource management projects, it is important to formulate land use management plans with local participation. It is particularly important to encourage local people to participate in the initial stage of the land use planning

process.

After the formulation of the general land use management plan and its guidelines, workshops and seminars were held in local communities to advocate environmental value and look for potential **small-scale projects** such as organic farming, eco-tourism, sewing and jam production by women's groups. Their purpose was to identify and evaluate potential small-scale projects, to analyze potential communities to work in them, and to indicate the importance of people organization to carry out and manage the projects.

When ACA identified potential small-scale projects, there were two criteria: (1) new ways of using natural resources contributed to environmental protection and sustaining the traditional values of the region, and (2) the project promoted the voluntary participation of local communities which were capable of effectively utilizing renewable natural resources and finding solutions to environmental problems. These small-scale projects were basically to be formulated and implemented by GROs. Ideas of projects and group formulation were based on the voluntarily initiatives of local people. As facilitator, ACA supported project formulation only by awakening and providing local people with education, financial (small grants and credit) and technical assistance.

Divided roles and co-operation

The projects supported by ACA would not have been successfully implemented without the participation of local people as well as the financial and technical support of other NGOs and donors. By establishing a local network with local NGOs, ACA helped GROs by formulating projects and keeping the sustainability of each project. ACA coordinated linkage among government agencies, local NGOs and GROs to unify available information and resources for sustainable rural development. Therefore, the role of NGOs is important in improving connections among local people and in providing appropriate support. However, NGOs themselves cannot support local projects in the long-term because of a shortage of funds and they leave the area at the end of the project. Moreover, NGOs tend to have difficulties in coordinating their activities with the government because their political influence is limited. Therefore, to minimize these shortcomings, in case of ACDP, ACA took advantage of NGOs (WWFC) and local NGOs, and CIDA co-operated financially.

4. The Proposals for Promotion of Participatory Development in Japan's ODA

The failure of conventional development had led to the realization that a growth-centered approach alone has not been able to reduce poverty. Along with this trend, the focus has been placed on the role of NGOs, which carry out projects to promote people's collective initiatives, in order to improve their economic and social status. This has grown into a new development thinking termed participatory development. Participatory development is a radical departure from conventional development and it implies a correspondingly radical re-appraisal and re-orientation of development strategies. When carrying out participatory development, there is a need for considerable space for co-operation between ODA and NGOs because each of them has comparative advantages. In the case study of the CIDA, there are two ways to support NGOs by fundings. One is cofinancing schemes and another is small-scale direct funds.

In Japan, two funding systems exist what is called the NGO Project Subsidy System and the Grand Assistance for Grass-roots Projects. However, we can not say that they are flexible systems. Therefore, this chapter will propose that Japan's ODA should promote participatory development at a policy level and at a practical level.

4.1 Proposal 1: Construct the notion of participatory development within Japan's ODA policy

Japan has the ODA policy called Japan's ODA Charter⁷⁾: (1) humanitarian considerations, (2) recognition of interdependence among nations of the international community, (3) environmental consideration, and (4) support for self-help efforts of recipient countries. In this charter, while some elements of participatory development may be referred to, the term of 'participatory development' is not used. On the one hand, in the Japan's ODA annual report 1990 and 1991, the importance of participatory development was pointed out as a more effective approach in respect of role of NGOs to promote participatory development.

However, there is no concrete policy to promote participatory development. As

7) The Japan's ODA Charter was adopted by the Japanese Cabinet on 30th June 1992, with regard to the basic philosophies of Japan's ODA.

Korten (1995) points out, policy is important because there will be no consequential change without the right policies. Therefore, we should construct the notion of participatory development within Japan's ODA policy.

1. Definition of Participatory Development

A process of development in which people participate in the development activities at all levels such as planning, implementation, benefit and evaluation, and which focuses on the community and local people in order to achieve self-reliance and the problem-solving powers by conscientization and the people's organization.

2. Limitations of Conventional Approach for Development

Conventional approach for development was based on economic growth. It was assumed that gradually economic growth would 'trickle down' and benefit all people. However, this did not occur and the gap between the rich and poor became wider. This is because this approach has limitations.

- Top-down approach
- Technological options do not always correspond to the needs of people and to the constraints of the environment.
- Equitable distribution of revenues and benefits do not occur.
- Government strategies for project conception and implementation do not necessarily represent the aspirations and interests of local people
- The human and social factors are too often neglected.
- Projects are planned in a rigid manner, based on an overly idealized economic, political and institutional environment.

3. Participatory Approach for Development

To reduce the limitations of the conventional approach, participatory development has grown as an alternative. This approach promotes the conscientization of people and people's organization by the following features:

- Bottom-up approach;
- Learning process approach;
- Community-based project;
- Needs for long-term assistance; and

- Use of knowledge, skill and resources in a community.

4. Co-operation with NGOs

NGOs have comparative advantages over ODA when development projects are carried out: (1) NGOs are innovative, flexible and not weighted down by bureaucracy because they tend to be small-scale. (2) NGOs are independent and autonomous which enables NGOs to remain free from political pressure and to by-pass inefficient and corrupt government structures and local elite. (3) NGOs operate at the grassroots level and are closer to the poorest of the poor. They are more 'grassroots' in their focus than other development agencies, and their philosophies easily carry out people-centered development approaches.

5. Effects on Participatory Development

Participatory development enables local people to become direct beneficiaries of a project/programme. That is, the project/programme is to manage natural resources (social forestry and irrigation), to increase income (income generation and micro-credit) and to provide social services (primary healthcare and family planning).

- **Efficiency:** participation implies a greater chance that resources available are used more efficiently.
- **Effectiveness:** participation which allows local people to have a voice in determining objectives to use local knowledge, skills and resources available results in more effective projects.
- **Self-reliance:** participation promotes self-awareness and confidence by examining the problems, which local people face, and thinking positively about the solutions.
- **Coverage:** participation extends to more of the poor people within the direct influence of development activities.
- **Sustainability:** participation ensures that local people maintain the project.

4.2 Proposal 2: Improve the funds for NGOs

In contrast of European NGOs, Japanese NGOs have a disadvantage of obtaining financial resources; that is, they are not well-known and they are weak financially and there is no traditional history of NGOs because most of them are not church-based. Japanese NGOs, therefore, have been seen ODA as sustained resources. On the other

hand, ODA has been criticized because its aid does not reach the poor and is not flexible. Therefore, ODA and Japanese NGOs regard co-operation as a means to solve these disadvantages.

The Ministry of Foreign Affairs (MOFA) in Japan established two fundings for NGOs in 1989. **The NGO Project Subsidy System** offers financial support to activities by Japanese NGOs. This purpose is to provide financial assistance for Japanese NGOs struggling to maintain their physical commitment to projects. In principle, NGOs in Japan are eligible for a subsidy of an amount between 1 and 10 million yen per project to cover up to 50 per cent of the total projects cost. However, it cannot include the administrative cost of an NGO. Its disbursements totaled 236 million yen in 1991, and then 817 million yen in 1996. The NGO Cooperation Center of the Economic Cooperation Bureau at the MOFA is responsible for this system. **The Grant Assistance for Grassroots Projects** was introduced for NGOs and other recipients in view of the needs for grants provided to be small and flexible. This fund is available to cover the cost of relatively small projects, from a few hundred thousand yen to about 10 million yen, to fund projects implemented by Japanese or foreign NGOs, which active in developing countries, or by local governments or their agencies. All concerned parties are appreciative of how it enables aid to be linked directly to people's needs at the grassroots level. A total of 95 projects with a total sum of 294 million yen were implemented in 32 different countries in 1989. In 1997, the grassroots aid has been increased to 5 billion yen. It is organized by Japanese embassies.

However, both of them have same problems. The use of subsidies are limited to 'hard-based' such as building costs, equipment and vehicles. Therefore, we should improve the scope of the funds for NGOs.

Proposal 2-1: Introduce the co-financing system into the NGO Project Subsidy System

The NGO Project Subsidy System aims to subsidize the projects of Japanese NGOs which are financially weak. However, Japanese NGOs cannot use the subsidy flexibly, because its options are limited such as equipment and vehicles. By introducing co-financing system, Japanese NGOs can take over the authority to use funding more flexibly. Then, it makes it possible for Japanese NGOs to provide Southern NGOs with financial support. In addition, to experienced Japanese NGOs, fund should be provided

funds as block grants. This will lead to a more sustained and flexible subsidy system.

Proposal 2-2: Expand subjects of the Grant Assistance for Grass-roots Projects

The Grant Assistance for Grass-roots Projects is also usually allocated to building costs or equipment. However, this only provides for the capital expenditure of a project. By expanding aid to cover human development resources, for example educating people in primarily healthcare, a more well-balanced fund could be accomplished.

Conclusion

As a means to improve Japan's ODA, this essay aimed to introduce the notion of participatory development within Japan's ODA policy and to propose a practical way to promote participatory development.

In carrying out participatory development, the most important elements are the people's conscientization and the formulation of people's organizations. Participatory development will be achieved through the efforts of people themselves working for the benefit of themselves, their family and their communities. Therefore, NGOs and ODA can assist this process, but they cannot do it themselves. In this point of view, the role of NGOs is facilitators to support conscientization and people's organization at local level. On the other hand, the required role of ODA is to allocate flexible and sustained aid. It means donors must adopt participatory development as more effective aid policies along with the co-operation with NGOs.

However, poverty in developing countries cannot be resolved only by promoting participatory development with donors or NGOs. Poverty is structural and has its roots in the economic and political condition which influence people's livelihoods. In order to tackle this poverty, an adequate environment for participation has to be ensured not only by NGOs and donors but also by governments in developing countries. The issue of the relation between participatory development and governments is called 'participatory development and good governance'. I would like to discuss it another time.

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