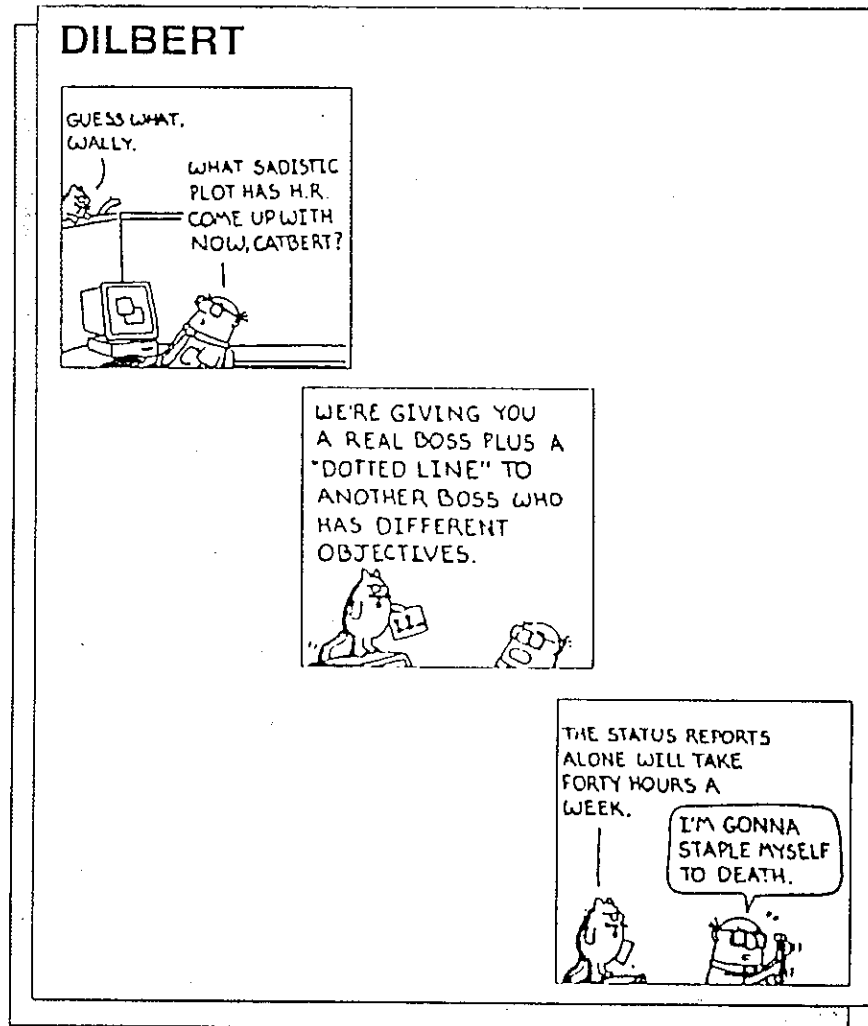
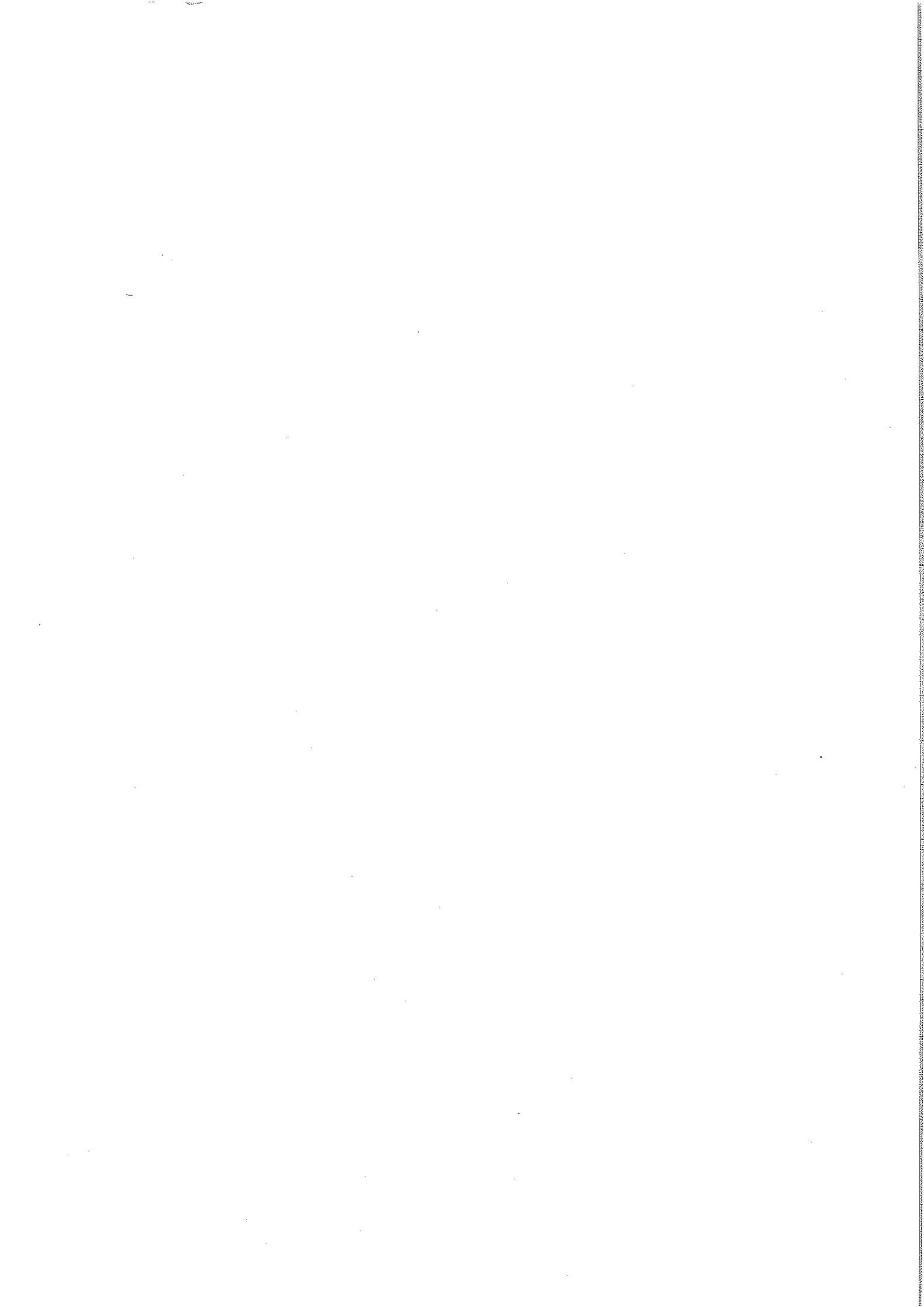


Capacity Building for the Environment: A Background Study for the Pakistan Environment Programme





IUCN Pakistan Programme

Capacity Building for the Environment: A Background Study for the Pakistan Environment Programme

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"There is no finish line"
Nike

IUCN
The World Conservation Union

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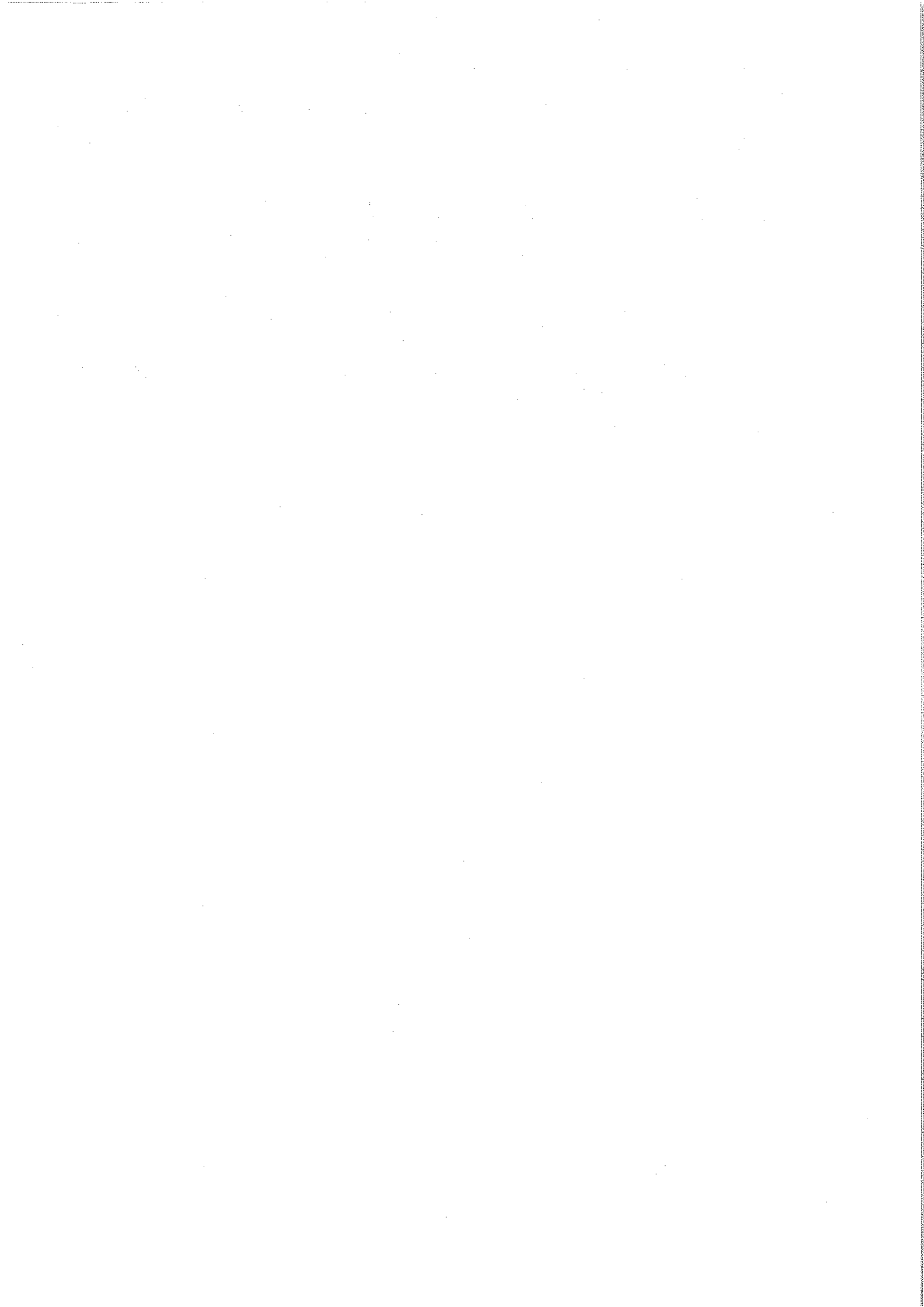


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The views set out in this report are those of the combined team and do not reflect those of any institution, public or private, which is involved in the Pakistan Environment Programme.

IUCN Pakistan would also like to thank the Canadian International Development Agency (CIDA), for sponsoring this review.



Glossary

CIDA	Canadian International Development Agency
CPO	Canadian Partner Organization
E&UAD	Environment and Urban Affairs Division
EU	European Union
F&A	Finance and Administration Unit
FPC	Federal Planning Commission
GOP	Government of Pakistan
IUCN	The World Conservation Union (International Union for Conservation of Nature and Natural Resources)
IUCN-HQ	IUCN Headquarters, Gland, Switzerland
IUCNP	IUCN Pakistan Country Office
JRC	Journalists' Resource Centre (Communications Unit)
NCS	National Conservation Strategy
NWFP	North West Frontier Province
OECD	Organization for Economic Cooperation and Development
PEP	Pakistan Environment Programme
PSU	Programme Support Unit
ROSA	IUCN Regional Office for Southern Africa
SDPI	Sustainable Development Policy Institute
SPCS	Sarhad Provincial Conservation Strategy
UNDP	United Nations Development Programme



Executive Summary

1. Introduction

This report seeks to provide analysis and recommendations to assist the Government of Pakistan, the Canadian International Development Agency and the Pakistan Country Office of IUCN, The World Conservation Union in the implementation of the Pakistan Environment Programme. It focuses on four main topics: capacity development in Pakistan as it applies to the PEP; the organization and management of IUCNP; IUCNP's role in institutional development; and finally, the broader relationship of IUCNP to IUCN, the World Conservation Union. The emphasis of the report is on the organization and management of the PEP rather than environmental policy issues, which are covered elsewhere in documents such as the National Conservation Strategy.

2. Capacity Development and the Pakistan Environment Programme

A key objective of the PEP is capacity development for the environment in Pakistan. A conventional definition of capacity development is the ability of individuals, groups, institutions and organizations to devise and implement solutions to environmental issues as part of a wider effort to achieve sustainable development. International organizations, such as the Organization for Economic Cooperation and Development and the United Nations Development Programme, have devised frameworks for analyzing capacity issues. Although different in many respects, all these emerging frameworks share certain commonalities that apply to the PEP, namely a new division of labour between the public, profit and non-profit sectors, a programme approach to multi-institutional activities, a focus on the management of broader public functions (e.g. lowering the levels of air pollution), the need for local commitment and control, a longer-term time frame, the greater use of public-private partnerships and a systems perspective to thinking about institutional performance.

Pakistan presents both constraints to and opportunities for capacity development. The instability of the political system and the ineffectiveness of many public institutions make capacity programmes difficult to implement. Pakistan is also short of many key resources such as trained people and a critical mass of environmental institutions. Yet Pakistan has also shown strong capacities during the NCS process for strategic thinking and policy analysis. It has also produced a number of small but effective organizations, such as IUCNP, that have a demonstrated record of achievement.

The constraints to PEP implementation will soon be encountered in the two GOP PEP partners: the NCS Coordination Unit and the Environment Section of the Planning Commission. Both are short of experienced staff and operating resources. The NCS Unit, in particular, is faced with the difficult task of coordinating the GOP's role in NCS implementation. The Sustainable Development Policy Institute has already made good progress in hiring staff and beginning its research and advocacy programme.

The implementation challenges of the PEP reflect those of most programmes of capacity development. The partners will have to operate on a flexible, learning-based approach to programme design and implementation. They will have to think carefully about the most effective ways of judging the impact of the PEP in the short, medium and long term. Imaginative ways will have to be found to deal with the coordination issue that has proven so difficult in the implementation of environmental strategies around the world. In addition to the more traditional forms of institutional strengthening, the PEP partners

will need to investigate ways of using improved information and incentives to promote capacity. And the partners will have to have a shared understanding of the management role that IUCNP will assume during PEP implementation.

2.1 Recommendations

- The PEP participants need to at least discuss early in the evolution of the PEP a framework for thinking about capacity development for the environment in Pakistan.
- The PEP partners should develop a common view on the objectives and achievable results that can reasonably be expected from the work of the NCS Unit in both the short and the medium term.
- The partners, in the light of the MAS proposals, should agree on a work programme for the Environment Section of the Planning Commission.
- The partners should clarify the contribution of SDPI to the potential effectiveness of the PEP.
- In the medium term, CIDA should consider sponsoring a management review of SDPI. The objective of such a review would be to contribute to the institutional strengthening of the Institute.
- The PEP partners should begin discussions on the nature, timing and 'measurability' of the anticipated results of the PEP. A consensus on how such projections can be altered and refined in the light of experience needs to be put in place.
- The partners should give some operational content to the notion of improved coordination in the Pakistani context. Such an approach will be important in shaping and judging the role of the NCS Unit.
- The partners should seek, in particular, to clarify the role of IUCNP in PEP planning and management to ensure that IUCNP has been given the mandate and the resources to meet forthcoming expectations.
- The partners should agree to hold an annual workshop of a cross section of the programme's clients and constituents in order to encourage a broader understanding of, and commitment to, its objectives.

3. The Organization and Management of IUCNP

IUCNP has made genuine progress in building its own organizational capacity since the last Management Review in 1992. But the growing volume and complexity of its work are combining to present the organization with new challenges that involve managing growth, complexity, sustainability and risk.

A key issue in the shaping of IUCNP's management strategy is its programming focus. IUCNP must combine networking, facilitation and the delivery of both large and small programmes and projects. It must also satisfy the demands of three sets of constituents or perspectives. IUCNP acts simultaneously as a field office of IUCN, an indigenous Pakistani organisation and a market-based entrepreneur that must act in many ways as a commercial enterprise. In combining these perspectives, IUCNP has evolved a country 'model' of an IUCN programme that reflects the demands and needs of the Pakistan context. The challenge now for IUCNP is to programme and manage such a country approach so as to maintain a broad vision and a tight focus. In particular, it must avoid

too great an involvement in large field programmes which have the potential to overwhelm its implementation capacity.

IUCNP must continue to reshape its organizational structure. A new management tier is needed to assist the Country Representative (CR) in the overall direction and management of the organization. IUCNP should also shift to an interim organizational structure which is designed to build IUCNP's capacity to manage large programmes and strengthen its support services such as financial and personnel management. Over the course of the next few years, IUCNP should shift again to a more decentralized structure which would see the growth of the IUCNP field offices in Islamabad and Peshawar and a change in the professional focus of the organizational unit from technical to geographic. Of particular importance in both these structures are the objectives of improving IUCNP's capacity to combine greater delegation and decentralization with the need to maintain a sense of coherence within the organization. Part of the solution is to improve the functioning of IUCNP's committee system.

IUCNP's management systems and structures have matured greatly over the last two years, but more still needs to be done. An important issue is that of choosing a successor to the current Country Representative and ensuring a smooth transition. IUCNP and IUCN-HQ need to agree on a sequence of steps that fits the recruitment and integration of a potential successor into the broader pattern of IUCNP's organizational development. IUCNP should also continue to improve its logistical support services, especially administration and personnel, given the workload now being generated by its expanding staff. The report also looks at the management functions of organizational learning, communications and strategic planning and makes recommendations for improvements.

The two issues of financial management and revenue generation receive special attention in this report. IUCNP should make two key adjustments: first, it should establish a unified Cost Centre incorporating all of its core activities, and second, it should design its financial management and information systems to support such an approach. This would lead to a consolidated expenditure budget for the entire IUCNP Cost Centre that would give, on an annual basis, the essential operating costs of individual units or sub-cost centres. Given its reliance on programme and project financing (more than 90 percent), IUCNP must also ensure that it receives a realistic return in terms of overheads and staff time charges. IUCNP should also make greater use of IUCN's ABC List technique which gives an overview of financial revenues accruing from different types of projects. Based on this annual forecasting capacity, IUCNP should initiate the production of an Annual Operations Plan to form a bridge between the IUCNP Programme and its operational activities. Finally, IUCNP must begin to put in place a strategy that will seek new sources of revenue other than donor programmes and projects and give it more long-term financial sustainability. The report also looks at the issue of potential deficits for IUCNP and suggests ways in which that prospect can be avoided.

3.1 Recommendations

- IUCNP should maintain a broadly based programme at the country level rather than a more narrowly focused 'niche' strategy.
- IUCN should accept the Pakistan 'model' for what it is - a particular response to a certain set of conditions. While such a model cannot be transferred easily, it can be a source of lessons for other IUCN programmes around the world.
- IUCNP should regularly rethink and update its policy statement and programme document which sets out its mission.

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- IUCNP should be cautious about the number and type of larger projects that it implements on behalf of international donors. No additional major programmes or projects, other than those already in the pipeline should be accepted until IUCNP builds additional organizational capacity to handle such activities.
 - IUCNP should consider conducting a programme evaluation in late 1996 or early 1997.
 - IUCNP should establish a senior management tier of existing staff to assist the CR in the management of IUCNP.
 - IUCNP should move to the interim organizational structure as soon as it can be conveniently arranged.
 - IUCNP should move to the decentralized consolidation model as circumstances warrant in the medium term.
 - IUCNP should begin to build the capacity of the Islamabad office to take on new responsibilities under the decentralized model.
 - IUCNP needs to move quickly to increase its capacity for the management of large projects, in particular by identifying for each project a Project Focal Point backstopped by a Support Group, strengthening and reconstituting the renamed Programme Support Unit, and establishing a Project Administration Unit in Islamabad.
 - IUCNP needs to continue its efforts to balance the needs for more delegation and increased coherence in the organization.
 - IUCNP should readjust its committee structure comprised of the Programme Coordination Committee, the Project Review Group and the Management Committee.
 - IUCNP should formally enunciate its values and make them serve as guiding principles for staff behaviour. These values should apply to both the 'ends' and 'means' of IUCNP's activities.
 - IUCNP and IUCN-HQ should agree on a succession plan that would cover the characteristics of a future CR, the method of recruitment and induction and any other organizational changes that would be needed within IUCNP to facilitate a change in leadership.
 - A single officer should be appointed as Head of Finance and Administration in the Karachi Office with overall responsibility for these functions within IUCNP.
 - The finance and administration offices in Islamabad and Peshawar should be strengthened and given greater autonomy.
 - The Head of Finance and Administration should review current procedures, in cooperation with the other two offices, in anticipation of additional decentralization within IUCNP. This review would apply to staffing issues as well.
 - IUCNP should consider augmenting its complement of secretarial staff given the present shortages.
 - IUCNP should consider establishing a personnel unit in the medium term depending on its financial position over the next one to two years.

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- IUCNP should continue to invest in staff training especially in staff induction, project management and evaluation.
 - A pay revision should be considered for support staff only.
 - The Finance and Administration Department should investigate the possibility of obtaining personal injury insurance for drivers and also speeding up the processing of health insurance claims.
 - IUCNP should prepare a background paper setting out the techniques that could be used to build its capacity for learning.
 - IUCNP should set aside at least one hour in a staff meeting to discuss this paper as part of an effort to devise a strategy for organizational learning.
 - IUCNP should work to develop both its 'hard' and its 'soft' communication systems over the medium term as it prepares to shift to a more decentralized approach to its work.
 - IUCNP should work to ensure that its approach to the strategic planning and management of its work achieves two objectives: it builds upon the experience and learning of its staff and second, that it produces a simple annual operations plan that can form the basis of discussions both internally and externally.
 - IUCNP, with CIDA support, design and incrementally implement an approach to results-based or performance management.
 - IUCNP should review and decide upon the utility of these suggested changes by using its regular committee and decision making systems. The reorganization of the financial systems may be the one exception.
 - IUCNP should set up a single consolidated Cost Centre to which all revenue would accrue.
 - IUCNP should cease to operate components of the core IUCNP Programme outside the Cost Centre.
 - For the time being, the Peshawar Office should continue to be handled as a separate project activity rather than be incorporated into the core financial structure of IUCNP.
 - A consolidated expenditure budget for the entire IUCNP Cost Centre should be prepared annually giving the essential or core operating costs of individual units or sub-cost centres.
 - IUCNP should review its overhead rates to ensure they cover the administrative and financial services provided to particular programmes and projects.
 - All staff time revenues should be pooled by IUCNP to support its overall Programme rather than being retained by individual units.
 - IUCNP should begin to make full use of the IUCN-HQ ABC List technique.
 - IUCNP should begin to formulate and produce an Annual Operations Plan that can provide a framework for the forthcoming year based on financial and other resources available.

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- IUCNP should think through the ways in which it can become financially sustainable. The development of a fund raising strategy by mid-1996 would be a key part of any move to sustainability.
 - IUCNP should begin to investigate other revenue possibilities such as establishing a commercial subsidiary or doing fund raising in Pakistan or abroad.
 - IUCNP needs to take both short and long term measures to avoid financial deficits in 1995 and beyond. Most of IUCNP's stakeholders especially IUCN-HQ and its donor partners can assist IUCNP in this regard.
 - IUCNP should discuss issues to do with its programming, organizational development and financial sustainability with the donor community in an effort to make these partnerships more supportive of IUCNP's own institutional development.

4. IUCNP and Institutional Development

The implementation of the NCS requires a good deal of institutional development (ID) of Pakistani organizations, both in the public and the private sector. The issue for IUCNP is the degree to which it should develop a capacity to do ID, in addition to its other roles in support of the NCS. While IUCNP has some experience with ID over the last few years, the report recommends that IUCNP restrict its role to the facilitation of ID support rather than its actual implementation and delivery. Such a decision, however, would still require IUCNP to improve its staff skills in ID, and build a roster of support organizations in Pakistan that could work with IUCNP to assist other PEP organizations.

4.1 Recommendations

- IUCNP should restrict its ID role to facilitation rather than the implementation and delivery of ID services.
- IUCNP should not establish a separate ID unit within the organization.
- IUCNP should use the resources of the PEP to hire a staff member with ID training and qualifications.
- IUCNP should hold some ID training sessions to familiarize its staff with the basic concepts of ID.

5. IUCN Pakistan within IUCN, The World Conservation Union

The continuing reorganizations of both IUCN-HQ and IUCNP present the opportunity to make their organizational relationship more productive. But it seems clear that traditional approaches to the headquarters-field relationship will not be flexible enough to serve the emerging needs of IUCN institutions such as IUCNP. The idea of structuring IUCN as a global network may have merit over the medium and long term. In the final analysis, both IUCN and IUCNP will have to decide how they can best deal with the potential risks inherent in the expansion of IUCNP. The report also recommends that IUCNP should not become a regional office for Central Asia until it builds its capacity to manage the resulting workload. Finally, the report makes a series of recommendations to improve the collaboration between IUCN and IUCNP in the short term.

5.1 Recommendations

- IUCN should defer a decision on making IUCNP into a regional office for at least another two years pending the further strengthening of IUCNP's institutional capacity and the transition to a new Country Representative.
- IUCNP and other field offices should participate more in some of the corporate decision making at the Gland Secretariat.
- Both IUCN-HQ and IUCNP should continue their efforts to exchange staff, technical expertise and programming directions.



Capacity Building for the Environment: A Background Study for the Pakistan Environment Programme

1. Introduction

Collaboration between the Government of Pakistan (GOP), the Canadian International Development Agency (CIDA) and the Pakistan Country Office of IUCN, The World Conservation Union to promote environmental development in Pakistan has accelerated over the last three years. The Government of Pakistan approved the National Conservation Strategy (NCS) in March 1992. A management review of IUCNP sponsored by CIDA was conducted in December 1992 and published in April 1993. The initial C\$3.7 million project involving CIDA, the GOP and IUCNP which began in 1987 came to an end in late 1993. Negotiations amongst the three parties on the new C\$15.0 million Pakistan Environment Programme (PEP) have now been completed. Under this agreement, IUCNP will have the main responsibility for programme management on behalf of the GOP and CIDA. The framework has thus been laid for a renewed effort over the next five to six years to assist the GOP in the implementation of the NCS.

This report seeks to provide analysis and recommendations to assist the GOP, CIDA and IUCNP in the implementation of the PEP. Specifically, the report looks at four broad themes:

- Section 2 deals with the capacity development and programme management issues which the three partners will have to face in Pakistan during PEP implementation;
- Section 3 looks at the organization and management of IUCNP and suggests ways to further develop its capacity both to carry out its own mandate and to manage the PEP;
- Section 4 focuses on the specific issue of IUCNP's role in institutional development which has become an important theme in the PEP;
- Section 5 analyzes the role of IUCNP in IUCN - The World Conservation Union.

Readers should bear in mind three qualifications when going through this report. First, the length and complexity of the document is a reflection of the growing complexity of the environmental sector in Pakistan and the perspectives of the growing list of PEP participants and constituents. The first CIDA-sponsored collaboration with IUCNP beginning in 1987 focused mainly on the institutional development of IUCNP and the formulation of the NCS. The PEP has a much broader and more ambitious mandate - that of assisting a number of Pakistani groups and organizations in the public and private sectors to develop their capacity for environmental protection and management. This shift in emphasis will present the GOP, CIDA and IUCNP with the challenge of implementing complex programmes which depend for their effectiveness on multi-organizational coordination over a sustained period of time. The GOP will have to find new ways to improve the performance of its own agencies and increase its capacity to collaborate with non-state actors. CIDA will have to find ways to balance its needs for accountability and programme control with the experimentation and learning needed to cope with unforeseen events. IUCNP will need to build its capacity to manage what at the time of signing will



The field work for this report was conducted in Pakistan from 1-18 December 1994. The team¹ consisted of Peter Morgan (independent consultant and institutional specialist), Dr. Zafar Qureshi (Professor of Organizational Studies at Lahore University of Management Sciences (LUMS)), Wendi Backler (institutional specialist from Stothert Management Ltd. in Vancouver Canada), Dr. Robert Malpas (former Regional Director for IUCN in Eastern Africa), Heather Baser, Senior Advisor, Technical Cooperation and Capacity Development, Policy Branch in CIDA and Dr. Naim Sipra, Professor of Marketing at LUMS. The work itself consisted of meetings in Karachi, both with IUCNP staff and with outside organizations and meetings in Islamabad and Peshawar with representatives of federal and provincial governments, donors, NGOs, academic institutions and IUCNP staff.

To make it easier for busy readers to go through this report, we have used two approaches to synthesize and summarize the main findings. The Executive Summary at the front of the report gives an overview of the main analysis. In addition, each major section has a brief overview in bold type at the beginning and a summary of the recommendations at the end.

2. Capacity Development and the Pakistan Environment Programme

The key objective of the PEP is capacity development for the environment in Pakistan. Given its 'macro' orientation, the concept of capacity development is a broad and ambiguous one which programme participants find hard to define, implement and evaluate. A number of frameworks have been devised which can be used to guide the design and management of capacity development programmes such as the PEP. This section sets out the main outlines of these frameworks and gives a brief analysis of their application in the Pakistan context. It also gives an organizational overview of the three PEP partners (not including IUCNP) and briefly discusses some key issues associated with those organizations. Finally, this section of the report discusses some managerial guidelines for managing the PEP which flow out of the capacity and programme analysis.

2.1 A General Framework for Capacity Development

Phase 1 of the CIDA-GOP collaboration which began in 1987 focused on two key areas: the institutional development of IUCNP and the formulation of the National Conservation Strategy. Phase 2 of this cooperation - i.e. the Pakistan Environment Programme - broadens the scope and scale of collaboration and involves IUCNP working closely with three other PEP partners. More directly than in the past, the CIDA-GOP collaboration in Phase 2 will have to deal with the broader, more complex issues of capacity development for the environment.

2.1.1 A Definition of Capacity Development for the Environment

A number of definitions of capacity development² have been formulated which give a sense of the concept. The following three are illustrative:

"the process by which institutions, groups and individuals increase their ability to understand and deal with development issues over time".

¹ Three members of the team - Qureshi, Morgan and Sipra - participated in the Management Review of IUCNP in December 1992.

² the term capacity 'development' is used here in place of the more conventional capacity 'building' which contains architectural and engineering notions that are not relevant in the present context. Some now use the term capacity 'enhancement' to capture the idea of assisting in the improvement of what already exists in a particular country.

"...the ability of individuals, groups, organizations and institutions to devise and implement solutions to environmental issues as part of a wider effort to achieve sustainable development"³.

"... the ability to perform appropriate tasks effectively, efficiently and sustainably..."⁴

Whatever the specific definition, this report assumes that the term capacity development refers to a process by which a broad interconnected set of human and institutional behaviours develop in ways that can marshal resources to carry out public functions. The perspective of capacity development programmes is normally more macro and systemic and focuses more on the complex problems of managing broad functions of public management (i.e, policy formulation, improved air quality) through interorganizational networks. Such programmes also tend to deal with problems of organization and management that are beyond the capacity and resources of individual organizations at the more 'micro' level. While at first glance the idea of capacity development may seem to be the latest fashion in the donor community, it is, in fact, more a reflection of a world-wide trend in both public and private sector management. American efforts to 'preserve and protect' health care, Canadian debates about building its international competitiveness, the attempts by African countries to improve their ability for policy formulation - all are examples of capacity building as countries struggle to adjust to rapidly changing conditions.

By comparison, institutional development (ID) is seen in this report as a narrower organizational concept. Whereas the perspective of capacity development can be society or sector-wide, ID looks more at the performance of individual organizations and their ability to make effective use of the human and financial resources available. Institutional development is thus an important but insufficient component of capacity development. Its techniques and scope of analysis are different and less comprehensive.

Designing and managing capacity development programmes such as the PEP thus presents programme participants with a dilemma. Too narrow an intervention (e.g. training programmes for GOP employees or technical staff for IUCNP) will fail to address the broader systemic constraints in the Pakistani context and lessen the chance of the PEP having a sustainable impact. But too broad a focus and too much of an effort at systemic change can lead to the dissipation of effort and the problem of unmanageable complexity. The challenge for the PEP will be to 'think globally and focus organizationally'. Or to put the issue another way, to induce performance and enhanced capacity from the four points of intervention - the PEP partners - that have been selected for assistance.

2.1.2 A Framework for Capacity Development for the Environment

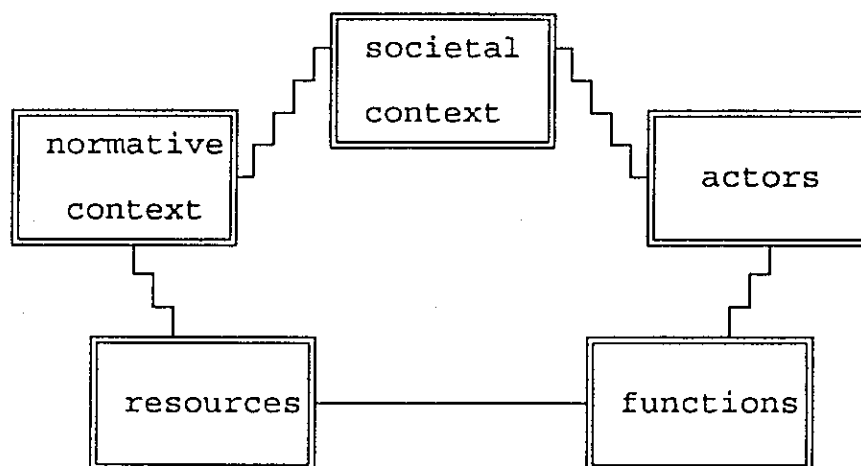
A number of organizations in the international development community have been searching for more organized ways both to understand the dynamics of capacity development and to come up with more operational frameworks for the design and management of capacity programmes⁵. Two of the most recent are the following:

³ Developing Environmental Capacity, A Framework for Donor Involvement, OECD Documents, 1994, p.7.

⁴ Hildebrand and Grindle, Building Sustainable Capacity, p.10.

⁵ See for example, Developing Environmental Capacity, A Framework for Donor Involvement, OECD Document, March 1995. Environmental Capacity Building for Sustainable Development, United Nations Environment Programme, October 1992. Cornie Huizenga and David Nieuwenhuis, Rapid Appraisal of Institutional Capacity for Environment, IDEM Consult, November 1993. Mary Hildebrand and Merilee Grindle, Building Sustainable Capacity, Challenges for the Public Sector, Study prepared by The Harvard Institute for International Development for UNDP, November 1994. Simon Miles, Enhancing Capacity to

The OECD has devised a simple model (see Figure 1) containing interdependent components as set out below. Each component contains a variety of factors (e.g. the "functional" will contain "networking" and "decision making") which vary depending on the nature of the environmental task. The interrelationships amongst the components (e.g. the influence of the political context that would enable a particular organizational actor to carry out a certain regulatory function using human resources both in the public and private sectors) will be as important as the components themselves.



UNDP has come up with a different framework which is based on five levels of analysis or intervention⁶. These are the following:

- the overall context of the programme including the economic, social, political and cultural aspects in which organizations operate in a country or region and the extent to which conditions in this broader environment help or constrain the development of capacity⁷;
- the public sector context including the policy environment, budgetary procedures, the effectiveness of public organizations, incentives for performance, the availability and use of information, the extent of demand and accountability etc;
- the networks and linkages among organizations including the functioning of groups and networks of organizations and their formal and informal interactions. This would apply both within and amongst the public, NGO and private sectors;
- a particular organization and its management (such as IUCNP) including its organizational structure, management systems and processes, strategic niche and direction, financial sustainability etc;
- training, skills and education including the supply and availability of the human resources in a particular sector or country.

Promote Environmentally Sustainable Development: A Programme Planning Guide, Report prepared for CIDA, February 1995.

⁶ See UNDP, Capacity Development: Lessons of Experience and Guiding Principles, December 1994

⁷ For some example of contextual analysis, see Cape Verde: Assessment of the Environment for Civil Service Reform, The World Bank, July 1993. Mamadou Dia, A Governance Approach to Civil Service Reform, World Bank Technical Paper #225. Christoph Reichard and Rolf Sulzer, The Organizational Field Approach in Technical Co-operation, GTZ, November, 1992.

All these donor frameworks are first attempts at putting together frameworks for thinking more systematically about capacity development. While helpful in some ways, these versions do have limitations. They offer little insight into the nature of organizational relationships, the inevitable constraints and different patterns of capacity development. They are better at description than they are at explanation. Most important, they give practitioners little guidance about what capacity strategies to implement, where to start or how to do it. It is, however, important to recognize some of the commonalities that are to be found in virtually all the various approaches to capacity analysis which may have relevance for thinking about the PEP. First, all the frameworks pay attention to the impact of the context in which capacity development programmes occur. Effectiveness is influenced as much by forces external to the organization(s) as it is by those that are internal. Second, the nature and dynamics of interorganizational relationships are crucial. Organizations working in the field of environmental management are part of wider networks of organizations that must collaborate in some way to achieve shared objectives. Third, indigenous commitment and control are critical for the success of capacity development programmes which depend on local knowledge and energy for their effectiveness. Fourth, capacity development is in the final analysis a process of human change which has different rhythms - cultural, political, psychological - than those prescribed by the organizational requirements of donor agencies. And fifth, capacity analysis requires a systems perspective which focuses on the dynamics and interrelationships among the various actors, components and levels. Donor interventions such as the PEP are thus part of a much larger pattern of trends and events that have to be understood to make programmes of capacity development for the environment effective.

2.1.3 Applying the Capacity Framework to Pakistan

Neither the TORS of the team nor the time available in Pakistan allowed for a detailed application of these capacity frameworks to the Pakistani situation. Some capacity 'mapping' relating to IUCNP's institutional environment was, however, carried out. The team also collected additional analytical material in connection with the five levels which may be useful at a later date for the PEP participants to supplement the earlier preparatory work from 1992 and 1993⁸.

For the purposes of this report, a few key factors should be highlighted which will need to be taken into account during the course of PEP implementation.

- This need for a broader analysis of capacity development has implications for the PEP. Most donor projects tend to concentrate on programme design, inputs and the prediction of results as if they were the only independent variables governing programme success or failure. To the extent that an institutional analysis is carried out, it tends to be focused on the internal functions, processes and operations of target organizations rather than on stakeholders, contextual factors, patterns of incentives and the linkages to policy environments⁹. Capacity analysis also takes donors towards subject areas such as cultural and political analysis for which there are many sensitivities and few operational tools. The focus on capacity development thus requires an altered style of analysis which the PEP partners will have to develop as the programme proceeds;

⁸ See, for example, GOP and IUCN, The National Conservation Strategy, chaps. 10-12 and GOP and IUCN Implementation Design for the NCS for Pakistan, January 1992.

⁹ For this trend in World Bank project appraisals, see Dorick Brinkerhoff, "Institutional Development at The World Bank: analytical approaches and intervention designs" Public Administration and Development, 1994.

- The PEP needs to downplay the apolitical, technocratic approach to capacity development which seems to characterize most donor programmes. Like most countries, Pakistan's context is that of a seamless web in which the various organizations have multiple and conflicting objectives, unclear relationships and deal continuously with unstructured problems and conditions¹⁰. There is little apparent connection between cause and effect and ends and means. Organizations appear to have hidden or unfathomable motives and show a great deal of random and obstructive behaviour. Programmes such as the PEP must thus be managed to deal with enormous complexity and unplanned change;
- Most donors are now realizing the intricate connections between governance and capacity development¹¹. An unstable political system does help to create an enabling environment (e.g a consistent set of environmental values and policies and a clear 'voice' from citizens) that is conducive to capacity development. In the case of the PEP, it is not clear that the GOP ownership and commitment that drove the NCS process will extend to the implementation phase;
- The efficiency and effectiveness of key public sector agencies in Pakistan. The prognosis here is not promising, especially in the short and medium term. Most observers with whom we spoke in Pakistan pointed to the systemic deterioration of Pakistani public institutions in sectors such as health services, public security, energy and education. The reasons for this decline are complex and long standing and include increasing politicization, less institutional accountability and transparency, the absence of a service ethic in government, the lack of an effective demand by public 'consumers', poor employee incentives especially inadequate salaries, a decline in public security, weak traditions of public sector reform and the capture of government institutions by various vested interests intent on limiting reform and renewal. Part of the PEP will have to deal with the challenge of improving the performance of public sector organizations involved in environmental management. As mentioned earlier, the effectiveness of such reforms will depend on the influence of both external and internal factors, many of which will be beyond the control of the PEP;
- Pakistan suffers from severe resource constraints at all levels including skilled people and public sector finances. For example, the size of the NCS Unit is smaller than originally planned due to financial constraints. The GOP also has few of the public service institutes to provide environmental management training. The recommended creation of multi-disciplinary environmental management institutes at federal and provincial levels has yet to take place;
- The availability of information and incentives throughout the capacity 'system' to encourage constructive environmental behaviour is low¹². Organizations tend to hoard information in an effort to defend and enhance their position. Incentives for improved institutional performance such as adequate salaries, good professional working conditions, political support and rewards for performance are all lacking;

¹⁰ For an analysis of the Canadian case, see Bruce Doern and Thomas Conway, The Greening of Canada: Federal Institutions and Decisions, 1994.

¹¹ See The World Bank, Governance and Development, 1992. Also Mamadou Dia, The Governance Approach to Civil Service Reform, 1993.

¹² SDPI has its own framework for capacity development which is based on the "Four-I's" - information, incentives, infrastructure and institutions.

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- Pakistan is at the early stage of institutionalizing its environmental management resources and turning them into a critical mass of people, groups, organizations and institutions that can make a significant difference. For a country of its size, need and diversity, Pakistan has an extremely small number of environmental institutions even when compared with countries at its same level of development. Most of its governmental institutions have only recently been established with virtually no record of effective performance. The number of Pakistani environmental NGOs such as IUCNP that can deliver a technical and organizational capacity is also extremely small. In particular, Pakistan lacks institutions that can act as information/knowledge producers and intermediaries linking networks together. This comparative lack of organizations puts greater pressure on those such as IUCNP that can perform. The development of this kind of capacity will require a greater sense of collaboration amongst various groups and organizations, a shift in professional orientation to emphasize partnerships and strategic alliances and the development of new skills and management structures.

Yet we need to balance this discouraging picture with a more positive perspective. Informal networks of people, both inside and outside government, exist that could form the core of a number of environmental networks. Despite all the above constraints, Pakistan produced the NCS document which is generally acknowledged to be one of the most complete in the world and superior to anything yet produced in Canada. The NCS emerged out of an effective consultative process that involved both Government, the private sector and NGOs. Certain government jurisdictions at both the federal and provincial levels seem intent on breaking with traditional hierarchical approaches to service delivery and policy formulation. Pakistan also possesses many skilled and sophisticated practitioners whose talents could contribute enormously to the development of environmental management capacity. The growth of organizations such as IUCNP and others in both the public and private sectors is evidence that Pakistan can develop effective organizations by world standards when given reasonable opportunity and resources.

We are not in a position in this report to set out a check list of procedures or a description of best practices with regard to capacity development for the environment in Pakistan. Most organizations in the field - donors, governments, NGOs - are now searching for these same answers. In the words of one observer, "... ID programmes are now attempting to assess whether the institutional structure of a whole sector or subsector is adequate, considering the type and number of individual agencies, their functions and effectiveness and their interactions with other sectors. For this, the theoretical underpinnings are much weaker than for the strengthening of individual agencies. The approaches until now have been "pragmatic" which is to say that the World Bank has yet to adopt or develop a satisfactory analytical framework for dealing with institutional structures at the sectoral level". The PEP participants should recognize their work for what it is - an innovative experiment of institutional change that can both build capacity in Pakistan and contribute knowledge and learning to other development organizations around the world. In this sense, Pakistan should see itself as knowledge 'producer' rather than a 'taker' and should organize itself to contribute this knowledge to international fora¹³.

2.1.4 Recommendations

1. The PEP participants need to at least discuss early in the evolution of the PEP a framework for thinking about capacity development for the environment in Pakistan. Any common assumptions amongst the participants that come out of such

¹³ For example, Pakistan should present its experience at the forthcoming OECD Conference on Capacity Building for the Environment set for Rome in November 1996.

discussions will be useful in subsequent discussions on objectives, designing the monitoring and evaluation processes, and agreeing on indicators of programme effectiveness.

2.2 The PEP Context and Organizations

The PEP became operational in late 1994, after a prolonged approval process and a reduction in size from C\$ 24 million to C\$ 15 million. The PEP provides support to four institutions (IUCNP, the NCS Coordination Unit of the Environment and Urban Affairs Division, the Environment Section of the Federal Planning Commission, and the Sustainable Development Policy Institute¹⁴). As the lead institution through which funds will be channelled, IUCNP will have some leverage to act as the catalyst and coordinator to strengthen both itself and the three other institutions. Technical assistance from Canada will be supplied by a Canadian Partner Organization (CPO) that will respond to requests made by the participating Pakistani institutions.

This report paints a rather bleak picture of the short term prospects for the two government units, particularly the NCS Unit. Both face daunting constraints which will continue to limit their ability both to function effectively for the foreseeable future and to fulfil the roles expected of them under the PEP. Despite this, there is a strong case for the support and efforts to strengthen both these units given their important role in NCS implementation over the long term. We believe that the expectations and objectives of the PEP with respect to the GOP partners must be modified to take these limitations into account, some of which are discussed below.

Most of these systemic constraints are to be found in all the public institutions in the environment sector¹⁵. The Environment and Urban Affairs Division (E&UAD) of the Ministry of Housing and Works, the Pakistan Environmental Protection Council and the Pakistan Environmental Protection Agency (PEPA) are barely operational and lack trained staff. The environment sector is also characterized by inadequate legislation, little public awareness and participation and a whole series of policy distortions and disincentives that limit effective action¹⁶.

As discussed earlier in this report, the prospects for strengthening these institutions in Pakistan are not good for the short and medium term. Both the GOP units involved in PEP are subject to the capacity constraints and barriers to development of the civil service in general. Even though both the GOP units are open and receptive to change, they still must operate within a rigid, hierarchical government structure which is highly compartmentalized. Decision making authority does not rest with the units in areas such as the allocation of resources, recruitment and transfer of staff, incentives and rewards, structure, etc. Both units are also subject to many *ad hoc* requests from other government agencies that lessen their focus on their overall mandate. Both units suffer from a shortage of posts and appropriately qualified staff. Requests for additional staff can take up to two years to authorize. Both units have been established as projects with a finite time frame and budget. The GOP has allocated funds until 1998 to support the units and the intent is to permanently integrate them into the government infrastructure.

¹⁴ The purpose of the PEP is to "enhance the performance of the four (4) key institutions (E&UAD, FPC, SDPI and IUCNP) in providing effective leadership, technical support/analysis, co-ordination services and catalyst input need for the implementation of the NCS"

¹⁵ See, for example, Pakistan, Environmental Protection and Resource Conservation Project, World Bank Staff Appraisal Report, May 1992.

¹⁶ Most of these are discussed in the NCS.

2.2.1 National Conservation Strategy Unit

The National Conservation Strategy Unit (NCS Unit) is housed in the Environment and Urban Affairs Division. The Unit's mandate is to coordinate, support and monitor implementation of the NCS. The Unit is headed by a Joint Secretary and is staffed by three full-time administrators and a professional. In addition, two professionals in E&UAD are assisting the Unit in coordinating donor funded projects. The number of staff in the Unit is too few for the volume of work and does not have the appropriate skills. The Unit needs additional professionals as well as support staff with relevant experience and expertise in environmental issues, interdepartmental coordination and communication with the public to enable it to fulfill its role.

Currently, the Unit is involved in executing activities in support of the NCS. It has established an NGO Fund to encourage the participation of indigenous NGOs in NCS implementation. It is also trying to create an awareness of environmental issues through print and electronic media. It is also promoting environmental clubs in educational institutions as well as environmental projects in other agencies.

Most coordination units in Pakistan appear to develop in one of two directions: either they are ignored by other institutional actors and resign themselves to the administration of a variety of small tasks, or they try to monopolize certain functions and communication channels and become blocking devices. Either way, little contribution is made to promoting effective coordination. Few observers we spoke to in Pakistan expressed much optimism about the Unit avoiding one or the other of these outcomes.

The constraints the Unit faces are the following:

- It must deal with large traditional sectoral ministries and departments which defend their boundaries, prerogatives and resources with vigilance. The tradition of interdepartmental collaboration within the GOP is not well practised, despite mandatory 'Rules of Business' which encourage consultation;
- The Unit has few financial incentives to offer participating organizations in the public sector;
- The Unit's current position within the E&UAD, a sectoral ministry, puts it on the same level with the other sectoral ministries which it is supposed to be coordinating and monitoring. Eliciting their cooperation will be largely dependent on individual goodwill;
- It does not have the backing of a powerful ministry or department. The high-level task force within the GOP that pushed the NCS through to approval has ceased to function. Although it has been replaced by a high-powered Cabinet committee for NCS implementation chaired by the Minister of the Environment, this mechanism cannot be usefully used by the E&UAD due to a weak NCS Unit which has to provide secretarial services to this committee;
- Like most coordination units in governments around the world, the NCS Unit has experienced difficulty attracting and retaining staff. The four existing staff are from the general cadre of civil servants¹⁷. None have any prior experience or training in the environment. Training will be needed to increase skill levels in environmental issues, programme monitoring and management. Only one officer has a technical (engineering) background and is now in Holland for environmental training;

¹⁷ This total includes two senior staff and two support staff.

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- Like most GOP departments, the NCS Unit is vulnerable to frequent transfer of staff. Efforts need to be made to minimize transfers in and out of the unit to maintain continuity, particularly during its formative years. Transfers result in significant delays in coordination given the need for new staff to build their networks of personal contacts.

The NCS Unit today faces many of the same organizational constraints that it did two and a half years ago when it became operational¹⁸. The delays in implementing the PEP have also held up the arrival of the technical support the unit needs to operate more effectively. A change in leadership, however, has resulted in significant improvements in terms of motivation, receptiveness to efforts to build existing capacity, and commitment.

The submission of the MAS report¹⁹ on work planning for the two GOP units will provide an opportunity for the PEP partners to think through the objectives that the NCS Unit can reasonably be expected to achieve. IUCNP will also have to submit its initial inception report to CIDA. Both these documents can provide the background for further discussions about a feasible role for the NCS Unit.

2.2.2 Environment Section - Planning Commission

Although the Environment Section must deal with many of the same constraints as the NCS Unit, it has a number of organizational advantages that could improve its chances of making an effective contribution to the NCS. The section comprises a more cohesive group of four professionals whose mandate is clearer and more coherent than that of their NCS colleagues. The Planning Commission also has a history in Pakistan going back to the 1960s and has traditionally been perceived as being one of the more desirable places to work in the Government given its reputation for professionalism. Staff movement and transfers are less pronounced in the Commission given the more technical nature of the work and each section within the Planning Commission has its own career path, job descriptions and regulations. The Environment Section's prospects for performance and sustainability are thus better given these advantages.

The task of the Environment Section is also easier to structure and organize compared to that of the NCS Unit. It involves expediting authorizations and funding for NCS projects²⁰ and ensuring environmental issues are taken into account in national economic planning and development. Its mandate is thus more focused and does not rely as heavily on the cooperation of large numbers of diverse institutions and groups. The workload, however, is heavy and staff appear stretched to deal with the flow of tasks. The greatest constraints have to do with management, and resources, particularly with respect to availability of the requisite technical skills.

The ID needs of the section include training in environmental issues. Although the staff all have technical backgrounds, not all have prior experience or training in environmental issues. For example, more expertise is required in reviewing environmental impact statements and developing environmental monitoring procedures and evaluation criteria. The section also needs the capacity to bring in short-term experts for periods of six months to one year to provide support for specific activities. There is also a general

¹⁸ Indeed, all the operational constraints to NCS implementation are long-standing and well-known. See James Ramsey, Building On Success: Directions for Canadian Support for Implementation of the NCS in Pakistan, July 1992, p.3-13.

¹⁹ MAS is a Pakistani consulting firm engaged by the Canadian Embassy in Islamabad to assist the NCS Unit and the Environment Section of the Planning Commission in putting together work plans and overall objectives.

²⁰ Including all provincial projects over Rs. 100.00 million.

shortage of professional staff who cannot realistically be expected to handle the workload expected of them.

2.2.3 The Sustainable Development Policy Institute

SDPI has a broad mandate to carry out public sector policy research to support NCS implementation. Despite the financial difficulties stemming from delays in the PEP approval process, SDPI appears to have already developed its ability to do high quality research and policy advocacy. A cadre of highly skilled, well trained researchers (24 of 43 staff) are in place. The original rationale behind its establishment still seems to us to be appropriate²¹.

While there is no doubt that SDPI has the capacity to fulfil its research mandate, its impact on decision making within Government is less clear. The policy formulation context is such in Pakistan that the impact of SDPI's work over the short, medium and long term will be extremely hard to judge²². The whole issue of SDPI-GOP relationships will need careful and informed judgements. Whatever the end result, the capacity of SDPI to produce high quality, relevant research will have little to do with the extent to which this advice will be accepted.

At some point within the next year, SDPI might benefit from a programme and management review much along the lines of those undertaken by IUCNP and LUMS. Such a review should not be a part of the normal monitoring and auditing process. Rather, it should be designed as a supportive second opinion on SDPI's strategic direction and operations.

2.2.4 Recommendations

2. The PEP partners should develop a common view on the objectives and achievable results that can reasonably be expected from the work of the NCS Unit in both the short and the medium term.
3. The partners, in the light of the MAS proposals, should agree on a work programme for the Environment Section of the Planning Commission.
4. The partners should clarify the contribution of SDPI to the potential effectiveness of the PEP.
5. In the medium term, CIDA should consider sponsoring a management review of SDPI. The objective of such a review would be to contribute to the institutional strengthening of the Institute.

2.3 The Implementation Challenges of the PEP

The broad analysis in the above sections has been intended to provide the PEP partners with an overview of the capacity development issues that they are likely to encounter as the programme proceeds. The objective of this section is to put forward some guidelines for programme management. These will be supplemented in the months ahead by the IUCNP inception report and the findings of the MAS report, both of which are scheduled to be submitted during May 1995.

²¹ See Report on The Implementation Design for the NCS for Pakistan, January 1992, p.27.

²² The issue of the impact of research institutes on government policy is a complex one in any country. See for example, James Smith, The Idea Brokers: Think Tanks and the Rise of the Policy Elite, 1991 for an account of the American experience.

These management guidelines are the following:

2.3.1 An Iterative, Learning-Based Approach

The PEP is facing an uncertain context and a complex series of ambiguous objectives. Virtually all of the specific goals set for the programme are likely to change under the pressure of unforeseen and unavoidable changes. The PEP partners must collaborate to detect the need for these changes, formulate appropriate responses and absorb these into the management of the programme. Such an approach will in turn require a participatory style of monitoring, effective inter-partner communication and a constant need to shape and maintain a shared understanding of the purposes of the programme. Virtually all the PEP objectives will have to be conceived and managed as action hypotheses that will require modification as they encounter the realities of bureaucratic life, social behaviour and political interests in Pakistan. This need for adaptiveness and flexibility will have implications for IUCNP's management style and for CIDA's approach to meeting its accountability requirements.

2.3.2 Judging PEP Effectiveness and Impact

One of the more difficult issues for the PEP partners to resolve will be that of defining and judging (as opposed to measuring) programme effectiveness and impact. The absence of tangible outputs, the complexity and variety of the contextual factors shaping institutional performance in Pakistan and the ambiguity of causation and correlation will all act to make it difficult to come to agreed judgements about PEP effectiveness. Yet much of the programme is intended to induce better performance in institutions engaged in environmental management in Pakistan. All the PEP partners need operational ways of setting objectives, identifying gaps in performance and coming to judgements about the outcome of the work. Partner discussions can also be useful in clarifying intentions and highlighting issues that will require further analysis and discussion.

The debate on the PEP, however, is unlikely to centre around the desirability of judging outcomes. Rather, it is likely to focus on the value and relevance of certain techniques, particularly those that rely on the use of pre-determined, quantifiable measurable indicators as proxies for programme performance. Part of the delay in obtaining CIDA approval was the need to convince senior managers in the Agency about the nature and the achievability of PEP results²³. As part of the subsequent programme design, CIDA has designed a 'Programme Indicators Tracking System' (PITS) that the Agency hopes to use to monitor and evaluate PEP performance. The implementation of the PITS is scheduled to begin later in 1995.

While not commenting on the specific provisions of the PITS, we would caution the PEP partners, and especially CIDA, about the risks inherent in placing too great a reliance on overly technocratic approaches to outcome and impact assessment. Quantitative evaluation techniques have a poor record of effectiveness when applied to messy, ambiguous, sometimes intractable organizational situations such as the one the PEP faces in Pakistan²⁴. When relied on to produce insightful information that can be used to guide decision making, such quantitative measuring systems tend to overpromise and underproduce. Their technological allure is rarely realized when they encounter the harsh realities of operational life in countries such as Pakistan.

²³ It should be added here that the apparent absence of pre-determined measurable results had no impact whatsoever on the effectiveness of Phase 1. Indeed, the willingness of CIDA managers to be patient and not to prejudge outcome of the NCS process contributed to its eventual success. See Runnalls paper on the NCS process.

²⁴ For a list of the obstacles that measurable results-based systems face, see Annex 1.

2.3.3 Dealing with the 'Coordination' Issue

Virtually all reports in all countries that deal with environmental management call for more 'coordination' amongst government agencies²⁵ themselves and with non-state actors. Yet coordination remains simultaneously one of the most intractable and the most important organizational issues to resolve in the field of environmental management²⁶. All organizations are in favour of more coordination but few want to be coordinated as is evident in the donor community around the world. Effective coordination is important in the field of environmental management in that it is a crucial part of getting things done through other organizations which differ according to mandate, access to information, need for shared action and power. The management aspect of coordination is that of dealing with interorganizational relationships in a context of institutional pluralism such as exists in Pakistan.

Attempts around the world to implement NCSs and NEAPs are slowly building a body of experience about the most effective ways to achieve improved coordination²⁷. The relevance of these emerging lessons for Pakistan remains to be determined. It may therefore be more useful to set out some questions that the PEP partners should begin to answer as implementation of the PEP proceeds:

- The strategy of organizational design of the coordinating units is important. For example, should there be a super ministry (such as Ministry of Sustainable Development as in Bolivia), an overall environmental ministry or environmental units in sectoral ministries to best promote coordination? Or should the coordination office be located in a powerful central agency such as the President's Office or a planning commission as in Madagascar?
- What should be the legal mandate (if any) of a coordinating department or unit to enforce coordination? How would this apply to the NCS Unit?
- Coordination that relies on formal procedures enforced by a central unit appears to work less effectively. Indeed, increased hierarchical authority over the long term will not, by itself, improve the level of coordination. Looser linkages even between individuals work best especially in the early stages of trying to improve coordination. What would this mean for the work of the NCS Unit?
- The focus of the three main approaches to coordination - information sharing, resource sharing and joint action - is critical. Each of these approaches is progressively more difficult and requires a greater interorganizational capacity to achieve. Should the NCS Unit focus on information sharing at the outset as it tries to build its capacity?
- The complex multi-organizational networks such as the one involved in the NCS take a long time to develop. This is particularly the case where organizations, especially

²⁵ To the point that Robert Chambers has said that the usefulness of a report is in indirect proportion to the number of times it uses the word 'coordination'.

²⁶ The term 'coordination' is defined here as the harmonious combination of agents or functions toward the production of a result.

²⁷ See Derick Brinkerhoff, "Co-ordination Issues in Policy Implementation Networks: Managing Madagascar's Environmental Action Plan" Research Notes, USAID Policy Change Project, September 1993. Kirk Talbot, "Elusive Success, Institutional Priorities and the Role of Co-ordination: A Case Study of the Madagascar National Environmental Action Plan" in World Resources Institute, Issues in Development, May 1993. George Honadle and Lauren Cooper, "Beyond Coordination and Control: An Interorganizational Approach to Structural Adjustment, Service Delivery and Natural Resource Management" World Development, vol. 17, 1989.

in the public sector, have an extremely limited experience in working in a lateral, non-hierarchical way. The capacity for coordination is not achieved in a two or three year period. What results can reasonably be expected in the Pakistan case? And by when?

- The coordination function appears to develop best in conditions of political stability and support. Given the uncertain and rapidly changing political conditions in Pakistan, what approaches to the coordination issue could work best?
- Too great an attempt to force coordination leads to bad personal relationships, distrust, poor cooperation and performance breakdown. How should the NCS Unit set the balance between encouragement and control? What, in fact, will be the coordination 'rules of the game'?
- Different organizational strategies requiring different skills need to be used by coordination units. What kind of skills need to be housed inside a coordination unit like the NCS?
- Organizations need both incentives and a certain amount of coercion to make serious efforts to achieve improved coordination? What is the present pattern of incentives and coercion in the environment field in Pakistan? How could they be altered to improve coordination performance?
- The capacity of donors to coordinate their own activities seems to have a positive impact on the performance of environmental agencies. What is the capacity of the donor community in Pakistan to improve their own coordination performance in the field of environment?
- Successful attempts at coordination start small and try to make progress in areas where there are mutual interests and simple 'one to one' relationships. What would examples of this kind of coordination task be in Pakistan?

The point here is that efforts to improve coordination require much more than repeated calls for more coordination. The PEP analysis must also go beyond descriptions of the various categories of organizations in the task network in Pakistan²⁸. What will now be required will be some systematic thinking and acting by the PEP partners about how best to approach the coordination issue over the short, medium and longer term.

2.3.4 The Role of Information and Incentives in Capacity Development

It is unlikely that a reliance on the traditional 'supply side' approaches to capacity development, i.e. more and better administrative systems, more and better computers or more training opportunities for selected public officials, will, by themselves, have much impact on PEP performance. Such approaches, while helpful, need to be supplemented by efforts to increase the use of information and incentives to encourage capacity development. For example, there is a shortage of information in Pakistan on the actual performance of public institutions that clients and constituents can use on the 'demand side' to press for more effectiveness. There is also a huge need in Pakistan for information that is 'decision grade' and 'policy-relevant'. Indeed, SDPI was established to provide this sort of information for decision makers at all levels of government. SDPI is also looking at the imaginative use of information technology to create 'virtual' organizations and communities of Pakistanis that can supplement and at times, replace older formal institutions that are no longer effective. The Sustainable Development Network in Pakistan sponsored by the UNDP and housed within IUCNP has made progress in

²⁸ See, for example, Dr. Roger Schwass and Dr. Tariq Banuri, Implementation Design for the NCS for Pakistan, Final Report, January 1992.

spreading awareness about the importance of using computer-based communications for fast retrieval/exchange of information.

It is also the case that many of the PEP objectives - especially with respect to the public sector organizations - will not easily be achieved if the pattern of incentives that acts upon individuals and institutions in public sector institutions is biased against action²⁹. If good performance goes unrewarded and bad performance is unpunished, it is hard to see the possibility of dramatic progress in capacity development. SDPI has already carried out research on the design and implementation of improved incentives in the Pakistani context³⁰ and this work should be applied to the design and management of the PEP.

2.3.5 Achieving a PEP Partner Consensus

To be effective, programmes like the PEP need to be based on a basic core of shared objectives amongst the participants about roles, relationships and results expected. Our sense is that this consensus does not yet exist on the PEP. Little real discussion has taken place on expected results. The programme roles of IUCNP and SDPI are not clear to the GOP units. There is also a lack of common understanding regarding the expected ID outputs of the PEP, how these will be achieved, and who is responsible for achieving them³¹. Neither of the GOP units, for example, perceive IUCNP as having a role in strengthening their institutions.

At the present time, the design of the PEP does not provide much in the way of specific activities or tangible programme collaboration which the four organizations will do in partnership with one another. The PEP still lacks a focal point. Specific activities associated with the PEP's implementation should be defined as part of the inception phase and the operational planning exercises which have been completed for IUCNP and SDPI and are underway in the two GOP units, with the assistance of MAS consultants. To date, these activities have been done independently by each organization, in isolation from the others. These planning activities should be used to better integrate and coordinate involvement of the partners in the PEP. It is important that the four organizations select opportunities to work in partnership on specific activities in order to facilitate communication and coordinated activities.

This lack of shared perceptions is to be expected at this early stage of the PEP. The task now is to use the inception report, the forthcoming discussions on the MAS report, the discussions between CIDA and the PEP partners on expected results and the continuing meetings of the PAC (Programme Advisory Committee) to incrementally build a better sense of shared objectives. The programme might also consider holding a workshop on the PEP involving a wider range of participants at the middle levels of the participating organizations.

²⁹ For an analysis of this issue, see Robert Klitgaard, *Adjusting to Reality*, chap. 7, "Improving Incentives in the Public Sector".

³⁰ See Tariq Banuri, *Improving the Provision of Justice in Pakistan*, SDPI, Policy Paper No.2, 1993.

³¹ The PEP partners should have a series of sessions or workshops to develop a common understanding and definition of ID in the context of the PEP, determine who is responsible for the ID-related outputs of the PEP and how this ID is going to take place. Ideally, this activity would be done as one of the initial ID activities of the project. The PEP partners need to explicitly identify the specific constraints to ID in each of their organizations, document what these are, brainstorm about ideas to overcome them, and develop an appropriate action plan. This would be best done as a joint exercise, perhaps facilitated by local consultants.

2.3.6 Structuring the Role of IUCNP

The PEP partners need to give particular attention to the role of IUCNP for two reasons. First, IUCNP has the accountability to CIDA for programme management. The idea that IUCNP would exert some sort of management supervision over the PEP activities of government agencies is a novel one in Pakistan and one that will need careful explanation and management as the PEP proceeds. Second, the GOP units may well wish to use IUCNP and SDPI as support or intermediary organizations as the PEP unfolds. Specifically, this expectation could entail various forms of technical assistance and organizational support. For example, IUCNP will likely be expected to play a role in monitoring the NGO Fund, developing materials to be used for briefing of line departments, and taking part in environmental education activities. Given their lack of capacity in certain areas, the two GOP units have the potential to exert a substantial drain on IUCNP resources, particularly in terms of staff time. IUCNP needs to be aware that the demands on its time and resources are likely to grow with the operationalization of the PEP. It needs to define, together with the GOP units and the other PEP partners, the limits of its own role and that of its individual units. It must be clear to all that IUCNP is involved in a multitude of different activities, of which the PEP is only one, and that its involvement must be properly limited, scheduled and covered by adequate financing. In short, IUCNP must be 'buffered' in some way from excessive PEP demands on its resources.

2.3.7 The Use of the Programme Approach

As the name implies, the PEP is a programme rather than a project. It will depend for its effectiveness on the performance of existing organizations such as IUCNP and the GOP. The flow of Pakistani resources in the form of money, staff, information, political and bureaucratic support will be crucial. No one actor will control the PEP in the same manner as a more traditional project manager. Coordination, communication and mediation will be crucial. The PEP will be less buffered from external influences in Pakistan than it would be as a project. The Pakistani PEP partners will need to develop their strategic management skills such as ongoing programme design, building the capacity of local organizations, expanding local resources and political support to keep the PEP sustainable. A longer time frame will be required to achieve any kind of sustainable result³².

2.3.8 Recommendations

6. The PEP partners should begin discussions on the nature, timing and 'measurability' of the anticipated results of the PEP. A consensus on how such projections can be altered and refined in the light of experience needs to be put in place.
7. The partners should give some operational content to the notion of improved coordination in the Pakistani context. Such an approach will be important in shaping and judging the role of the NCS Unit.
8. The partners should seek, in particular, to clarify the role of IUCNP in PEP planning and management to ensure that IUCNP has been given the mandate and the resources to meet forthcoming expectations.
9. The partners should agree to hold an annual workshop of a cross section of the programme's clients and constituents in order to encourage a broader understanding of, and commitment to, its objectives.

³² For a detailed explanation of the nature of programme management as opposed to project, see Dorick Brinkerhoff, Improving Development Program Performance, 1991.

3. The Organization and Management of IUCNP

3.1 Organizational Progress Since 1992

IUCNP has continued to improve its organizational performance and capacity since the last Management Review in 1992. Yet it now faces a series of systemic challenges that come with its increased level of performance. These issues have to do with the management of growth, complexity, consolidation and risk. In the short and medium term, IUCNP needs to adjust its organizational structure again, plan for a possible change in leadership and redesign its financial system. IUCNP's stakeholders such as the donor community and IUCN Headquarters can play constructive roles in supporting its institutional development. A steady and patient application of effort and strategy will be required over a sustained period.

The recommendations of the 1992 Management Review centered on the need for IUCNP to adjust the organizational strategy that had served it well since the late 1980s - centralized leadership, a simple hierarchical structure, basic support systems - to one more suited to the management of a growing staff and an expanding workload. IUCNP had, in effect, encountered the inevitable constraints and opportunities of its rapid growth over the previous two years³³ and needed to find ways to build its capacity for higher performance.

More specifically, the 1992 review team recommended the following improvements:

- More delegation of functional responsibility from the Country Representative to programme heads;
- A simple matrix structure to encourage more internal staff collaboration;
- The introduction of a committee system aimed at developing better decision making and stronger horizontal interaction across the different units;
- More effective financial and personnel management systems;
- A new pay and grading system;
- Closer functional ties with IUCN Headquarters;
- A programme focus on facilitation, capacity building and support to the implementation of the NCS;
- The deferment of plans for IUCNP to become a regional centre for IUCN;
- More programme support for IUCNP from the donor community in Pakistan;
- More attention to staff training and development.

Since the submission of the report of the Management Review in the spring of 1993, IUCNP has made serious and sustained efforts to implement these recommendations. Its initiatives have included the following:

- Increased delegation of functional authority by the Country Representative (CR) to unit heads;

³³ From a staff of 10 in 1990 to about 40 in 1992.

- A series of meetings in 1993 and 1994 with the donor community in Pakistan to solicit more programme funding;
- The addition of about 40 new staff to improve the capacity of IUCNP in areas such as technical analysis and financial management;
- The implementation of the recommended organizational structure including the committee system;
- A series of staff training programmes including a GRID seminar for all professional and administrative staff in Karachi in November 1994;
- The implementation of the new pay and grading system in 1993.

After two years of effort, IUCNP has much to show in terms of organizational development. In many important ways, it has become a more capable and mature organization. It remains one of the best development institutions in Pakistan and compares favourably with similar organizations in Asia, Europe and North America. Yet it still remains a fragile organization facing a series of challenges in its quest for higher performance and sustainability. We would emphasize here that whatever gaps remain are not the result of staff inattention or lack of effort. Rather they stem from the same systemic issue that dominated the 1992 Review: that is, having to deal with the accumulating complex tasks that arise out of rapid growth.

More specifically, IUCNP is continuing its efforts to resolve the following issues:

- How to combine greater decentralization of authority from the CR to programme staff while at the same time improving internal coordination and coherence within IUCNP;
- How to make the organizational relationship between IUCNP and IUCN Headquarters more productive as both organizations restructure themselves;
- How to find and integrate a potential successor to the current CR into IUCNP in as effective a manner as possible;
- How to protect IUCNP from negative trends in the local Pakistani context while at the same time keeping the organization responsive to local needs;
- How to add the capacity for large project management on to a structure which was designed primarily for networking and small project management;
- How to build IUCNP's financial base and reduce its dependence on donor support;
- How to craft a programme that can meet the needs of IUCNP's varied stakeholders and still be manageable;
- How to design IUCNP's financial systems so as to contribute both to financial control and the strategic management of the organization;
- How to develop a more performance and cost conscious culture within IUCNP that can encourage and sustain an entrepreneurial approach to programme design and organizational performance.

In looking back over the last decade of IUCNP's growth and development, there are lessons emerging that could be instructive for other IUCN regional and country offices. In its early formative years (1985-92), IUCNP had many of the characteristics of a young

enthusiast-led organization. Initial stakeholder expectations were low. 'Founder' staff were exceptionally committed to the organization they were creating and most were motivated to serve it beyond all reasonable expectations. Staff served as jacks of all trades which the simplicity of the organization allowed them to do. Its simple management systems allowed for low operational overheads.

But as IUCNP grew and matured in the 1990s, many of these conditions that enabled the young IUCNP to flourish and prosper have changed. As the stature and credibility of IUCNP has grown, the expectations of members and partners have begun to exceed IUCNP's organizational capacity and financial resources. Staff, albeit still as committed, no longer find it possible - or even reasonable - to devote most of their professional and personal lives to the organization. The increasing complexity of both programme and management structures requires a more complex division of labour within the organization implying new staff positions, more financial commitments and added hierarchical complexity. Organizational coherence has become more difficult to maintain. Overhead costs are rising as a proportion of total revenues. The expectations of staff understandably have begun to include longer-term job security and a normal benefit package including pensions. The issue of financial sustainability is now more pressing than in late 1992.

In summary, IUCNP continues to face the issues of managing growth, complexity, consolidation and risk. It must meet a wide variety of needs in Pakistan while not losing its programme focus. It must consolidate its achievements yet remain innovative. It must become more self-sustaining while at the same time relying on the support of its many constituents. And it must plan for the long term while delivering in the short term. In dealing with these issues, IUCNP and its supporters need to understand that no magic solutions exist to resolve these issues in the short term. IUCNP's search for effectiveness and stability will last well into the early years of the 21st century. The key is the patient application of effort and strategy over a long period of time.

3.2 IUCNP'S Strategic Focus and Role

IUCNP's strategic programming decisions shape its approach to organization and management. Three perspectives influence the strategic role of IUCNP. First, IUCNP is a field office of IUCN and has a series of representational and membership responsibilities as a result. Second, IUCNP functions in many respects as an indigenous Pakistani organization and responds to Pakistani constituencies and objectives. Finally, IUCNP must act as a market-oriented entrepreneur that must earn its way much like a commercial enterprise. Balancing the needs of these three perspectives is one of the keys to shaping IUCNP's performance.

3.2.1 Shaping the IUCNP Role

Much of the organizational analysis of IUCNP in this report turns on the crucial issue of IUCNP's strategic focus and role. What role should IUCNP be strengthened to play in the years ahead and why? In simple terms, what is it trying to do and why? Asking and answering these fundamental questions on a regular basis remains one of the key on-going tasks for IUCNP. This section looks at these questions in some detail before focusing on the organizational and managerial aspects of IUCNP's operations.

Shaping the role of IUCNP involves much more than the abstract policy choice that is sometimes implied, for example, between a focus on the catalytic role (facilitation/networking) or the implementation role (to do with project management and delivery) or between comparative models of programme design and management from other parts of the IUCN world. IUCNP is now a 10-year old organization which operates within a complex web of opportunities, constraints and expectations that do not lend

themselves to 'either-or' choices. For example, the following questions must be addressed when discussing the mandate of IUCNP:

- What conditions in the Pakistani context influence the choice of a mandate or direction?
- What is meant by the terms 'facilitation', 'networking' and 'project implementation' in the Pakistani context and how are these activities programmed into a mandate?
- Does IUCNP's role flow from its responsibilities as a country office of IUCN or should IUCNP be seen more as a Pakistani NGO with international links?
- Who decides these mandate questions for IUCNP and which stakeholders must be in agreement with the proposed direction? What, for example, should be the respective influences of IUCN Headquarters, donors, and members?
- How important should capacity building and institutional development be in its mandate?
- What are the financial implications? Who is prepared to pay the costs of the role that IUCNP develops?

3.2.2 The Context Facing IUCNP

IUCNP operates in a series of contexts, both in Pakistan and abroad, that influence its behaviour. Internationally, it is a player both by itself and as part of the wider world of IUCN. As such, it must respond to changing trends in policies and management to do with global environmental and sustainable development issues. Second, it must be responsive to the particular environmental challenges facing Pakistan which differ significantly from those in other parts of the world such as East Africa or Central America. As a case in point, the IUCNP Programme has been less oriented towards the issues of parks and protected areas than its counterparts in Africa, and more towards the development of national strategies, the raising of awareness and the building of institutional capacity³⁴. The focus of attention and effort within Pakistan has also shifted from planning to implementation following the approval of the NCS by the Federal Cabinet in March 1992. The domestic pressure on IUCNP to 'make something happen on the ground' is now greater than two years ago.

The institutional context in Pakistan within which IUCNP must work remains a difficult one. Organizations such as IUCNP that have the capacity and credibility to work with a wide range of organizations are under constant demand from donors, governments and other institutions in Pakistan to participate in a wide variety of activities³⁵. Finally, IUCNP must respond to the changing requirements of its donors most of whom are now interested in capacity development, managing for results, greater participation, privatization and social development.

³⁴ The NCS document contains a wealth of information and analysis on the environmental challenges facing Pakistan.

³⁵ The reverse is true in India where there is a large population of local environmental organizations. Agarwal and Narain, Report on the International Union for the Conservation of Nature, undated, p.20.

3.2.3 Networking and Facilitation as a Programme Objective³⁶

The debate about the role of IUCNP also involves a judgement on the degree of emphasis to be put on networking and facilitation as a programme objective. This issue has been a continuing one in IUCN³⁷ over the last few years and is reflective of the deeper debate about the purpose of IUCN itself. The current plans to reshape the global role of IUCN are premised on a greater emphasis on networking and facilitation both at Headquarters and in the field. Such a focus appears to imply less attention to the implementation of field projects, a smaller organizational infrastructure, less risk and a tighter focus on one of IUCN's comparative advantages.

The 'either-or' nature of this debate - networking versus field implementation - did not prove helpful in analyzing the role of IUCNP. From the perspective of the Pakistan context, the complexities are the following:

- Given its limited access to core or programme funding, IUCNP normally packages its networking activities as projects in order to attract donor funding. Projects which at first glance appear to be traditional field projects are in fact set in an overall context of networking and facilitation;
- IUCNP made its reputation in the late 1980s and early 1990s as a classic facilitator and networker assisting the GOP in the development of the NCS process³⁸. Simply put, IUCNP has been involved in this activity longer and more intensely than virtually any other field unit in IUCN. Yet the more the emphasis of the NCS has shifted to that of implementation, and the more IUCNP's catalytic activities have shown its technical capabilities, the more the pattern of demand in Pakistan for IUCNP services has shifted from pure networking to involvement in field project implementation. In fact, IUCNP has always supplemented its focus on networking activities over the years with an attention to smaller field projects such as Korangi Creek. The lesson from the Pakistan experience seems to be that successful networking programmes find it hard, and in fact counterproductive, to maintain that exclusive focus over the medium and long term especially in countries where local implementation capacity is low³⁹;
- An exclusive focus on facilitation and networking leads to trade-offs that are not immediately apparent. It tends to slowly drain a programme of field-generated experience. Operational learning at and from the grass roots diminishes. Technical staff lose professional motivation and the organization ends up with less to offer on the catalytic side. Indeed, the IUCNP experience (e.g. the Korangi project) indicates

³⁶ The term 'networking and facilitation' is understood in this Report to include activities such as workshops, training, mediation, the provision of technical information and support, policy dialogue with governments, liaising with donors and negotiating for funds, institutional strengthening of local institutions, the formation and maintenance of networks and alliances of local organizations, working with members' committees and local Commission representatives, publication and information outreach, environmental education, monitoring and liaison with members. On the spectrum of broad IUCN activities - understanding, disseminating, convincing, implementing - networking and facilitation focus on the first three.

³⁷ For an earlier analysis of this issue, see Agarwal and Phillips, *Review of IUCN's Programme, 1988-1990*, Nov. 1990. They recommended that IUCN use the following criteria as guides for involvement at the project level: demonstration value, learning value, innovative quality, coordinating capacity, reinforcement quality. (Section 3.44).

³⁸ For an account of this period and IUCNP's role in working with the GOP to develop the NCS, see David Runnalls, *Pakistan and Sustainable Development, An Examination of the NCS Process*, 1994.

³⁹ There is a legitimate debate here between those IUCN field programmes (e.g. Southern Africa) that see facilitation/networking as the wave of the future and the exclusive future role of IUCN (the 'either-or' model), and those programmes such as Pakistan that see a combination of facilitation/networking and project implementation as both desirable and inevitable.

that field project involvement creates the legitimacy which reinforces effective networking and policy advocacy;

- A pure networking model for an organization like IUCN makes the most sense from the global perspective, can be maintained at the regional level (e.g. ROSA), but may be inappropriate at the national and community levels which require more attention to field delivery and implementation;
- The networking model has financial implications for IUCN and IUCNP. Given the reluctance of donors in Pakistan to fund broad networking programmes and the inability of IUCN to provide much in the way of core funding to IUCNP, a focus on networking implies a much smaller programme in Pakistan than local stakeholders want;
- Both activities - networking and field project implementation - can present risks for IUCN programmes. The managerial dangers of larger field projects, especially overextension and overcommitment, are well known. They also give rise to the 'too many eggs in one basket' syndrome that can be financially risky. What seems less evident is the political and organizational difficulties involved in networking. In particular, organizations such as IUCNP have to deal with political suspicion and conflict as they try to bolster and mediate among various groups in a conflicting society such as Pakistan.

In summary, the debate within IUCN about networking versus 'field implementation' has limited applicability in shaping the role of IUCNP. Both are contributing aspects of a complex package of activities that comprise the IUCNP Programme. And both are only indirectly related to the key programming issues - programme coherence, focus, size, complexity and financing.

3.2.4 Field Project Design and Implementation as a Programme Objective

This report prefers to focus on the term 'field implementation' rather than that of 'projects' to describe many of IUCNP's activities. It may be useful at this stage to categorize four types of activities that come under the umbrella term 'field implementation'. First, smaller, experimental projects are required when little is known about development conditions, the feasibility of objectives or the most appropriate interventions. Moving along the scale, pilot projects can be used to test new methods and technologies that have been developed at the experimental stage. Third, demonstration projects can be used to increase the acceptability of new methods on a broader scale. And finally, replication or production activities that evolve from experimental, pilot and demonstration projects can be used to mainstream new approaches into widespread implementation⁴⁰.

The danger in field implementation for IUCNP lies in an involvement in too many field projects in a wide range of geographic and technical areas at the replication or production stage. If IUCNP takes accountability for the management and implementation of projects that are too large and complex, if it focuses on those at the replication or production stage rather than at the pilot or experimental, if it takes on projects that outside its

⁴⁰ For a more detailed discussion of different types of projects and new ways of thinking about the project 'cycle', see Dennis Rondinelli, *Development Projects as Policy Experiments*, 1987 and Robert Piccioto and Rachel Weaving, "A New Project Cycle for the World Bank", *Finance and Development*, December 1994.

comparative advantage and organizational capacity⁴¹, if it begins to compete with its own members for donor projects and finally, if it accepts projects whose direction and style of management are driven by donor requirements, it may put at risk its overall focus and organizational capacity. Project failure is also likely to undermine IUCNP's credibility with the donor community as well as with members and project partners, and this either directly or indirectly will impact on the organisation's finances.

3.2.5 Three Perspectives on the Role of IUCNP

Part of the difficulty in sorting out IUCNP's strategic focus and role comes from the need to understand (and eventually to balance) three perspectives on its work. Discussions about IUCNP's role that include only one or two of these perspectives fail to come to grips with the complexity of the choices facing the organization:

IUCNP as a Field Office of IUCN in Pakistan

Section 5 below provides more analysis of IUCNP's role as the Pakistan Country Office of IUCN. For the purpose of this discussion on IUCNP's role, this international connection has a number of implications. First, in terms of its legal status in Pakistan, the GOP recognizes IUCNP as a field office of an international organization (i.e. IUCN) rather than as an indigenous Pakistani organisation. As such, IUCNP is entitled to certain tax and importation privileges that facilitate its work. These are important advantages for IUCNP and there is no wish nor need to alter this status. Second, its role as an IUCN field office leads to a series of formal responsibilities on behalf of the World Conservation Union. IUCNP remains accountable to the Director General of IUCN in Gland for the efficiency and effectiveness of its work including the PEP. IUCNP must represent IUCN's interests in Pakistan and must shape its mandate and design its programme in support of IUCN's global strategy⁴². And third, IUCNP must organize itself as a membership organization and provide services to the Pakistani members of IUCN. This perspective of IUCNP as an IUCN 'outpost' in Pakistan understandably shapes much of the thinking about IUCNP at the Gland Headquarters.

IUCNP as an Indigenous Pakistani Organization

It is clear, however, that IUCNP's current role in Pakistan cannot be understood solely - or even mainly - from the perspective of its status as an IUCN field office. IUCNP also has a separate but interconnected role as a non-profit Pakistani organization supporting local efforts to promote sustainable development, particularly through the National Conservation Strategy. To do this, IUCNP must respond to Pakistani constituencies. This national focus is heightened by IUCNP's establishment as a country office of IUCN as opposed to the more conventional regional structure that makes up the major IUCN programmes in Eastern and Southern Africa or Central America. Its objectives and programme direction are thus by both circumstance and design more nationalist than those of its regional counterparts in IUCN. The claims of its domestic stakeholders - especially its Pakistani members, different levels of government at both the federal and provincial levels, donors, its own local staff - compel IUCNP to focus directly on Pakistani issues. In an operational sense, IUCNP has as much a Pakistani ownership as an international one.

⁴¹ Most of the 'new' projects that IUCNP will soon begin to implement lie in the 'heartland' of IUCN's knowledge and technical capability - parks, biodiversity, preservation, forest protection and others.

⁴² For an outline of this global strategy, see The Strategy of IUCN as adopted following the 19th Session of the IUCN General Assembly, IUCN, June 1994. The mission statement and more specific objectives can be found in paras 13 and 14 of this document.

This indigenous organization perspective has two implications for the role and mandate of IUCNP. First, its non-political stance and its range of connections allows IUCNP to act as intermediary organization⁴³ in Pakistan, as opposed to a grass roots organization such as the Aga Khan Rural Support Organization Pakistan (AKRSP), a classic membership organization such as a trade union, or an educational institution such as the Lahore University of Management Sciences (LUMS). More specifically, this intermediary function allows IUCNP to create and spin off new NGOs such as the Sustainable Development Policy Institute and to maintain a posture of neutrality that allows it to build networks amongst different groups and organizations in Pakistan.

Second, it is important to understand the role of IUCNP and other indigenous organizations in the development of civil society and good governance in Pakistan. For many Pakistanis, the institutional hope for the country lies in the rise of a new generation of Pakistani institutions, both in the private profit and the NGO sector. These institutions are seen to have the potential to be accountable and responsive, to collaborate, to deliver services and to encourage participation amongst a wide variety of groups and individuals. In the final analysis, IUCNP plays an even broader role than simply promoting conservation and sustainable development. It sees itself, along with other local institutions that arose in the 1980s and 1990s, as promoting institutional and social change in Pakistan.

IUCNP as a Market-Based Entrepreneur

Discussions of the role of IUCNP cannot be separated from the volume, type and source of its funding. As is discussed at some length elsewhere in this report, IUCNP has no endowment, no independent source of financing and receives limited unrestricted core funding from IUCN. To sustain itself financially at a higher level of volume and performance, IUCNP is now facing the task of organizing itself as a market-driven enterprise with a results-oriented culture. It must shift from being an expenditure-driven organization to one that is oriented to revenue generation. It must therefore earn its way much like a commercial enterprise - covering overheads, controlling costs, judging profit and loss, responding to changing needs of the development market in Pakistan and balancing risk, investments and sustainability. For a variety of reasons that have to do with their own policies and capacities, virtually all of IUCNP's major customers and clients in Pakistan, including members, the GOP and donors, want it to play a broader role including networking, policy advocacy, field project implementation and membership support. The issue of role and programming focus cannot be separated from the question of financial sustainability.

3.2.6 The IUCNP Country Model

In balancing these three perspectives, IUCNP has incrementally developed a country model which it believes responds to the needs of the various contexts in which it works in Pakistan and abroad. This model has the following characteristics:

- The need to respond to all three of the perspectives described above. IUCNP has thus gone far beyond the role of an IUCN field office and has become an important development actor in Pakistan i.e., its programme focus is more comprehensive than niche;
- The IUCNP Programme, thus responds directly to Pakistani environmental needs and values. While IUCNP believes that its programme is fully consistent with the broader purposes of IUCN, its main impulse is indigenous not global or regional;

⁴³ For an analysis of intermediary organizations in other parts of the world especially Latin America, see Thomas Carroll, Intermediary Organizations: The Supporting Link in Grass Roots Development.

- A willingness to work with all types of partners in Pakistan including Government at all levels. Its relationship with the GOP may be unique in IUCN;
- A synthesis or a hybrid of networking and field implementation projects;
- A wish to balance its significant operational and financial autonomy with its support of and membership in IUCN, The World Conservation Union;
- A mainly Pakistani staff and leadership but with the use of expatriate personnel for specialized tasks;
- A strategy that is membership influenced rather than driven.

In general, this report supports the direction of the Pakistan country model. It is important for other observers in IUCN to understand the model for what it is - an understandable response to a certain set of conditions at a country level. It is for this reason that other programme models from the IUCN world are not likely to fit the needs of the Pakistan context. For example, adoption of the IUCN Southern Africa model - far fewer staff, responsive to the needs of a region, much less involved in large projects, less organizationally-complex, more membership-driven, less direct involvement with governments - would satisfy few of IUCNP's Pakistani stakeholders and would compel IUCN Headquarters or some other donor to come up with more core funding. The Eastern Africa model - strong field project orientation, less involvement in strategy development, limited membership involvement - would have little relevance for the implementation of the NCS.

In our judgement, IUCNP should maintain its current focus provided it limits its involvement in large field projects at the 'production' end and continues to build its capacity to handle the organizational demands of a broadly-based programme. Virtually all the pressures in Pakistan are pushing IUCNP in the direction of a complex, multi-component role that involves networking, strategy assistance, institutional and capacity development and project delivery in support of the NCS. IUCNP remains in the mid-1990s a unique institution in Pakistan with a comparatively well-developed capacity to assist in the implementation of the NCS. Playing a niche role or sticking strictly to a narrow concept of comparative advantage is next to impossible given the demands made upon IUCNP by its stakeholders. This pressure for IUCNP to play a multi-functional role was evident in 1992 and remains as strong in 1995. The management challenge for IUCNP is not so much one of choosing a limited role as it is managing the synergy and creative tension among a variety of activities⁴⁴. This choice of a broader role has important implications for both IUCN Headquarters and IUCNP and we will address these later in this report (see Section 5).

3.2.7 Future Directions for IUCNP Strategic Focus and Programming

Given this IUCNP role and model, how should IUCNP think about its future programming directions? What will be the implications for programmes such as the PEP?

- IUCNP still must continue to shape its role with a 'broad vision and a tight focus'. While IUCNP must design and manage a multi-activity programme, it cannot act as a development agency or an all-purpose development institution. The 1992 Management Review stated that "undue diversification has the potential to overwhelm its capacity and undermine its effectiveness. IUCNP needs to think through its comparative advantage and its core purposes... It must be more

⁴⁴ At the risk of oversimplification, IUCNP's field activities can be grouped into four broad categories - IUCN representation and membership services, networking/facilitation, small project involvement and large project delivery.

discriminatory and less opportunistic with regard to its activities. And it must continually prune and focus if it is to create the critical mass necessary to make a real difference."⁴⁵ This advice remains as true in 1995 as it was in 1992.

- IUCNP must, therefore, do two things on a continuous basis: First, it must maintain a clear sense of its comparative advantages and competencies, i.e. those key skills and contributions that it can provide better than other organizations in Pakistan⁴⁶. The programming and organizational strategy then will need to be framed to both develop and maintain these skills. Second, IUCNP must retain a resolute sense of direction and a transparent and easily-applied mechanism for establishing priorities. The cornerstones of this process are the National Conservation Strategy and then IUCNP's Country Programme itself. The former has four main themes - institutional development, field demonstration projects, legislation and public awareness, which in turn have been adopted as the major themes of the IUCNP Programme. IUCNP still runs the risk that these themes will lose prominence as the major thrusts of the Programme and will become diffused and dissipated amongst a range of other competing priorities and practical considerations. IUCNP needs to review continuously its Programme to demonstrate more clearly its responsiveness to the four main themes of the NCS and its relationship to IUCNP's comparative advantages.

This report recommends two main mechanisms to achieve this. In the first instance, IUCNP should review and if necessary update its overall policy statement which defines IUCN's mission in Pakistan. Second, IUCNP should launch a dynamic process to maintain, adapt and consolidate the IUCNP Programme. This report recommends that this be achieved through an Annual Planning Exercise (see section 3.4.6), coordinated by the Programme Coordination Committee.

IUCNP must be cautious about its involvement in larger projects, three of which are scheduled to come on stream in 1995. The PEP, the EU Uplands Project, the new phase of the Sarhad Provincial Conservation Strategy (SPCS) and the UNDP/GEF Sustainable Wildlife Project, will make a valuable contribution to the implementation of the NCS. They will also allow IUCNP to learn from experience and bolster its finances. But IUCNP has only a limited experience in the delivery of large projects and will need to build its capacity rapidly to handle the extra demands. In future, IUCNP must be insistent that it be given the opportunity to shape donor projects proactively to fulfil the goals of its programme rather simply playing the role of an executing agency on behalf of other organizations.

IUCNP's anticipated involvement in the upcoming provincial conservation strategies, most of which are in the concept and early design phase, present a good opportunity for this type of programmatic leadership. However, because of the scale of these activities, IUCNP will need to be realistic about its capacity to launch these programmes in the foreseeable future, despite their obvious importance in the implementation of the NCS. IUCNP's involvement in the provincial strategies will have profound implications on its overall direction and structure - an overall increase in the size of the organization, greater technical and logistical demands on all the staff, the establishment of more field offices and many others. This report recommends that IUCNP develops a clear and pragmatic timetable for the development and launching of these initiatives based on staff/organisational resources and constraints, on the timetable for establishing new

⁴⁵ 1992 Management Review, p.10.

⁴⁶ IUCNP's core skills at the moment could be classified as the following: strategy development, networking and liaising with donors and governments, providing access to global learning through IUCN, media relations and publishing through the Journalists' Resource Centre (JRC), interdisciplinary work (integration).

financial and project management structures and systems, and on lessons learnt from the other large projects currently coming on stream.

Although not an immediate priority, we suggest that IUCNP carry out an evaluation of its Programme. While this report and the 1992 Management Review have set out an in-depth assessment of IUCNP's management structures and its broad strategic directions, neither has carried out an in-depth analysis of the Programme itself. Such an evaluation might take place three years from the launch of the NCS implementation phase; i.e. late 1996. The objective would be to advise IUCNP (rather than its donor partners) on the effectiveness and relevance of its substantive programmes. The evaluation team might consist of IUCNP staff, IUCN officers from other IUCN programmes or Gland, consultants hired by IUCNP, and one or two of the Pakistani members.

Finally, IUCNP must also continue to think carefully about its approach to the organization and management of its Programme. Like most organizations that have a comprehensive mandate and a constant stream of demands, IUCNP must juggle and balance a complex set of pressures and tensions amongst the availability of funds, the overall direction of its programme, the quality of its work, the satisfaction of its stakeholders and the capacity of its organization. When any one factor loses 'fit' (e.g. a funding crisis, inadequate capacity to manage a provincial strategy or a loss in confidence of government(s) or donor(s), IUCNP suffers an overall drop in performance. It must, therefore, structure itself on a flexible, elastic, modular basis that allows it to grow and shrink with minimal disruption to its core activities. As will be discussed later in this report, IUCNP must avoid the danger of the 'creeping core' i.e. a slow but inexorable expansion of its core liabilities beyond its capacity to service them financially. It must decide which functions should be 'bought' from the outside and which should be 'made' into a core function⁴⁷. Functions which are not central to the Programme should be devolved to, or carried out in partnership with, autonomous partner organizations. This has already happened in the case of information networking (Sustainable Development Network) and policy research (Sustainable Development Policy Institute). IUCNP must manage its web of organizational relationships carefully. It must improve its capacity for organizational learning. And it must pay continual attention to financial risk and sustainability. The balance of this report addresses these issues.

3.2.8 Recommendations

10. IUCNP should maintain a broadly based programme at the country level rather than a more narrowly focused 'niche' strategy.
11. IUCN should accept the Pakistan 'model' for what it is - a particular response to a certain set of conditions. While such a model cannot be transferred easily, it can be a source of lessons for other IUCN programmes around the world.
12. IUCNP should regularly rethink and update its policy statement and programme document which sets out its mission.
13. IUCNP should be cautious about the number and type of larger projects that it implements on behalf of international donors. No additional major programmes or projects, other than those already in the pipeline including the PEP, the EU Uplands Project, the new phase of the Sarhad Provincial Conservation Strategy (SPCS) and the UNDP/GEF Sustainable Wildlife Project, should be accepted until IUCNP's builds additional organizational capacity to handle such activities.

⁴⁷ We address this issue in more detail in Section 4 with respect to institutional development.

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14. IUCNP should consider conducting a programme evaluation in late 1996 or early 1997.

3.3 The Organizational Structuring of IUCNP

IUCNP needs to continue adjusting its organizational structure as its workload grows in volume and complexity. Specifically, this means putting in place a new management tier, gradually reorganizing reporting lines and organisational groupings, building its capacity for programme implementation, and redesigning the committee system to encourage greater collaboration within IUCNP.

3.3.1 Introduction

As has already been stressed in this report, the work of IUCNP is becoming progressively more complex. Its workload and staff size are increasing. To adjust to those trends, IUCNP is facing more organizational restructuring. In doing so, IUCNP needs to keep a number of important points in mind:

- IUCNP must continue its transition to a new style of leadership. Great strides have been made in delegating and devolving responsibility from the CR to programme heads. The office is, however, still at the early stages of dispersing authority and encouraging initiative from the middle and lower levels of the organization. Care must be exercised in this regard since a poorly designed approach to decentralization can cause problems;
- IUCNP staff must adjust even further to working in multiple roles as a response to the growing complexity of the work. Staff will simultaneously fill six positions: first, that of an individual worker with his/her own job descriptions; second, a member of a specific programme unit such as JRC; third, a member of a committee; fourth, a member of one or two cross-functional, interdisciplinary teams set up to manage a specific programme or project; fifth, a staff member of IUCNP, the corporate entity; and sixth and finally, a staff member of IUCN, the global organization. IUCNP is still evolving an approach which can combine hierarchy and job clarity with more flexible forms of lateral cross-programme coordination;
- Finally, we would stress that it is important for IUCNP not to give undue importance to the stability and clarity of its formal organizational structure for two key reasons. First, as IUCNP strives to maintain its flexibility and adaptability, the formal structure is simply one device among many that are needed to achieve those goals. Other approaches such as cross-functional teams, committees, improved communication, changes in attitude, difference styles of leadership and many others are equally important. IUCNP staff need to be as concerned about the nature of their work and the impact of their contribution as they are about their place in the hierarchy. And second, IUCNP faces a future of continuous restructuring as it evolves in the years ahead. If well managed, organizational changes can be evidence of growth and staff adaptiveness. As IUCNP becomes a more complex organization operating in a rapidly changing context, staff job security and psychological comfort will come not from having a well-defined niche in a hierarchical structure. Rather, it will stem from the value of their professional skills and the overall coherence and spirit of IUCNP.

3.3.2 Formal Organization Structure

As discussed above, IUCNP needs to restructure itself again to deal with growth and more task complexity. Specifically, the new structure needs to:

- create a senior management tier to support the CR
- address the succession issue

- build capacity for the management of large projects
- create as little disruption as possible
- be achieved relatively cheaply
- help improve the financial and personnel management of IUCNP
- contribute to the resolution of the delegation/coherence issue
- clarify the status of project-programme-core staff
- address the Karachi-Islamabad office relationship

We believe that IUCNP must try to achieve these objectives in stages. As will be seen later in this report, the appointment of a successor to the present CR is unlikely to occur until 1996. IUCNP is also not now in a position to pay additional senior management staff. The recruitment of project management staff will take some months to accomplish. We are therefore suggesting that an 'interim' organizational structure be put in place as soon as possible which builds on the current functional model but incorporates a new management tier which will be able to work with the CR in instilling a more collective approach to leadership. The interim model will pave the way for a further stage in the organisational evolution of IUCNP, which is termed in this report the 'decentralized consolidation' model (see below).

The New Management Tier

In the current organizational structure of IUCNP, the CR directly supervises the work of all the technical units within the Karachi Office, the Finance and Administration Department in Karachi, the Heads of the Islamabad and Peshawar Offices and certain technical units within these offices. This supervisory load combined with her representational, membership and donor liaison functions plus her involvement with the IUCN Secretariat has now become excessive.

We, therefore, recommend the creation of a new senior management tier below the CR. Under the interim model to be in place over the next 12-18 months (see below), this tier would be composed of the Heads of the Karachi F&A Department, the Programme Support Unit and the Islamabad and Peshawar Offices, plus the three Heads appointed to the broad programme supervisory positions discussed below.

The functions of such a management tier would be threefold:

- To provide a communication channel to bring the views of operational staff to the attention of senior management;
- To advise the CR on all programme and management issues facing IUCNP;
- To comprise the Management Committee of IUCNP which would deal directly with issues that need senior management attention.

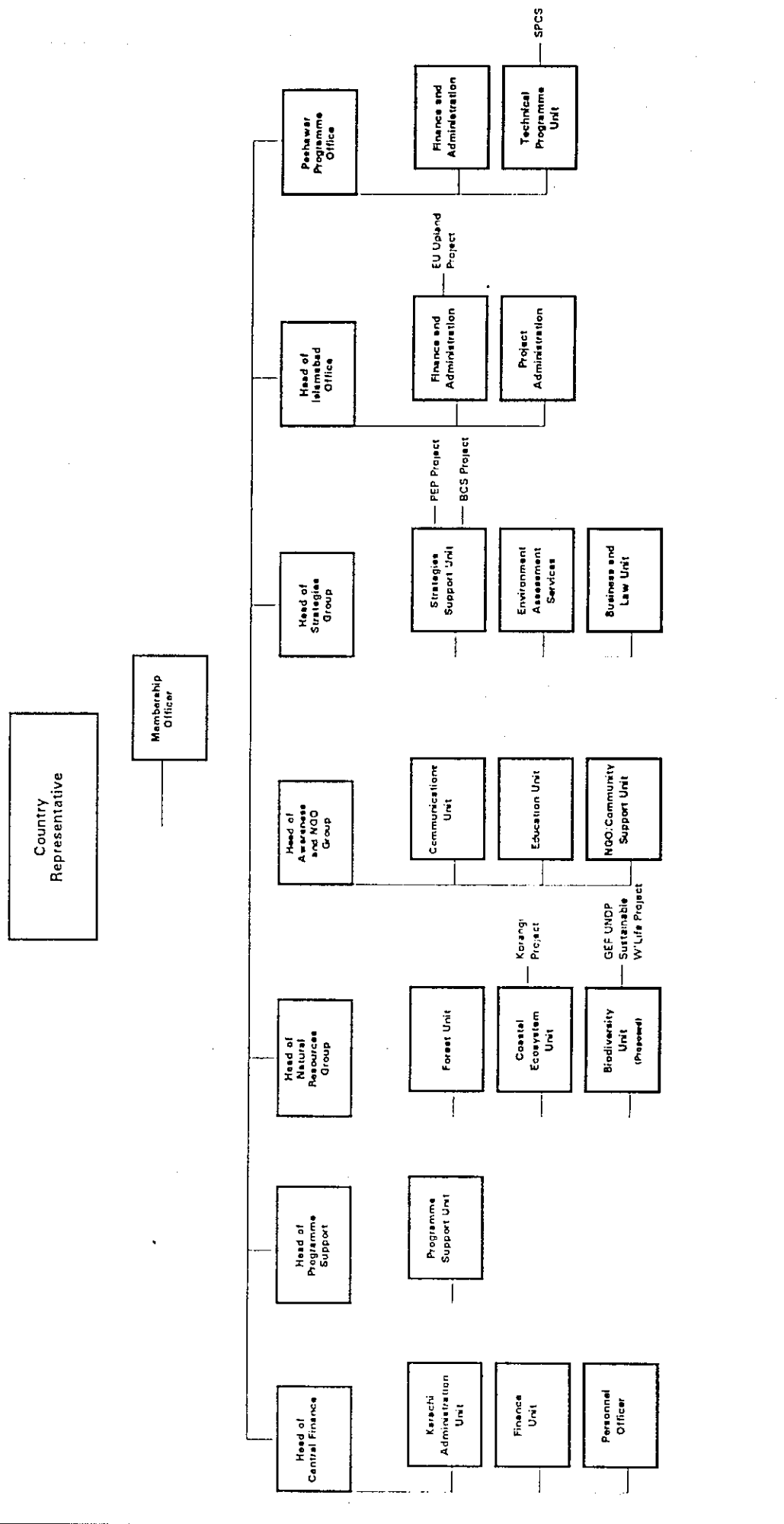
The Interim Organizational Structure

Based on the creation of the senior management tier, IUCNP should shift to an interim organizational structure that will meet a number of the objectives set out above. Organization Chart 1 sets out the interim model of the IUCNP Country Office. This structure has the following features:

- A senior management tier of seven staff (excluding the CR) to be filled by existing staff taking on additional responsibilities rather than by new appointments. In this model, three new programmatic theme areas are created: the "Strategies Group"; "Natural Resources Group"; and "Awareness and NGO Group". Each theme group has a head appointed from existing IUCNP technical staff;

IUCN PAKISTAN COUNTRY OFFICE

PROPOSED ORGANIZATIONAL STRUCTURE (INTERIM MODEL)



The Strategies Group should comprise the existing Strategies Support Unit based in Islamabad plus the Business and Law and Environmental Assessment Units which are located in Karachi;

The old Field Projects Department should be reorganized into a Natural Resources Group comprising the Forest Unit, Coastal Ecosystems Unit and the proposed Biodiversity Unit;

The Awareness and NGO Group should comprise the Journalists' Resource Centre, NGO/Community Support Unit and the Education Unit, all located in Karachi;

- The basis of the new management positions remains functional in the interim model rather than geographic. Furthermore, the technical rather than geographic basis of the new programme theme areas will ensure the continuation of the collaborative, matrix style of programme management which IUCNP has developed since 1992;
- The support functions of administration, finance and personnel should be combined into a central Finance and Administration Department in Karachi. For cost reasons, we do not recommend that a separate Personnel Officer be hired in the short and medium term. This responsibility could perhaps for the time being be fulfilled by the Personal Assistant to the CR;
- A Project Administration Unit should be established in the Islamabad office to provide administrative and logistical support to upcoming major field activities such as the EU Uplands Project;
- A Programme Support Unit (PSU) should replace the old Project Support Unit. In this model, PSU will have a broader mandate to coordinate the overall IUCNP Programme (through its role as Secretariat to the Programme Coordination Committee) as well as maintaining its existing role in providing project development, monitoring and evaluation support services to other IUCNP technical units. Responsibility for the *implementation* of programmes and projects will lie with the individual units concerned;
- The Journalists' Resource Centre should be renamed the Communications Unit to better reflect its evolving mandate and to be more comparable with other IUCNP units such as the Business and Law Unit, the Education Unit etc.

The Decentralized Consolidation Model

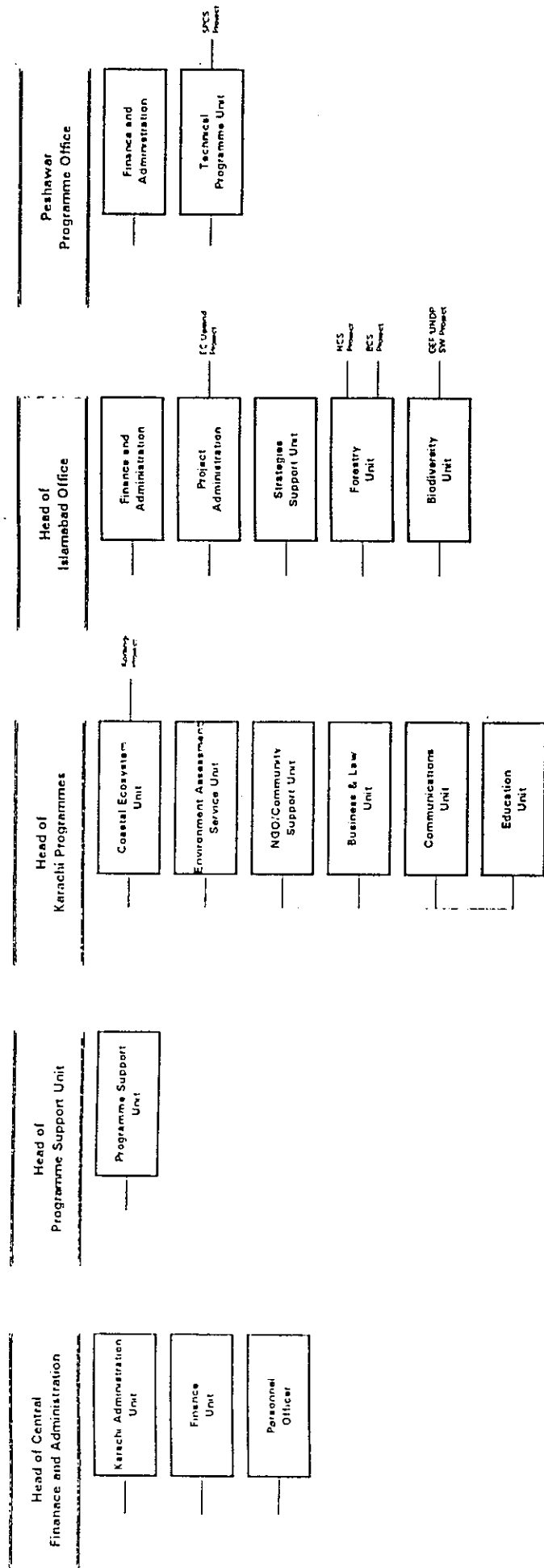
Organization Chart 2 sets out the second structure or the decentralized consolidation model which should come into place within few years. The timing of the shift to this later phase of organizational structuring will be determined by the availability of adequate financing and by the pace of development of the Islamabad and Peshawar Offices. This structure has the following characteristics:

- The functional basis of the unit heads shifts from technical to geographic (Karachi, Islamabad and Peshawar). As the task complexity of IUCNP grows, the Islamabad and Peshawar Offices will inevitably take on greater responsibility and autonomy, and will need to have their managerial and programmatic capacity strengthened accordingly. The Islamabad Office, for example, will assume greater responsibility for the management of specific programmes such as the Forestry Unit and the Biodiversity Unit as well as major field initiatives such as the EU Uplands Project. Similarly, the Peshawar Office will assume increasing responsibility for a range of activities in NWFP over and above the existing SPCS Project. The switch to a geographic structure allows for this transition;

IUCN PAKISTAN COUNTRY OFFICE - PROPOSED ORGANIZATIONAL STRUCTURE (DECENTRALIZED CONSOLIDATION MODEL)

Country Representative

Membership Officer



- A new post, the Head of Karachi Programmes, is established with responsibility for line management of all programme areas and professionals in the Karachi Office;
- Technical coordination of the various programme areas such as natural resource management and environmental awareness remains critical. Three interdisciplinary committees (rather than line management) should be established to take care of this technical coordination function.

This report recommends a staged evolution from the interim model to the decentralized consolidation model. The latter will require a strengthening of the Islamabad and Peshawar Offices at senior and middle management levels which will in turn necessitate the appointment of new staff, reassignment and/or retraining of existing staff, and the development of new management systems and reporting lines. All this will take time and money which is not immediately available. In particular, the relationship between the Karachi and Islamabad Offices promises to be an important one for IUCNP which needs to be structured carefully in the early stages.

3.3.3 Decentralization of IUCNP: The Karachi-Islamabad Relationship

Several IUCNP staff advocated the transfer of a number of programme activities from their present location in Karachi to Islamabad. Islamabad is the location of the central government and donor offices and is closest to many of the northern conservation areas in which IUCNP is launching project activities. The current security situation in Karachi is another argument in favour of a greater IUCNP presence in Islamabad. There are, however, equally compelling reasons for maintaining a strong programme focus in Karachi:

- As the commercial and communications centre of Pakistan, a Karachi headquarters facilitates close communication with the NGO and the private sectors;
- It also can provide a base for IUCN's collaborative activities with Sindh provincial government departments and for IUCNP's activities in the coastal ecosystems;
- Islamabad, like other newly-created capitals around the world⁴⁸, gives the appearance of being an artificial creation too isolated from day-to-day Pakistani realities;
- The majority of IUCNP's current infrastructure and staff establishment is located in Karachi and any rapid relocation would represent a massive upheaval and possible alienation of those staff unwilling or unable to relocate to Islamabad;
- IUCNP needs to keep an arm's length relationship with the GOP, an objective which is easier to achieve in Karachi rather than Islamabad.

We do not, therefore, recommend a relocation of the IUCNP headquarters to Islamabad. We do, however, recommend that IUCNP begins to move towards a geographically-oriented, decentralized institutional structure in which:

- Islamabad's budgets and revenues are fully incorporated into a consolidated IUCNP Cost Centre and its staff are appointed to the IUCNP staff establishment;

⁴⁸ Canberra, Brasilia, Belmopan, Ankara, Abuja, Ottawa.

- The Islamabad Office is given greater autonomy, in particular regarding finance and administration and project implementation capacity. New systems and procedures need to be established to support this, and staff familiarized and trained in their use;
- A division of labour is established whereby responsibility for implementing discrete areas of the IUCNP Programme is apportioned between the two offices as appropriate and according to staff availability;
- The Head of the Islamabad Office participates in overall IUCNP management structures including the key management committees. In addition, consideration should be given to further ways of ensuring improved coordination and cooperation between the two offices including the improvement of internal communication systems;
- A review of staffing needs and skills is undertaken in the Islamabad Office to identify areas where new staff or staff training would be required to fulfil the additional responsibilities.

We should add here that the attention paid in this report to the role of the Islamabad office does not indicate a lessening of the importance of the Peshawar office. At present, Peshawar is managed as a project rather than as a official office of IUCNP (with the various representational, programmatic and managerial responsibilities the latter entails). We believe this status should continue in the medium term and be reflected in the decentralized consolidation model. Depending on the growth of IUCNP over the next five years, it might be advisable at that time to readjust its status within IUCNP. In the meantime, the Peshawar office should continue its lead role in the SPCS.

3.3.4 Project Management and Implementation

For most of its organizational life, IUCNP has used a conventional hierarchical structure coordinated through committees and the authority of the CR to carry out its tasks, mainly networking/facilitation and the management of small projects. With the commencement of three large projects in 1995 - the PEP (C\$15.0 million), the EU Uplands Rehabilitation Project⁴⁹ and the GEF/UNDP Sustainable Wildlife Project - this structure needs further development and adjustment.

The immediate management issues are the following: how can the Pakistan Programme build and add the capacity for the management of large projects onto a structure designed primarily for the delivery of small projects and networking services? How, in practice, can IUCNP combine the project management model and the networking model⁵⁰? And how should IUCNP limit its liability for core costs over the longer term? These issues take on greater importance given the growing financial importance of project revenues for the support of the IUCNP infrastructure and IUCNP's comparative lack of experience in handling major field project commitments.

The key adjustments proposed in this Report are four: first, for each and every project clearly identifying a 'Focal Point' from the IUCNP professional staff who will take lead responsibility for supervising project design and implementation; second, the

⁴⁹ For an analysis of the EU project, see James Ramsey, EC Environmental Rehabilitation Project Pakistan: Comments on Project Development, November 1992.

⁵⁰ The Pakistan programme is adding the management of large projects onto a structure designed primarily for networking and small projects. The East Africa programme of IUCN will likely go in the opposite direction i.e. adding networking onto a structure designed for the management of large projects. The shift of the Pakistan programme is likely going to prove more difficult.

establishment of self-organizing peer groups or support teams to provide back-up to the Focal Point in project design, monitoring and technical oversight; third, restructuring the role of the Programme Support Unit; and fourth, strengthening IUCNP's project administration capacity, specifically through establishing a Project Administration Unit in the Islamabad Office and strengthening the Karachi Office's administrative team.

The role of the 'Project Focal Point' is a critical one and should not be underestimated. S/he will be the IUCNP staff member who will normally have developed the initial project design and will be responsible for overseeing project implementation according to the stated goals, outputs and deadlines. Simply stated, the Focal Point is the IUCNP staff member (as opposed to project contract employee) with overall responsibility for the project concerned, save for the ultimate responsibility of the Country Representative and, through the CR, the IUCN Director General. Suggested TORs of the Project Focal Point are given in Annex 3.

We recommend that for each project the Focal Point is backstopped by a "Support Group" comprised of other IUCNP professional staff with relevant experience to the project concerned. During project development, the Support Group will act as a sounding board for the Focal Point - providing ideas and comment and ensuring that projects are not designed in isolation. During implementation, the Support Group will provide ongoing interdisciplinary technical support and programme integration. The Group can play an effective role in the technical monitoring of project activities and in reviewing project reports and other documentation generated by the project. As far as possible, the Support Group should remain constant throughout the life of the project.

The third step is to strengthen and clarify the role of the Project Services Unit. This Unit was established several years ago to provide assistance to IUCNP's technical units in designing project activities and project tracking, reporting and evaluation systems. These functions should continue under a renamed Programme Support Unit (PSU) which would have the added responsibility of assisting the CR in guiding and coordinating the overall IUCNP Programme. The PSU should function mainly as a technical advisory unit and would not have the capacity to manage projects as such, a function which should remain with the respective programme units (specifically, the Project Focal Point) supported by IUCNP's project administrative capacity. The PSU should also remain in the Karachi office and thus would have limited access to the project sites in the north of Pakistan. Suggested TORs for the PSU are provided in Annex 4.

The fourth step is to strengthen IUCNP's project administration capacity. We recommend two approaches. First, the establishment of a new and separate Project Administration Unit in the Islamabad Office with particular responsibility for providing administrative support to the major new project activities. This Unit should initially be staffed by one Project Administrator and an Assistant Projects Officer. The main function of the Unit will be to equip IUCNP with the capacity to handle the operational tasks associated with large project management - contracting, equipment procurement and upkeep, and personnel issues. Suggested TORs may be found in Annex 5.

Second, we recommend the strengthening of the Karachi Office's project administration capacity. We propose this be achieved by reorganizing the Karachi Office's administrative functions within a newly-established Administration Unit within the Central Finance & Administration Department. The Head of the Administration Unit will be responsible for coordinating administrative services to the Karachi Office, specially project administration services. The suggested TORs for this post may be found in Annex 6.

3.3.5 Delegation and Coherence

IUCNP continues to struggle with the classic dilemma of all complex organizations: namely how to combine the need to divide the work of the organization into manageable specialized packages (specialization and focus) with the need to coordinate and integrate the work into a coherent purpose and impact. From 1985-1992, IUCNP addressed this issue by organizing itself as a simple structure with individual staff handling specific functions and the coordination and overall direction supplied by the CR (Phase 1). After the 1992 Review, IUCNP entered what might be called Phase 2 - that is, much more delegation of authority from the CR to unit heads in an effort to decentralize the structure of the organization.

Phase 2 has made solid progress in this area but has come up against the constraints that are always present in the delegation/coherence conundrum. For a variety of reasons, some unit heads have been able to handle more authority and autonomy better than others. The CR herself understandably finds it hard to balance old and new styles of leadership. Some key functions such as fund raising and dealing with donors are still handled centrally (i.e. by the CR). The CR also handles most of the mediation and boundary-setting between units (i.e. through the hierarchy) and still does most of the broad cross-unit strategic thinking and planning. Individual unit heads have tended to end up focused on their immediate tasks (delegation) at the expense of a more holistic view of IUCNP (coherence).

A number of IUCNP staff expressed their unease about the growing lack of coordination and coherence in IUCNP. The fear was of an IUCNP beginning to fragment up into individual programme empires. We take this unease as a natural stage in IUCNP's attempts to combine more operational autonomy at the level of programme managers with the need to encourage a coordinated approach. This report suggests that IUCNP is now poised to move into Phase 3 in its efforts to reconcile delegation and coherence. The efforts by the CR to lessen her involvement in the technical and administrative work of individual units should continue and IUCNP should systematically look at the various delegations (cheque signing, contract signing, etc) to see what can be expanded. At the same time, IUCNP needs to restructure itself to, in effect, combine delegation and coherence⁵¹. All staff at the technical and professional level need access to aggregated information, particularly financial, that can give a overall corporate view. More efforts need to be made to articulate and instill the common purposes and values of IUCNP. Cross-functional teams and committees need to develop a better capacity for collective decisions on issues of broad IUCNP policy rather than leaving them to the discretion of the CR. Staff need to understand that they are accountable both for the effectiveness of their unit and of IUCNP as a whole. For example, fund raising should be the joint responsibility of all programme directors and the CR. More and more, the CR must become responsible for the effective performance of IUCNP as a system and less for the carrying out of individual functions. Again, we would add that achieving Stage 3 is not easy for staff that are still surrounded by many of the hierarchical traditions of Pakistan. But embedding the capacity for self-organizing at the middle levels of IUCNP is ultimately the only way that IUCNP can deal with the accelerating complexity and volume of its work over the medium and long term.

Finally, the Review recommends that the IUCNP look at simple mechanisms for bringing together IUCNP staff to enhance communication and the sense of a unified sense of direction in the organisation. For example, technical staff should have 'brown-bag' lunches or other occasions in which the technical staff gather together on an informal basis. At these sessions, one or more staff members would make a presentation on a

⁵¹ This classic issue of organizational design is also a challenge for IUCN on a global scale. See Section 5 below.

particular subject area - for example, a project in its formative stages or a policy issue with implications for IUCNP's Programme - and receive constructive criticism and ideas from as broad a range of colleagues as possible. Should these sessions prove useful, they could even on occasion be opened up to other development organizations based in Karachi.

Although the sheer size of the Karachi Office staff complement now makes full staff meetings difficult, we nonetheless recommend that occasional but regular meetings (say every two months for Karachi but more frequently for the Islamabad and Peshawar Offices) of the full staff of each of the offices be convened to discuss general staff concerns, office management issues, and to ensure that all members of staff are aware of major developments and directions in the organisation.

3.3.6 The Committee Structure

In addition to the design of individual jobs, the formal hierarchy of the organization and the establishment of cross functional teams, the committee system is the other structural device that IUCNP can use to manage its work. In IUCNP, this committee system should be comprised of the Programme Coordination Committee, the Project Review Group, and the Management Committee.

Programme Coordination Committee (PCC)

IUCNP established the PCC after the 1992 Management Review. By most accounts, it has proved an effective addition. Some staff members, however, felt that it had proved less successful at providing leadership and coordination to the overall Pakistan Programme than it had at evaluating and guiding individual programme components. Hopefully, IUCNP's annual planning exercise (see section 3.4.6), which should be coordinated by PCC, should provide an opportunity to committee members to develop this broader perspective. In addition, we recommend the following changes to the operation of the PCC:

- PCC should continue to be chaired by the CR until such time as the Head of Karachi Programmes is recruited;
- In addition, PCC membership should include all Group Heads plus heads or other nominated alternative representative of each programme unit. Other members of the programme staff would not be required to attend meetings but might attend any meeting of particular relevance at the discretion of their respective Group Head. All programme staff would be expected to participate in the annual planning exercise. PCC Meetings, logistics and finances permitting, might be usefully rotated between the Karachi, Islamabad and Peshawar Offices;
- PCC should facilitate the matrix coordination processes established after the 1992 Management Review which have helped to promote cooperation amongst IUCNP technical staff and to engender a sense of ownership of the overall Programme. The need to foster these systems will intensify once IUCNP moves towards a more decentralized, geographically-focused organization;
- PSU should provide the secretariat to the committee, for example the preparation of meeting agendas defining issues to be discussed and outputs to be achieved.

The suggested TORs for the PCC can be found in Annex 7.

Project Review Group (PRG)

PRG is a sub-committee of PCC chaired by the current Head of the Project Services Unit. The Committee serves a useful purpose in reviewing the technical content, feasibility, cost effectiveness and potential sustainability of project proposals. We recommend that PRG should continue to fulfil this role in future.

Room for improvement does exist in the operations of the PRG. In particular, there is a need for a mechanism of peer review during the *conception* and *formulation* of projects. We thus recommend a system whereby a *project concept* paper is initially prepared, describing the goals and justification for the project, the main activities, and a framework budget. Each project concept should be reviewed by PRG to confirm its adherence to the broad parameters and objectives of the Pakistan Programme and the specific project objectives and activities. Proposed terms of reference for PRG may be found in Annex 8.

The Management Committee (MC)

The new management tier of senior staff should make up a reconstituted Finance & Administration Committee, renamed the *Management Committee*. This Committee will have overall responsibility for supporting the Country Representative in the management of IUCNP. Its terms of reference are set out in Annex 9.

The Management Committee should advise the CR and share responsibility for major management decisions impacting on the future of IUCNP. Individual members of the MC may from time-to-time be delegated responsibility for particular management tasks by the CR. The Secretariat for the MC will be the Central Finance & Administration Department in Karachi on all finance, administration and personnel issues, the Programme Support Unit on issues of IUCN policy and programme, and the Membership Officer regarding membership and donor affairs.

3.3.7 Recommendations

15. IUCNP should establish a senior management tier of existing staff to assist the CR in the management of IUCNP.
16. IUCNP should move to the interim organizational structure as soon as it can be conveniently arranged.
17. IUCNP should move to the decentralized consolidation model as circumstances warrant in the medium term.
18. IUCNP should begin to build the capacity of the Islamabad office to take on new responsibilities under the decentralized model.
19. IUCNP needs to move quickly to increase its capacity for the management of large projects, in particular by identifying for each project a Project Focal Point backstopped by a Support Group, strengthening and reconstituting the renamed Programme Support Unit, and establishing a Project Administration Unit in Islamabad.
20. IUCNP needs to continue its efforts to balance the needs for more delegation and increased coherence in the organization.
21. IUCNP should readjust its committee structure comprised of the Programme Coordination Committee, the Project Review Group and the Management Committee.

3.4 Management Issues for IUCNP

In addition to the formal structuring of IUCNP, a number of changes and improvements to the management procedures and style of the organization are required. The implicit values of IUCNP need more articulation and acceptance within the organization. The administration and personnel functions have been improved greatly since 1992 but will need to be decentralized and upgraded to keep pace with demand. IUCNP's capacity for organizational learning is better than that of most organizations but still needs further development. IUCNP should work to improve its organizational communications and strategic planning in order to deal with the added complexity of its work. Most important, IUCNP and IUCN need to think through their approach to finding and integrating a successor to the current CR into the organization. It is essential to carry out smooth transition of leadership if the gains achieved to date by IUCNP are to be preserved.

3.4.1 Organizational Values and Culture

Much of the discussion about IUCNP's organizational development centres around technocratic issues such as systems, priorities, programming and strategies. Yet much of its capacity and effectiveness stem from different sources - its implicit values, its culture of enthusiasm and the commitment of its staff. IUCNP's culture and values - the way it does things - is a tremendous strength for the organization. IUCNP might therefore wish to consider making its values more explicit and enunciating a set of principles that could more explicitly guide the organization in its work. IUCNP could think about this issue of values and culture in three ways:

- IUCNP could make its vision explicit - the 'what and why' behind its work. Most of this vision is already apparent to those who work with or for IUCNP. This would include ideas such as a commitment to the sustainable development of Pakistan, a wish to contribute to the global movement for sustainability, the value of participation in the design and management of IUCNP's projects and others that now motivate staff work at IUCNP;
- IUCNP staff should also see if they can reach a consensus on the 'how' issue - i.e. how staff should work and behave during their professional lives at IUCNP⁵². Such principles could serve as a force for coherence and collaborative behaviour;
- IUCNP needs to appreciate that the further changes it now faces have as much to do with values, attitudes and spirit as they do with structures and techniques. IUCNP must, for example, combine idealism and professionalism. It must be a sensitive partner and a supporter of those in Pakistan who have little access to power or opportunity. But it must also be cost conscious, professional and results-oriented. Being more explicit about its values and living up to them on a consistent basis might assist IUCNP to manage this balance.

3.4.2 The Succession Issue

The 1992 Management Review raised the issue of succession i.e. the challenge of finding, hiring and integrating a successor to the current CR in ways that maintain IUCNP's effectiveness. Most institutions in Pakistan and especially those in the non-

⁵² For two examples of private sector firms in the United States that have tried to state their values and use them as guiding principles for personal and corporate behaviour, see Robert Waterman, *What America Does Right*, 1994, chap. 6 & 7. Levi Strauss, for example, has an "Aspiration Statement" that states the following - "We all want a Company that our people are proud of and committed to, where all employees have an opportunity to contribute, learn, grow, and advance based on merit, not politics or background. We want our people to feel respected, treated fairly, listened to and involved. Above all, we want satisfaction from accomplishments and friendship, balanced personal and professional lives and to have fun in our endeavours".

governmental sector, work implicitly on the assumption that the founder-leader will be in place until senile or dead. Organizations that slide incrementally into this 'founder's trap' can perform well in the short or medium term and then suddenly decline after a change in leadership. It is important for organizations such as IUCNP to break this traditional practice and putting in place a more effective approach to a change in top leadership i.e. the chief executive moves on as part of the natural progression with the institutional resilience coming from the senior management tiers and the overall systems of the organization.

Thus the current CR of IUCNP (and the Executive Director of SDPI) are keen to demonstrate the possibility and value of a smooth leadership transition. The 1992 Management Review recommended building the capacity of the organizational levels immediately below the CR - in effect, reducing the all-encompassing role of the CR and strengthening the middle and lower levels to withstand the disruptions of any change in the medium term. The more capacities for decision making, inter-unit mediation, programme coordination, fund raising and strategic thinking that were developed outside the CR's office, the more resilient IUCNP would be with respect to the change in leadership. Leadership, in effect, was to be seen not as a function located solely at the top of IUCNP but as one distributed throughout the organization. The efforts to delegate was a key part of that strategy.

The IUCN Secretariat has an important role to play in the succession issue. Despite its continuing progress since 1992, IUCNP remains a fragile organization working in a difficult context. It still depends upon astute and decisive leadership for its effectiveness. And it is about to begin managing a large high-risk bilateral programme (the PEP) that will need firm guidance during its inception period. The key to managing the departure of the current CR will be for both IUCNP and IUCN to see the change in leadership as an integral part of a broader process of management change inside IUCNP. Simply put, a specific succession plan that fits into the broader pattern of organizational development needs to be agreed by both IUCNP and IUCN Headquarters. Such a plan then needs to be systematically followed. IUCNP and IUCN need to work closely together to ensure this common approach.

Such an agreement should also include a consensus on the type of successor suitable for IUCNP. The following questions should be addressed regarding the actual choice of a successor: What should be the key contribution of the CR in the late 1990s? What for example, should be the balance amongst managerial, technical and political skills? Can a local Pakistani, either inside or outside of IUCNP, be found to fill the position? Would an expatriate Pakistani have the network of contacts so essential for IUCNP's work? What role should other groups such as members play in the hiring process? If there are a number of potential candidates (say one local and one external), should a successor be designated at the outset (i.e. by early 1996) or should the competitive process continue with more than one candidate being groomed for the CR position?

This report recommends the following approach to designing and managing the succession issue:

- First, IUCNP and IUCN need to come to an early consensus on their respective roles regarding the management of the succession. Some discussions have already taken place during the visit of the Director General to Pakistan in March 1995 and these should be brought to a more specific conclusion with regard to the nature and timing of the steps to be taken;
- The CR position should be advertised locally and internationally to attract as wide a range of candidates as possible. We estimate that finding such a candidate may take

up to twelve months to locate and hire from the start of a search. This process should therefore begin by the summer of 1995;

- Should an outside candidate be selected, they should be integrated into the IUCNP structure sometime in the period March-June 1996. The successor should also spend at least three months in IUCN Gland possibly during the summer of 1996. The actual handover might take place sometime in early 1997.

3.4.3 Administration and Personnel

This report gives less emphasis to personnel and administration issues than did the 1992 Review. In our view, the challenges facing IUCNP are as much strategic as procedural. Nevertheless, IUCNP still needs to improve some of its procedures to do with administration and personnel.

Administration

Besides the Programme Support Unit, the Finance and Administration sections of IUCNP are the main service components of the organization; i.e. their main role is to ensure the effective management of the logistical operations of the overall organization as well as of the individual programme units. Because of the close interrelationship between the financial and administrative functions, this report recommends that a single officer be appointed as Head of Finance and Administration in the Karachi Office, with a mandate to maintain an overview of financial and administrative services in all three offices of IUCNP. This officer should also take responsibility for the provision of cost effective, financial and administrative services in the Karachi Office. This organizational structure applies both to the interim and decentralized consolidation models.

In both models, the current structure in IUCNP can serve as the base. Finance & Administration units within the Islamabad and Peshawar Offices should be strengthened and given greater autonomy. The units will report, as they do now, to the respective head of office in each location. The role of the Finance & Administration Office in Karachi will be to maintain a central oversight and supervision of financial management and administration in the other two offices, including the performance of internal audit functions. The Karachi Office should also be responsible for promoting standard financial and administrative systems and procedures to ensure continuity throughout the IUCNP organization. It should also coordinate service support to the Karachi programme units as well as generate the consolidated financial information discussed below. This office should also be the main administrative liaison office between IUCNP and IUCN Headquarters.

To implement the decentralization of the finance and administration function, the Head of Finance and Administration should convene a series of meetings with the heads of the finance and administration units in Islamabad and Peshawar to review autonomy levels and devise new procedures. In general, we would recommend that the process of administrative change which decentralizes finance and administrative functions be carried out in parallel with the overall decentralization process to Islamabad and Peshawar.

In addition to this decentralization of responsibility to the two field offices, the Head of Finance & Administration in Karachi should carry out a needs assessment and staff profile evaluation to identify a) the service needs of the technical units in the Karachi Office as well as those of the overall IUCNP structure and b) the skills and job profiles already existing within the units. This assessment may reveal the need for reorientation of job descriptions, retraining of staff, recruitment of new staff and, possibly, redundancies. In view of the service oriented, non-revenue generating function of Finance and Administration and its overhead costs, IUCNP will have to be clear about which financial

management functions are vital for its effectiveness and sustainability and which cannot be justified under the tight financial circumstances currently prevailing in IUCNP. It is vital that the Finance & Administration functions within IUCNP do not expand beyond the finances available to support them. This can only be determined by a needs assessment as well as by accurate financial projections of the costs of these functions and of the revenues available to support them.

A number of IUCNP staff pointed to the shortage of secretarial staff in the Karachi Office, resulting in inefficient use of technical staff time. The Review agrees with this observation and recommends a modest adjustment to the secretarial staff complement in the near future. We do not, however, support the planned establishment of a separate post for a senior administrator in the Karachi Office in the near future. Besides the financial implications of establishing such a post, we are skeptical about the benefits of separating the administrative and financial functions, a decision which could result in poorer rather than better service to IUCNP. A bolstering of administrative capacity at a level below top management will likely reap more organizational benefits for the Karachi Office in the long run.

Personnel

Most NGOs in the early stages of organizational growth do not have the inclination or the financial resources to invest a great deal of time or money in logistical and staff functions such as personnel administration. This is understandable given the programme demands and the costs of a large personnel management infrastructure. Since 1992, IUCNP has tried to deal with the personnel function using a variety of part-time solutions including the services of the Finance and Administration section and the office of the Country Representative. IUCNP may now be approaching the point at which it will have to develop a more specialized personnel function.

Given its projected size of at least 85 staff in 1995, IUCNP will at some point need to consider the establishment of a personnel unit with the resources and specialized skills to assist in the management of such a work force. The actual decision to separate the financial and personnel functions should be taken in the light of IUCNP's financial position as it develops over the course of the year.

IUCNP should continue to invest in training both at the group and individual level. The recent GRID seminar sponsored by CIDA appears to have been a useful investment particularly in terms of encouraging group cohesion. The recent submission to IUCN Headquarters that details IUCNP training needs can provide the basis of a longer term training plan⁵³. Given the projected evolution of IUCNP, courses in project management, monitoring and evaluation would seem of particular use. Several members of staff suggested that skill development in public speaking, in both Urdu and English, was also an important training need. IUCNP should also have a dedicated training budget which links individual need to organizational requirement. The PEP programme and other donor-funded projects should be used to defray the costs.

IUCNP needs to design and conduct an induction programme for new staff. At present, it makes do with a haphazard approach to briefing new staff that consists mainly of new arrivals wandering around to other units in addition to their own in an effort to get a sense of what other IUCNP staff do on a daily basis. IUCNP is now past the point of 'self-briefing' and should mount a more professional, formal, induction process. Such training should orient new staff to IUCNP's policies and values, give a concentrated overview of

⁵³ A global fund of SFr 500,000 is available at headquarters to support training requests from field offices. IUCNP should ensure that it gets reasonable access to this training fund.

the programme and in general, engage the loyalty and attention of new staff from the outset of their work.

Early in 1993, IUCNP carried out a pay review which set the present staff salary levels⁵⁴. We do not recommend any dramatic revisions in these scales except for graduated increases to cover inflation⁵⁵. One exception to this salary policy should be made for support staff particularly drivers, typists and other staff at the lowest end of the scale. IUCNP is particularly well-served by its support staff, many of whom are overworked and underpaid. Some even travel regularly to work through the difficult security situations that characterize some Karachi neighbourhoods. Their important contribution to the work of IUCNP should be better recognized than it is and we therefore recommend that IUCNP review support staff salaries and provide the necessary increases.

Two other matters of personnel administration were brought to the attention of the team. First, drivers pointed out that IUCNP insures its vehicles against damage but not the staff who actually drive them. Bearing in mind the current security situation in Karachi, IUCNP might wish to look into the possibility of providing the IUCNP staff at most risk with some kind of personal injury coverage. Second, staff continued to complain (as they did in 1992) about the unwieldy and complex paperwork required to reimburse and settle health insurance claims. The Finance and Administration Section may wish to review this issue.

3.4.4 Organizational Learning

A number of IUCNP staff referred during the interviews to their need to learn more from the development experiences of IUCNP. This is an important aspiration that deserves further attention. It is also an achievable one. IUCNP has more potential for developing organizational learning⁵⁶ as a core skill than many other institutions in Pakistan or elsewhere. The current CR has instilled in IUCNP staff an instinct for self-scrutiny that is critical to effective organizational learning. Staff are increasingly willing to question internal policies and procedures. IUCNP also has a history of writing and publishing about its work that should encourage greater learning. IUCNP must maintain and improve its capacity to learn if it is to keep itself at the forefront of environmental management in Pakistan.

A growing body of experience on organizational learning now exists in developed countries. Two basic points seem to emerge out of this experience. First, the capacity to learn is critical for organizations that must deal with rapidly changing conditions. Continuous improvement requires the commitment to learning. Without it, change remains cosmetic and improvements are either fortuitous or short-lived. Second, operational techniques are now available that enable staff to develop learning processes within organization⁵⁷. While not all of these can be applied to Pakistani organizations without

⁵⁴ Some concern has been expressed in CIDA that IUCNP salary rates may be too high. The Report does not support that view once other factors - total package including lack of pension benefits, long hours, no job security, no cash settlements - are taken into account.

⁵⁵ Current inflation levels in Pakistan are about 20-30 percent per year. IUCNP generally follows the pattern of GOP inflation increases (i.e. about 10-15 percent).

⁵⁶ Defined in this Report as the ability to learn from experience with partners, employees and the external environment, transfer this learning across organizational units and then apply it to increase its capacity to perform effectively.

⁵⁷ For example, Peter Senge, The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization, 1994. Joop Swieringa and Andro Wierdsma, Becoming a Learning Organization, 1992. Ikujiro Nonaka, "The Knowledge-Creating Company" Harvard Business Review, Nov-Dec 1991. Michael Marquardt and Angus Reynolds, The Global Learning Organization: Gaining Continuous Advantage through Continuous Learning, 1994.

modification, some could be useful to IUCNP given its advanced state of organizational development and the sophistication of its staff.

Specifically, we would suggest the following as either techniques to use or conditions to put in place that could improve IUCNP's learning skills⁵⁸.

- The organizational capacity to learn needs to be developed openly and explicitly. Rhetorical calls for better learning will produce few tangible results. IUCNP needs to discuss the topic explicitly as a group in its regular staff meetings and come up with specific approaches. A staff member might be given the job in advance of preparing a background paper to guide the discussion;
- Efforts to promote greater organizational coherence - promoting shared values, working in teams, maintaining the matrix mentality - should encourage organizational learning by giving staff a better sense of the whole range of IUCNP's activities and some guidelines as to how their individual learning can be put to broader purposes. IUCNP needs to understand more about 'learning to learn' as an organization;
- Certain techniques such as strategic and operational planning can be structured as learning exercises. IUCNP needs to keep reviewing its successes and failures, assess them objectively and systematically and record the lessons in a form that is accessible to staff;
- IUCNP fora such as staff meetings need to be organized to promote the flow of information and ideas. And they need to focus on inquiry as well as advocacy and critiquing. Too much criticism in staff meetings can lead to defensive routines that damage the inclination to learn;
- IUCNP needs to find ways to free up resources (especially staff time) for learning - internal discussions, writing, outside courses etc. Harried staff find it difficult to learn with effectiveness;
- Projects and programmes need to be selected, at least in part, for their learning value. They need to be managed with a view to extracting and disseminating insights and knowledge;
- The leadership of IUCNP needs to maintain and strengthen the tradition of openness and self-scrutiny that characterizes IUCNP. IUCNP is on its way to building an open organizational culture and style of behaviour, an achievement of real significance in the Pakistani context. This tradition needs to be maintained at all costs;
- IUCNP staff need to be given specific incentives for producing, encouraging and sharing learning with their colleagues (e.g. appraisals, promotions, greater responsibilities, personal commendations etc). And they need to see the lessons of IUCNP's experience applied to policies and procedures at IUCNP;
- IUCNP's willingness and capacity to publish material on its experiences needs to be maintained. Written records are likely to be useful in contributing to IUCN's global learning;

⁵⁸ Learning organizations seem to be skilled at five key activities: systematic problem solving, experimentation with new approaches, learning from their own experience and past history, learning from the experiences and best practices of others, transferring knowledge quickly and efficiently throughout the organization.

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- IUCNP's approach to partnership needs to be seen as an alliance for mutual learning. This applies to organizational relationships with government, other NGOs, IUCN members and donors. IUCNP's willingness to learn from other IUCN programmes (e.g. the financial and project management systems in East Africa) is an example.

Many organizations, both in Canada and Pakistan, support the idea of being a 'learning organization' in principle but have little comprehension of the level of commitment that is required to build such an organization. Most remain content to devote the bulk of their resources to the traditional management tools such as financial control and improved project management techniques. As this report makes clear, these 'command and control' tools are important for IUCNP but by themselves they will not enable IUCNP to get up to the next level of organizational performance. Improving its capacity to learn will be one of the new functions that will be required to make IUCNP effective and sustainable.

3.4.5 Organizational Communications

The growth of IUCNP over the last two years, both in terms of numbers of staff and the offices in Islamabad and Peshawar have strained its ability to communicate internally. The increasing need for the collaboration of staff who are physically separated is also likely to increase the need for improved communication. We would emphasize here that a broad interpretation should be taken of communications 'systems' within IUCNP. The organization needs to look at both 'hard' (e.g. information technology, written reports) and 'soft' systems (e.g. a willingness to listen, incentives to communicate, taking personal responsibility for being understood etc). Finally, we believe that IUCNP needs no outside assistance in improving their organizational communications. Familiarity with the internal needs and the demand plus common sense will be more than sufficient to improve the present level of performance.

The Management Committee should conduct a simple communications 'audit' to determine the present state of IUCNP communications - what do staff need to know? What do they want to know? What are the present barriers to better communications? How can they be reduced? This could be carried out by IUCNP staff and the report discussed at a staff meeting.

Improvements to the 'hard' systems should include the following provided funds are available:

- In the Karachi Office, the establishment of a computer network with central server which will enhance sharing of files and data-bases, standardization of software, and efficient multi-user software applications such as financial packages;
- Linked with the establishment of a computer network in Karachi, an internal e-mail system should be established to facilitate internal office communications as well as external communications between individuals in the Karachi Office and IUCN Gland or Internet users;
- The Islamabad and Peshawar Offices should be linked to e-mail, either by utilizing the SDN internet node or by direct 'remote user' connections with the Karachi node.

Improvements to the 'soft' systems should include the following:

- More general staff meetings in the Karachi Office will help keep staff (including support staff) informed of the major activities of the office, and provide a greater sense of ownership over the outputs. They will also provide a forum for raising issues of general concern to all staff;

- Improved systems for circulating documentation to ensure that information of general interest is circulated rapidly throughout the building. Brown bag lunches can provide informal opportunities for discussion of some of IUCNP's technical activities, and a chance for non-technical staff to participate;
- Staff need to be more aware of the critical importance of communication in an organization like IUCNP that carries out complex, cross-functional tasks. Communication and listening need to be stressed as values. Staff need to be rewarded for carrying them out in their daily work.

3.4.6 Strategic Planning, Thinking and Management

The 1992 Management Review recommended that IUCNP adopt a more systematic approach to the strategic planning of its programme. Up to that point, this function had been largely carried out by the CR as part of her overall leadership responsibilities and the centralized structure of the organization. Progress has been made in this area but improvements are still required. We would recommend the following:

- IUCNP needs to further embed a capacity for strategic thinking in all its staff. This would involve an emphasis on crafting, rethinking and recrafting IUCNP's vision, its values, goals, anticipated results, strengths, weaknesses, opportunities and threats. Strategic thinking should now be the responsibility of all staff both with respect to their individual units and to the whole organization. Special staff retreats might help to further this process as would the involvement of the Programme Coordination Committee.
- Two plans might result from this strategic thinking process. The first would be the overall IUCNP programme which would give a longer term perspective, say five years, on the overall direction of the organization. The second would be an Annual Plan which would assess the successes and failures of the previous year against the major objectives of the IUCNP Programme. The Annual Plan would also define objectives for the coming year consolidated upon the core strengths of the organization and lessons learnt, and some success indicators. The exercise would prioritize activities to be undertaken in order to achieve Programme goals, including a timetable and assignment of responsibility for projects to be developed and implemented.
- We would emphasize here the need for IUCNP to go beyond strategic planning to the idea and practice of strategic management. The former deals more with policy and programming. The latter focuses more on the nexus amongst both planning and management described earlier on p.28 - i.e. interrelationships amongst policy direction, funding, organizational capacity, quality of outcome and service to stakeholders.
- We do not recommend that enormous resources be devoted to strategic planning exercises. Elaborate technical exercises that absorb a good deal of staff time are likely to be an expensive diversion with few tangible results that have a sustainable impact on performance⁵⁹. Better financial information, a more outward focus by IUCNP staff, some simple planning procedures, the contributed common sense and experience of the IUCNP staff and improved approaches to organizational learning all can be combined into a strategic thinking and management system that will serve well the needs of IUCNP at relatively low cost.

⁵⁹ A number of studies have shown that a tiny proportion - perhaps 5 percent - of strategic plans are ever implemented.

3.4.7 Performance Management

CIDA, the main donor on the PEP, is encouraging IUCNP to become more 'results-oriented' and to set up a system of measurable indicators in order to gauge IUCNP's performance. Although we have some reservations about the technicalities of some approaches to measuring progress (See Section 3.2.2 above), in general we support CIDA's initiative in this area and believe that a results-based management (RBM) system tailored to IUCNP's particular circumstances and those of its PEP partners could be a valuable addition to IUCNP's management strategy. In particular, performance or results-based management techniques need to support and reinforce practices to do with improved accountability and transparency, a learning and value-added orientation and a reliance on information as a management tool.

In putting a results-based management system in place, we would suggest the following principles:

- IUCNP is still at the early stage of developing its own capacity for information collection, retrieval, analysis and dissemination. It has few field workers to devote to the task. Its PEP partners, especially those in Government, have even less capacity. RBM systems need to be simple, experimental and low cost.
- All the PEP partners need to see an RBM system as something that is of direct benefit to them in their daily working lives. Information and indicators systems that are of benefit mainly to the donor will not be sustainable in Pakistani conditions. CIDA should make every effort to assist IUCNP in developing its own approach to RBM that could have a wider application in Pakistan.
- All the PEP participants including CIDA need to bear in mind that institutional and capacity development activities are notoriously difficult to predict, assess and quantify. Indeed, no donor has yet developed a reliable set of measures that could be applied easily to the PEP. Part of the challenge of the PEP will be for the partners to incrementally devise useful indicators. This is especially true at the 'macro' capacity level as opposed to the 'micro' level in individual institutions.
- In IUCNP, a possible approach may be to have each programme unit take responsibility for devising and assessing their own results. A staff member in the PSU familiar with monitoring and evaluation could supply technical support and be responsible for the effectiveness of the overall IUCNP RBM system.

3.4.8 Implementing the Changes

IUCNP's approach to implementing the recommendations in this report and managing the changes should differ from the one it adopted after the 1992 Review. At that time, a 'transition' team was formed to advise the CR. Its mandate was to put together a programme of change, to sequence the issues to be addressed, to carry out the staff work to be required and to formulate recommendations for final decision by the Country Representative. The important points at that time were the need to give special focus to the 'new' issue of organizational change in IUCNP and to involve staff at the middle levels of the organization in the subsequent decision making.

In 1995, we believe that full-time, special structures or committees are no longer required. IUCNP is now a more mature organization with more experience in adjusting programmes and structures to accommodate changing circumstances. In effect, the capacity to deliberate and decide on the issues discussed in this report needs to be built into the regular functioning of IUCNP - at the level of individual units and at committees such as the Management Committee. If required, a small committee could be established to facilitate implementation and monitor progress.

One exception may be those recommendations dealing with financial management. These are now of sufficient complexity and importance that IUCNP may wish to make special arrangements for dealing with them such as bringing in outside help - in particular by seeking guidance and systems support from IUCN Headquarters and forming a Task Force to oversee their design and implementation.

IUCNP should set the sequencing of issues to be considered. While we do not suggest that a strictly linear sequential approach be taken, we would suggest that the four key issues be taken up in roughly the following order: moving quickly to reform the financial system, coming to an agreement with CIDA on the PEP Inception Report, shifting to the interim organizational structure and beginning the implementation of the succession plan in cooperation with IUCN-HQ.

3.4.9 Recommendations

22. IUCNP should formally enunciate its values and make them serve as guiding principles for staff behaviour. These values should apply to both the 'ends' and 'means' of IUCNP's activities.
23. IUCNP and IUCN-HQ should agree on a succession plan that would cover the characteristics of a future CR, the method of recruitment and induction and any other organizational changes that would be needed within IUCNP to facilitate a change in leadership.
24. A single officer should be appointed as Head of Finance and Administration in the Karachi Office with overall responsibility for these functions within IUCNP.
25. The finance and administration offices in Islamabad and Peshawar should be strengthened and given greater autonomy.
26. The Head of Finance and Administration should review current procedures, in cooperation with the other two offices, in anticipation of additional decentralization within IUCNP. This review would apply to staffing issues as well.
27. IUCNP should consider augmenting its complement of secretarial staff given the present shortages.
28. IUCNP should consider establishing a personnel unit in the medium term depending on its financial position over the next one to two years.
29. IUCNP should continue to invest in staff training especially in staff induction, project management and evaluation.
30. A pay revision should be considered for support staff only.
31. The Finance and Administration Department should investigate the possibility of obtaining personal injury insurance for drivers and also speeding up the processing of health insurance claims.
32. IUCNP should prepare a background paper setting out the techniques that could be used to build its capacity for learning.
33. IUCNP should set aside at least one hour in a staff meeting to discuss this paper as part of an effort to devise a strategy for organizational learning.

34. IUCNP should work to develop both its 'hard' and its 'soft' communication systems over the medium term as it prepares to shift to a more decentralized approach to its work.
35. IUCNP should work to ensure that its approach to the strategic planning and management of its work achieves two objectives: it builds upon the experience and learning of its staff; and second, that it produces a simple annual operations plan that can form the basis of discussions both internally and externally.
36. IUCNP, with CIDA support, design and incrementally implement an approach to results-based or performance management.
37. IUCNP should review and decide upon the utility of these suggested changes by using its regular committee and decision making systems. The reorganization of the financial systems may be the one exception.

3.5 Financial Management and Revenue Generation

The issue of financial management occupied an important but not critical position in the 1992 Management Review. By early 1995, the importance of installing new financial systems had increased dramatically for two reasons. First, the staff of IUCNP at all levels now require quick access to financial data that can enable them to make more strategic decisions on the management of both their own units and that of IUCNP itself. Second, a series of factors outlined later in this section have raised the possibility of IUCNP being in a deficit position in 1995 and later years. To avoid this situation, IUCNP needs a more accurate financial forecasting system that can assist managers to take more timely and corrective action. This section sets out the design of an IUCNP income and expenditure management system that can provide this kind of financial information. It also deals with the topics of revenue management particularly project overheads, staff time charges and the full application of the technique of the ABC List to IUCNP. Finally, the issues of the financial sustainability of IUCNP, the management of potential deficits and the implications of IUCNP's rapid growth are also discussed.

3.5.1 Financial Management

A key issue that needs IUCNP's sustained attention is the design of its accounting system. IUCNP's current approach to the management of its 'core' finances and its system of allocating budgetary resources for the technical units outside the IUCNP core is becoming increasingly inappropriate in view of the growing complexity of its cash flows and the need to ensure the sustainability and coherence of its programmes. Two changes should be considered: first, the establishment of a unified Cost Centre incorporating all of IUCNP's core activities and second, the design and implementation of financial management and information systems to support the unified Cost Centre approach. This combined approach should provide the transparency and consolidation of IUCNP's finances which is needed to plan strategy, gauge financial risk and make more focused programming and operational decisions. Converting its financial system into a producer of strategic management information is one of the most important tasks facing IUCNP.

How should this shift be accomplished? Based on our analysis to date, we recommend that all IUCNP revenues should in future accrue to a single IUCNP Cost Centre rather than go to individual accounts administered by individual programme units. All IUCNP units would thus work in support of the overall financial health of the organization rather than their own individual advantage. The mechanisms by which this more coherent approach can be achieved is through consolidated budgeting for the IUCNP Cost Centre and consolidated revenue management (the ABC List). Once the financial management systems have been streamlined, the next critical step would be to ensure that IUCNP

generates the revenues it needs to be sustainable: i.e., ensuring that each unit works toward bringing in realistic revenues for the output produced. This approach to revenue generation will be critical in the absence of substantial core or programme funding either from IUCN-HQ or from the donor community. This report recommends the introduction of a new system of revenue management based on standardized technical staff time charges.

Even with an effective system of revenue management, IUCNP may go through periods of financial stringency due to a lack of adequate revenue-generating projects or programmes. In preparation for these 'lean' times, IUCNP needs to investigate and introduce innovative means of generating revenues.

3.5.2 The IUCNP Cost Centre and Staff Establishment

In the absence of substantial core or programme funding, IUCNP has grown and developed its programme in recent years using what might be called the 'shopping mall' model - i.e., as programme and project funds have become available to support a particular activity, a unit has been created within IUCNP entirely funded (staff salary costs, activity costs, equipment, etc.) by the project concerned. In effect, IUCNP offers an environment (the 'mall') in which the unit operates. In financial terms, however, each unit acts separately and is not integrated within the financial systems of the IUCNP Cost Centre.

The present IUCNP Cost Centre mainly comprises the office of the Country Representative and the Karachi Finance and Administration Unit. This leads to the anomalous situation whereby a large proportion of the Cost Centre revenues derive from *service* functions - finance and administration - whilst the IUCNP programme activities which are fundamental to IUCN's presence in Pakistan rely on insecure and fluctuating project funding outside the Cost Centre. If and when funding for a particular technical unit ends, the unit itself can in theory be disbanded. In practice, however, IUCNP's ability (and even inclination) to 'right size' itself by contracting or expanding is not easily maintained. For example, IUCNP has established virtually all its programme units to deliver an important part of the NCS. In the process, partnerships and commitments will have been built with members and other IUCNP partners. Disbanding the unit in the face of financial stringency will jeopardize the IUCNP Programme and undermine IUCNP's credibility as a partner and a serious force for conservation. Furthermore, staff of the unit will likely have integrated themselves into the day-to-day operation of IUCNP and will represent part of the organization's institutional memory. Unless staff are aware from the start of their temporary status, they will also act as members of the IUCNP permanent staff. Redundancies will lead to awkward personnel situations and loss of morale.

In our view, IUCNP should cease to operate components of the core IUCNP Programme through projects outside the Cost Centre. We therefore recommend that the IUCNP Cost Centre be redefined as including all existing programme units within the Karachi and Islamabad offices, and that the finances of the units - budgets and revenues - are integrated and consolidated under the Cost Centre (to continue the analogy, the "department store" model). The financial mechanisms by which this might be achieved are described below. We further recommend that IUCNP puts into place some long-term financial forecasting systems which will provide greater transparency of the Cost Centre's financial trends and enable management to plan accordingly.

Once the capacity to generate more strategic financial projections is established, IUCNP will be in a better position to seek resources for particular programme areas from both IUCN-HQ and the donor community. It will also be in a better position to set priorities for future development and control opportunistic growth. For example, in the absence of clear development priorities and financial transparency, IUCNP may be tempted to establish a

new programme due to the availability of donor funding. The activity then becomes an integral part of the IUCNP infrastructure by default rather than by design. In future, unless a particular project or programme can be justified as an essential component of the core IUCN Programme and Cost Centre budget, it should be *clearly identified as a separate project activity*. Staff of the project should be placed on fixed contracts and they should not be incorporated into the IUCNP institutional structure or staff establishment. On completion of the contract, there would be no obligation to either provide continued employment with IUCN or to maintain funding.

Because of IUCNP's current financial position, we recommend that the Peshawar Office continue to be handled as a separate project activity for the time being, rather than be incorporated into the IUCNP Cost Centre. This recommendation could be reviewed as part of the decision to establish a separate IUCNP Office in Peshawar under the next phase of the Swiss Government support to the SPCS. Once that funding is confirmed, IUCNP should clarify the role of the IUCN Peshawar Office in the overall IUCNP Programme. For example, should Peshawar be a project office linked entirely to the SPCS funding or should it be incorporated into the IUCNP Cost Centre? Should the office address NWFP issues or should it have some broader IUCNP responsibilities? Whatever the decisions, the future status of the Peshawar Office should be determined through an organized process rather than by default.

3.5.3 Expenditure Management

This report recommends that a consolidated expenditure budget for the entire IUCNP Cost Centre be prepared annually giving the *essential* operating costs of individual units, or sub-cost centres. Essential operating costs are those which enable the unit to function at a minimal level of activity. For example, the ability of the Coastal Ecosystems Unit to maintain correspondence, communicate with government partners, and develop new project activities would be regarded as essential activity. The ability of the unit to implement community awareness activities related to coastal conservation, or to support research on different mangrove species, is non-essential and should be treated as a project activity for which separate project or programme funding would need to be sought outside of the IUCNP Cost Centre. A separate budget should be drawn up for the Islamabad Office and its component units, but this should again be incorporated into the overall Cost Centre budget. As stated earlier, we recommend that the Peshawar Office continue to be managed as a separate project activity for the time being.

Proposed budget line items for the consolidated IUCNP Cost Centre are given in Annex 10.

3.5.4 Revenue Management: Project Overheads, Staff Time Charges and the ABC List

Project overheads and staff time charges are designed to ensure that IUCNP receives fair compensation for the work that IUCN puts into a project. The reality is that IUCNP continues to raise over 90 percent of its core resources from project support. There is no indication that this situation will change in the foreseeable future. IUCNP must therefore bring in project revenues to cover its costs in order to survive. IUCNP must receive a realistic return from each project such as the PEP to cover the actual services that IUCNP provides to it.

Mechanisms which enable IUCNP to recover these costs in a realistic, fair and equitable manner are both prudent and reasonable. While IUCNP remained small, it was possible to operate the organization without such mechanisms. However, as the size and complexity of the operation has increased, it is no longer feasible to operate the organization without a more explicit mechanism of managing costs. Furthermore, these mechanisms enhance rather than diminish IUCNP's ability to undertake activities which it considers to be essential such as IUCNP representation, servicing members and conservation advocacy.

Such activities can be costed in the core (essential) budget of the organization (see above) and recouped in staff time charges on non-essential project activities. A system which ensures that a realistic cost is levied for services provided is also likely to ensure the long-term financial sustainability of the organization, which in turn will ensure IUCNP's capacity to continue delivering its non-revenue generating services to members and partners.

IUCNP can bring in revenues through two mechanisms: management overheads on projects and staff time charges on projects and programme activities. Management overheads are charges levied in exchange for the provision of IUCNP management support for the implementation of a particular project, including services in project financial administration, monitoring and accounting, management of project personnel including organization of contracts, salary payments and other IUCNP project staff support services, project procurement services, and other miscellaneous administrative services. Management overheads may also include an element of general technical oversight and supervision of a project activity where defined technical staff time inputs have not been agreed with the donor and partner organization.

Staff time charges are those charges levied for agreed *technical* contributions made by IUCNP establishment staff members (as opposed to project contract staff) and cover the personnel costs of that particular staff member plus support costs, including support staff and organizational costs such as office running costs, essential equipment and supplies, administrative costs and contingencies. These costs are generally levied on a daily rate basis. Technical staff time charges may be entered in a project budget for the general technical supervision of a project activity. For example the Forestry Unit may allow a certain number of days staff time for the general supervision of a field forest conservation activity as well as for undertaking specific component activities within a project. The Coastal Ecosystems Unit may budget for a certain number of days technical staff time to be provided by the Education Unit for developing a school curriculum on coastal conservation.

The IUCN normal rate at which management overheads are charged is 14 percent, a figure which IUCNP should also adopt⁶⁰. However, there may be some variation in the rate, or in the way the rate is levied, according to the project concerned or individual donor preference. Thus a project which requires relatively little administration by IUCN (for example one where the main responsibility of IUCN is to provide flow-through funding to a third party or parties) may attract a lesser management overhead. Alternatively, with some donors such as the European Union, the management overhead may need to be charged as an administrative overhead on project personnel costs, rather than as an overhead on the entire project cost. IUCNP's main interest is simply to receive a realistic return for the administrative and financial services provided to a particular project.

Management overheads cover the costs of the 'service' or 'support' units within IUCNP, i.e. the Finance & Administration Unit, the Programme Support Unit, the proposed Project Administration Unit in Islamabad, and to some extent the Country Representative's Office. On the other hand, staff time charges accrue to the programme sector comprising the IUCNP technical units. In the spirit of the consolidated Cost Centre described in section 3.5.2 above, all such staff time revenues should be pooled for use in underwriting the costs of the IUCNP's overall programme rather than being retained by the unit which generated them. While appearing at first glance to penalize the more entrepreneurial units in the short term, such a policy should lead, over the long term, to greater sustainability

⁶⁰ Experience has shown that a figure of 14 percent on most project budgets is realistic, although this figure is sometimes questioned in some quarters as being too low. It is, however, probably all that the market (the donors) are realistically likely to bear.

of IUCNP as a whole. All the programme units are likely to suffer financial shortages from time to time. Such constraints are best resolved by the units having access to the resources of the entire organization rather than those of their particular unit. Consistently lower than average performance of a particular unit can then be dealt with through management action.

Revenues generated through management overheads and staff time charges are managed in the wider IUCNP system through the ABC List which provides an overview of financial revenues accruing from three types of projects: C Projects are those with signed contracts and under implementation; B Projects are those in an advanced stage of development and submitted to donors; and A Projects are in an early design phase or are approved concepts. The ABC List uses formulae based on the likelihood of project implementation (100 percent in the case of C Projects) and the likely commencement date to provide forecasts of the likely project revenues in terms of staff time and management overheads. If used wisely, the ABC List, coupled with the Cost Centre budget, can become IUCNP's primary financial management tools.

Presently, the ABC List does not fulfil this role in IUCNP. Much of the IUCNP core and programme activities are managed outside the Cost Centre. The ABC List is also not adjusted regularly to take into account slippage of project start-up dates or the changing fortunes of the A and B List projects. Furthermore, the lack of a clear policy for the application of both staff time charges and management overheads has undermined the utility of the list. The recommendations regarding the consolidation of the Cost Centre and in this section on revenue management will hopefully enhance the usefulness of the list.

The ABC List depends for its effectiveness on the input of useful information. The following guidelines should, therefore, be borne in mind:

- The ABC List should be all inclusive. Any activity which is generating, or is likely to generate, funds for the IUCNP Cost Centre should be entered. The ABC List will lose credibility once projects are not included and the list no longer represents an accurate picture of revenues;
- All sources of staff time or management overhead revenues from a particular project must be included in the ABC List. For example, a particular project may have staff time included for more than one IUCNP technical unit as well as management overheads charged as an overhead of the budget total as well as a personnel charge on project contract staff;
- ABC List managers, in the case of IUCNP the Finance & Administration Department in consultation with the Programme Support Unit, must consult carefully with the technical units whenever the List is updated to make realistic assessments of the likelihood of a project being funded and the probable launch date. The ABC List will be invalidated if over-optimistic assessments are made. Assessments should bear in mind IUCNP's previous experience of launching projects and the reliability of the donor in delivering on their assurances;
- The ABC List must be updated regularly to adjust for project slippage or changing probability. For example, leaving a project on the list throughout the year with a 75 percent probability of it starting in July despite the likelihood of its postponement will have a considerable impact on Cost Centre revenues. Inaccuracies of this magnitude can quickly lead to revenue shortages.

3.5.5 Achieving Financial Sustainability: The Annual Operations Plan

The ABC List and consolidated Cost Centre Budget will provide much-needed financial transparency within IUCNP. Because of the small size of IUCNP's operations and its dependence on a relatively small and unpredictable donor funding base, the financial forecasting capacity will inevitably be limited. But the two techniques can provide a basis to plan the future development of the organization. Decisions about future growth - the establishment of new staff positions, or the launching of new programme areas - can begin to be made based on firm financial data.

Based on this financial forecasting capacity, IUCNP should begin production of an *Annual Operations Plan* (see section 3.4.6) to form a bridge between the IUCNP Programme on the one hand and IUCNP's operational activities on the other. The Operations Plan should provide a framework for IUCNP's actions for the year based on the financial and other resources available. The Operations Plan should be a rolling document and should sketch out the IUCNP activities planned for the next few years. It should enable the staff of IUCNP to have a better understanding of the expected outputs for their individual unit for the year, those of IUCNP as a whole plus qualitative projection of IUCNP's programme in the years ahead. As the size and complexity of IUCNP increases, this shared vision of the organization will be vital to maintaining cohesiveness.

3.5.6 Revenue Generation

The above sections have suggested ways in which IUCNP can develop its financial management systems both by clarifying operating costs and by setting realistic charges for project and programme activities. While these new systems can manage and enhance the revenues from existing sources, they cannot produce new revenue sources. IUCNP thus needs to focus on the broader issue of its longer-term financial sustainability. In effect, it needs to make the transition from being an expenditure-driven to being revenue-generating. We did not have time during the course of the review to focus on these issue in depth, but some preliminary recommendations may be worth considering.

- Firstly, IUCNP should develop a fund-raising strategy⁶¹. Such a document would set out the ways in which IUCNP hopes to raise funds to finance its 'wish list' of future projects. It should complement the Operations Plan which describes how available resources are being allocated to existing activities. Such a strategy could include a portfolio of project concepts for which IUCNP is seeking funds as well as an overview of the IUCNP Programme. It could also define a series of activities by which IUCNP could communicate with donors and promote its activities (for example, distribution of reports, briefing sessions, invitations to members meetings, etc.). Rather than organizing specific donor meetings, IUCNP should consider inviting donors to attend open sessions of its regular members meetings as observers, especially those which discuss the IUCNP Programme and review the ongoing activities. These occasions might be combined with a lunch attended by donors, senior IUCNP staff and a representative cross section of the membership;
- IUCNP needs to investigate new ways of raising funds. Some preliminary discussions were held on the possibilities of launching a separate profit-making IUCNP subsidiary under the overall supervisory umbrella of IUCNP. Such a concern might, for example, focus on ecotourism or environmental impact assessment services. A collaborative

⁶¹ Formulating a fund raising strategy might be one of the priorities of the current CR over the next year. IUCN-HQ should assist given the importance of the financial sustainability issue for IUCN itself.

venture with other Pakistani NGOs such as the Aga Khan Foundation is also a possibility⁶². Fund raising in Pakistan are other possibilities⁶³.

It is important to think through such ideas with caution. Establishing a separate company owned by IUCNP may be of potential interest for the long-term but it can also be burden and distraction in the short-term and could have the potential to undermine IUCNP's productivity as well as its revenue generation capacity. Such initiatives can also involve IUCNP in political controversies in areas such as environmental impact assessment that could damage its reputation for objectivity and professional integrity. We, therefore, recommend that IUCNP approach this issue carefully. An initial project description should lay out the objectives of such a company or joint venture, the likely revenue projections and cost estimates, method of operation and its relationship to IUCNP. Based on this document, IUCNP could then seek support from either a donor or IUCN-HQ to enable it to further develop the concept. IUCNP should not invest considerable staff time or funds from existing resources in pursuing these ideas⁶⁴ and should not embark on the establishment of a company until the feasibility of the enterprise and its revenue generating capacity is fully understood.

3.5.7 Dealing with Potential Deficits

IUCNP's financial projections are difficult to make with any accuracy given the number of variables that change on a random basis. For example, the 1995 figures will vary according to the commencement of new activities such as the EU Uplands Project, the pattern of expenditures on items such as new IUCNP office premises, the level of IUCN's core funding from IUCN-HQ and many other factors. At present, IUCNP has balanced its books for 1994. Further work on the ABC list and the Cost Centre Budget will have to be completed by late April before more precise estimates can be made for 1995 and beyond.

IUCNP needs to focus on three factors that may assist it in avoiding deficit situations. The first is the unpredictability and unreliability of its revenue sources (especially donor projects) to come on stream as projected⁶⁵. IUCNP needs to work closely with donors in Pakistan to limit the damage from the egregious delays in project funding that are still evident in the donor community. Second, IUCNP must work to ensure that it receives a reasonable financial return for outputs delivered. And third, IUCNP needs to restructure its financial management system so as to provide the right information to allow senior managers to make relevant strategic decisions.

The remedies to this situation are to be found both in the short and the long term. We suggest that IUCNP consider the following steps:

⁶² Other NGOs in Pakistan are moving to create independent sources of revenue. Shirkat Gah, for example, carries out consulting assignments for domestic and overseas clients and ploughs the proceeds back into its own core funding. Its dependency on donors has declined slightly (to 80 percent) over the last several years.

⁶³ The issue of local fund raising raises the issue of competing with other IUCN members for funds.

⁶⁴ Other ideas should also be considered. For example, seeking funds from American foundations, limited local fund raising (in co-operation with other members and partners), selling training and consulting services, debt for development swaps and others.

⁶⁵ The PEP came in nine months late and left IUCNP with the unenviable choice of either putting SDPI out of business or else putting in place the bridging finance and hoping to recover it at a later date.

Short Term

- IUCNP has a good record of cost control over the years and will take its own decisions on high cost items such as additional office space and furnishings during 1995;
- IUCNP must continue to impress on its donor partners the negative impact of their apparent inability to achieve agreed target dates with regard to programme commencement. However given the constraints on donor behaviour imposed by stakeholders other than IUCNP, we see little hope of avoiding prolonged delays. IUCNP must, therefore, try to put itself in a position in which its financial viability is not dependent on donor performance;
- The reforms to IUCNP's financial systems should be implemented as quickly as possible. We recommend that IUCNP and IUCN-HQ collaborate to provide any outside assistance that might be required. IUCNP should set the goal of completing the redesign of its financial systems by mid-1995.

Long Term

- IUCNP needs to try again to interest the donor community in Pakistan in the provision of longer term flexible financing. This can be done in the context of the financial planning improvements that have been recommended in this report;
- IUCN Headquarters needs to think through its strategy toward the financing of field offices such as IUCNP that experience temporary financial difficulties. We address this specific issue in Section 5 below.
- The functions of fund raising, strategic financial management and cost recovery need to play a bigger part in the responsibilities of IUCNP's senior staff. This will in turn entail changes to management style, the organizational structure and the information systems. IUCNP may wish to consider setting revenue targets for its staff;
- IUCNP needs to put in place a broader strategy for financial sustainability including gaining access to new sources of revenue.

3.5.8 Implications for IUCNP's Donors

As this report has made clear, IUCNP's relationship with the donor community in Pakistan is one of the most critical strategic relationships that influences its effectiveness and sustainability. Over the years, IUCNP, under the leadership of the current Country Representative has made consistent efforts to establish partnership arrangements with various donors such as Swiss Aid, NORAD, CIDA, DGIS, UNDP and others. In 1993, IUCNP made a particular effort to solicit programme aid from the local donor community after the first Management Review. An informal donor consortium to pursue the idea was established. In the event, most donors did not agree to provide core or programme funding and chose instead to pursue their own projects.

IUCNP and the donor community might wish to consider dealing with some of the following issues in an effort to improve their relationship:

- New sources of programme financing may be forthcoming in the longer term. In the short to medium term, however, IUCNP will need to rely on project activities to finance most of its activities. The challenge for IUCNP, therefore, is to ensure that these project activities are *proactively* generated by IUCNP rather than being a reactive response to donor initiatives. For programming and managerial reasons, such

project activities should address IUCNP Programme priorities rather than the IUCNP programme adapting to encompass the donor projects. Fundamental to this effort will be IUCNP's own efforts to set and enforce its own programme priorities (see section 3.4.6 above);

- As discussed earlier, IUCNP will have to be very selective in the type and number of large projects that it implements on behalf of donors. Such activities can lead to excessive donor monitoring, laborious reporting, compliance with many new procedures and irregular financial flows which can upset IUCNP's delicate financial position. Lengthy donor approval procedures - particularly those relating to project extensions - remain one of the most difficult issues for IUCNP to contend with;
- We have underlined the need for IUCNP to be compensated for all project expenditures on behalf of donors. IUCNP needs to be insistent that its expenditures be covered by donor agreements in areas such as project development, monitoring and evaluation, financial management and overhead costs;
- Both IUCNP and its donor partners need to ensure that their programmes have two basic development objectives: first, to achieve some sort of development impact in the area of environmental management and second, that the programme contributes to IUCNP's own institutional development and its capacity for improved performance. This second objective has implications for both the content and the management of donor-sponsored programmes.

3.5.9 Recommendations

38. IUCNP should set up a single consolidated Cost Centre to which all revenue would accrue.
39. IUCNP should cease to operate components of the core IUCNP Programme outside the Cost Centre.
40. For the time being, the Peshawar Office should continue to be handled as a separate project activity rather than be incorporated into the core financial structure of IUCNP.
41. A consolidated expenditure budget for the entire IUCNP Cost Centre should be prepared annually giving the essential or core operating costs of individual units or sub-cost centres.
42. IUCNP should review its overhead rates to ensure they cover the administrative and financial services provided to particular programmes and projects.
43. All staff time revenues should be pooled by IUCNP to support its overall Programme rather than being retained by individual units.
44. IUCNP should begin to make full use of the IUCN-HQ ABC List technique.
45. IUCNP should begin to formulate and produce an Annual Operations Plan that can provide a framework for the forthcoming year based on financial and other resources available.
46. IUCNP should think through the ways in which it can become financially sustainable. The development of a fund raising strategy by mid-1996 would be a key part of any move to sustainability.

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47. IUCNP should begin to investigate other revenue possibilities such as establishing a commercial subsidiary or doing fund raising in Pakistan or abroad.
 48. IUCNP needs to take both short and long term measures to avoid financial deficits in 1995 and beyond. Most of IUCNP's stakeholders especially IUCN-HQ and its donor partners can assist IUCNP in this regard.
 49. IUCNP should discuss issues to do with its programming, organizational development and financial sustainability with the donor community in an effort to make these partnerships more supportive of IUCNP's own institutional development.

4. IUCNP and Institutional Development

The needs of the NCS call for the strengthening and development of many of the Pakistani institutions that play a role in environmental management and protection. While IUCNP should build its capacity to facilitate institutional development, it should not organize itself to deliver such support services given the many other demands on its resources and the growing number of other organizations in Pakistan both in the public and private sectors that can carry out institutional development work.

4.1 Background

The previous IUCNP Management Review in 1992 affirmed the importance of institutional development (ID) as a "necessary prerequisite" for the implementation of Pakistan's National Conservation Strategy (NCS). Given the sheer size, scope and complexity of the ID effort required for NCS implementation, IUCNP needs to think carefully about the role that it can and should play in this complex area. For example, how should ID be defined in the Pakistani context? Should IUCNP develop the ability to do institutional analysis and programming as a core skill? If so, how should such a core skill be organized within IUCNP?

4.2 A Framework for Institutional Development

Section 2.1 of this report sets out a framework for capacity development for the environment. To simplify the comparison between capacity development and institutional development, we have assumed in this report that ID has a more 'micro' focus, that it deals primarily with the efficiency and effectiveness of individual institutions and their ability to make effective use of the human and financial resources available to them. A number of conceptual frameworks for ID have been developed over the years and are in widespread use⁶⁶. One analyst has suggested⁶⁷ seven dimensions of ID, each of which can serve as an entry point for ID efforts. (See Annex 11)

To be most effective, ID activities need to be conceptualized, designed, prioritized and implemented within a broad framework for ID which includes analyzing internal structures, resources and functions, looking at what the organization does (as opposed to what it has), doing stakeholder and client analysis and carrying out sustainability and contextual

⁶⁶ See Tom Peters and Robert Waterman, *In Pursuit of Excellence*, p.11, the 'Seven-S' framework. The World Bank, *Handbook for Technical Assistance*, chapter 6, "How to Assess Institutions". Max Iacono, "An Analytical Framework for Institutional Development and Structural Reforms" *International Labour Office*, June 1994. Arturo Israel, *Institutional Development*, The World Bank, 1989. Charles Lusthaus, Gary Anderson, Elaine Murphy, *Institutional Assessment: A Framework for Strengthening Organizational Capacity for IDRC's Research Partners*, IDRC, 1995. Milton Esman, "Strategies and Strategic Choices for Institutional Development" paper prepared for The World Bank, 1989.

⁶⁷ See Esman, Milton (1993) "Strategies and Choices for Institutional Development".

assessments⁶⁸. Such an approach to ID requires careful analysis of the institutional context, an understanding of the constraints and opportunities to ID, eliciting the support of stakeholders, developing an ID strategy, implementing specific activities, and adopting an iterative, learning approach which involves ongoing monitoring and feedback. The point here is that carrying out serious programmes of institutional development is a complex task that would require IUCNP to build its own capacity in terms of technical skills and organizational procedures. Is this an appropriate investment for IUCNP to make given its other priorities? If it is, how should the function be organized?

4.3 IUCNP's Present Capacity for Institutional Development

4.3.1 Record to Date in Institutional Development

IUCNP's present involvement in ID has tended to be broadly defined and has grown somewhat organically and opportunistically as the NCS implementation process has progressed. As one of a small number of established, high profile, development organizations, IUCNP has been led - by donors, its own inclinations and others - to get involved in ID efforts. IUCNP can also point to an impressive track record of initiating, putting in place, and nurturing a number of new institutions designed to play a key role in NCS implementation. One example is the establishment of the Sustainable Development Policy Institute. More recently, IUCNP has set up the Sustainable Development Network, funded by the UNDP, which it hopes to spin off as a separate entity. IUCNP has also helped to strengthen a number of partner organizations by providing them with access to resources and technical support.

IUCNP's approach to ID varies widely, both conceptually and in practice, between different units and projects. Box 1 below sets out some of the main ID activities of IUCNP to date. In some instances such as the Education Unit, ID activities have been, or are being, developed using a more comprehensive and strategic approach to ID. Within other units within IUCNP, it was less clear how their ID activities fitted into a larger ID framework or careful analysis of the broader institutional context. For example, many of IUCNP's ID activities focus on only one or two ID dimensions such as training and technical support. The organizational assessments done by the NGO Unit address the organizational dimension of ID, while the round tables and networking of the Business & Law Unit focus more on the political context. There are few examples, however, of IUCNP activities that address the full range of dimensions with respect to strengthening any one institution. This is understandable given the scope of the commitment and resources needed to take this type of comprehensive approach.

Some of the activities which IUCNP staff referred to as ID appear, in fact, to be efforts at human resource development (HRD). A careful distinction needs to be made between efforts which constitute an investment in human capital formation that contribute to institutional improvement and the individual acquisition of knowledge. While the former contributes to and is part of ID, the latter in and of itself, does not. To increase their likelihood of contributing to ID, the training and education activities of IUCNP would need to be designed accordingly.

4.3.2 Present Capacity for Institutional Development

In our judgement, IUCNP does not presently have the capacity it needs to move beyond the provision of basic ID support such as training and technical assistance. Despite the PEP's intention to promote institutional development, the programme provides few

⁶⁸ For the record of the World Bank in carrying out these type of analyses, see Derick Brinkerhoff, "Institutional development in World Bank projects: analytical approaches and intervention designs" Public Administration and Development, vol.14, 1994.

resources which IUCNP could use to build its own capacity. There is, for example, no funding specifically allocated for building IUCNP's ID capacity, although there may be some allowances for this made through the CPO contract. Few staff within the organization have either formal training or extensive field experience in institutional development.

To get an outside perspective on IUCNP's ID activities, we interviewed a small but representative sample of IUCNP's stakeholders, including donors, NGOs and several government officials. Most had mixed views on IUCNP's involvement in ID activities and some did not see IUCNP as an implementor of ID, although several indicated the potential existed. For the most part, IUCNP was perceived as being a facilitator rather than a deliverer of ID services. Some donors looked to IUCNP to provide assistance with institutional issues while others felt that IUCNP would be better to capitalize on its strengths as a networker and facilitator. As with the last management review, donors continued to express concern about IUCNP's efforts being dispersed across too many activities.

Box 1: Mapping IUCNP ID Activities and Approaches.

ACTIVITY	EXAMPLE
1. Networking/Round tables Used by IUCNP primarily to address the political dimension of ID - to mobilize and activate support for ID.	Business and Law Unit - Business Round Tables
2. Technical Assistance IUCNP provides T/A on request to a variety of organizations, largely to address the technical dimension of ID.	Environmental Education Unit - curriculum development assistance to St. Patrick's School.
3. Training - Technical/Managerial Used to address technical dimension of ID by providing environmental understanding and awareness, as well as providing strengthening of skills.	Journalist Resource Centre (JRC) Environmental Education Unit NGO Unit
4. Demonstration By demonstrating certain approaches, such as how to respond to environmental emergencies, IUCNP attempts to transfer technical skills and build capacity. This approach addresses the technical dimension of ID	Environmental Impact Assessments carried out by the Environment Assessment Services Unit
5. Policy Dialogue	

ACTIVITY	EXAMPLE
6. Meetings/Workshops Can be used to address a variety of ID dimensions, including technical, normative and political. Often a means of facilitating the learning dimension of ID.	
8. Joint Studies and Research	NGO Unit - Organizational Assessments
9. Financial, Logistical & Material Support This activity primarily contributes to the economic dimension of ID. IUCNP helps provide this type of support by facilitating access to funding.	Provided to: Teachers' Resource Centre Shirkat Gah
10. Devolution or "Spinning Off" of Activities Building New Institutions	SDPI

Most NGOs did not see IUCNP as a provider of ID services. The consensus was that IUCNP should focus on building environmental capacity of Pakistani NGOs through advocacy, networking, technical support, facilitating links with, and access to, government, donors and external resources. At the GOP federal level, government officials did not perceive IUCNP as having a role in strengthening government units, nor the capacity to do so. The two GOP units involved in PEP did not perceive this as IUCNP's central role. Provincial government officials in Peshawar indicated greater recognition of IUCNP's role in strengthening their institution. Overall, however, IUCNP's key role was seen as that of facilitator and networker - bringing people together to discuss issues and changing attitudes.

4.4 A Recommended ID Role and Implementation Strategy for IUCNP

4.4.1 Facilitation rather than the Implementation of ID Services

We recommend that IUCNP not increase its direct involvement as a deliverer of ID services. Or put another way, it needs to orient itself as a delivery mechanism for ID rather than a 'deliverer' of ID services. Instead of building up internal capacity to initiate, design and implement ID projects, IUCNP should access other strengths and resources, both within Pakistan and outside. A huge commitment would be required in terms of cost, energy and time for IUCNP to get into the business of the delivery of broad based ID services. Such a commitment is beyond IUCNP's current capacity and would contribute to an undue dispersal of its resources.

4.4.2 Make ID Explicit

By assuming the role of facilitator rather than implementor, IUCNP has the potential to incorporate ID as a cross cutting issue in many of its activities in support of NCS implementation. In effect, ID is already part of most of IUCNP's activities. Every unit has an ID/training function and it is hard to separate those activities which are ID from those which are not. However, in many cases ID is implicit and happens incidentally. It is seen, even inside IUCNP as a minor, secondary consequence of working with another organization(s) on a specific task or project. In situations where IUCNP is working in

partnership with organizations to implement projects, IUCNP needs to set, at the outset of the project, ID objectives and strategies for all participating organizations including itself. Such objectives would define, for each organization, how they would like to be strengthened as a result of working together and what activities they would like to see take place to facilitate this.

4.4.3 Strengthen IUCNP's Capacity to Facilitate ID

IUCNP's varied approach to ID has largely resulted from the various units designing and carrying out ID activities based on individual common sense. Although IUCNP has had some success in institutional development, most staff lack a strong conceptual and analytical background in ID. If IUCNP is to explicitly adopt ID as a cross cutting theme for its activities, while at the same time embracing the role of facilitator, it needs to have the capacity to recognize when ID is needed, understand in general terms what is needed, and identify where the necessary support is available. In other words, IUCNP needs a sufficient sense of the issue to enable it to both understand the nature of ID issues in particular organizations and to assist the partner in locating suitable resources.

4.4.4 Develop a Common Understanding of and Approach to ID

Implicit in strengthening IUCNP's ID capacity is the need to develop a common understanding among the staff of the range of approaches to ID within IUCNP. No single approach is going to be appropriate for every situation. It is likely that IUCNP will continue to do ID in many different ways, but a shared overall conceptual understanding and approach to ID will help ensure IUCNP is making optimal use of the opportunities it does have to support ID.

4.4.5 Work with External ID Support Organizations

There are a small but growing number of ID support organizations in Pakistan, many of which are in the initial stages of developing their own capacity to provide ID support services. By working with these organizations rather than building a substantial ID capacity in-house, IUCNP has the potential to contribute in a meaningful way to facilitating the development of their capacity.

4.4.6 Nurture a Partnership Model as a Preferred Approach

Many projects are implemented in partnership with other organizations, where IUCNP plays a key role in initiating the idea and championing it with donors, and then implements it together with other organizations and/or the government. We believe this model should be developed, promoted and refined as a preferred approach to doing ID. Such an approach will help to ensure ID is an integral part of much of the work that IUCNP does. Essentially, the organizations involved in the partnership learn from one another as a result of working together.

4.4.7 Strengthen the ID Skills of Existing Staff

In the short term, IUCNP should focus on increasing ID capacity within its existing units. IUCNP professional staff need enough background in ID to be able to incorporate ID considerations into the design and implementation of their programmes and projects and to know the nature and source of any outside assistance that might be required. An internal ID workshop for IUCNP could help clarify the concept by providing specific examples of what works and what doesn't work, and facilitate the development within IUCNP of a common understanding and definition of, and general approach to ID. Past experience could be evaluated and areas identified where IUCNP has made a contribution to ID. Mechanisms could be put in place for making ID an explicit, cross-cutting theme of most projects and for monitoring progress.

Parameters could be developed to help IUCNP decide what specific ID approach is most likely to be effective in a given situation. This will vary depending on (1) the type of institution being developed, (2) the strengths, weaknesses, opportunities and constraints of the specific institution, (3) the larger institutional context in which the institution is functioning, and (4) the nature of the specific project or activity being undertaken with IUCNP. Such a workshop could be followed up by periodic reviews of ID activities. Case studies of IUCNP's ID activities, done either by IUCNP staff or outside contractors or researchers, could be done as a means to enhance corporate learning with respect to ID.

4.4.8 The Role of an ID Specialist

The potential ID demands of PEP suggest the need for IUCNP to hire an additional staff member with expertise in ID. In the short and medium term, an ID Specialist could potentially fulfil a number of functions, including providing ID support for the public sector ID component of PEP and supporting other units in their efforts to incorporate ID activities into their programmes and projects.

The other function which an ID specialist could perform is to help other units take a more strategic ID focus by organizing internal workshops and training and getting involved in project design and planning. The ID specialist would also act as a resource person, keeping up to date on recent experience of ID, monitoring and evaluating IUCNP's ongoing ID activities, and disseminating lessons learned as appropriate. Finally, an ID specialist could help IUCNP build in phase-out plans for its existing programmes which have significant ID components.

Such an ID Specialist should not get involved in any significant way in guiding IUCNP's internal ID activities (i.e. efforts to strengthen IUCNP) except in an informal advisory role. The ID Specialist should also avoid developing programmes and projects for donor funding over and above those developed by the individual units. The reasons for this are twofold. First, the two functions of the ID Specialist specified above are likely to be very time consuming - it is unlikely that he or she would be able to fulfil additional responsibilities. Second, we believe the managerial capacity now exists within IUCNP for them to be able to design and direct their own internal ID activities. While the ID Specialist would take part in these activities as a member of IUCNP's staff, the responsibility for internal ID should lie with senior management.

4.4.9 Avoid Establishing a Separate ID Unit

The 1992 Management Review recommended that a separate ID Unit be established to mount training programmes and support the ID work of the other IUCNP units. Strengthening of the ID function is also a recommendation of this report. However, unlike the previous Management Review, this report does not recommend a separate ID Unit. In our view, it is no longer clear that the formation of a separate unit would be the most effective way to build capacity given the refined, more narrowly-focused role for IUCNP in ID, suggested above. The reasons for this are as follows:

- Establishment of a separate ID unit, with responsibility for developing its own projects and providing ID services, has the potential to work at cross purposes with the intention of having ID as a cross cutting theme with ID activities undertaken by all units. In effect, such a unit has the potential to pull ID responsibility out of individual units and vest it with a single unit. Development of a basic ID capacity within each individual unit, together with provisions for making additional conceptual and analytical support available on an as-needed basis is more likely to support a facilitative ID role for IUCNP;

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- Such a Unit would have the potential to take on a life of its own given the need for ID in Pakistan. It would likely lead to commitments from IUCNP in terms of time, money and resources that would be difficult to meet.

4.4.10 Structuring and Organizing for ID

The ID Specialist should be based in Islamabad as part of the PEP team. We estimate that 50 to 75 percent of the ID Specialist's time could be devoted to supporting the ID activities of the PEP. The remainder of his or her time would be spent providing support to other units in IUCNP. This will require close liaison with the Programme Support Unit (PSU). The PSU will play a role in coordinating the ID Specialist's inputs into project design, proposal preparation and monitoring activities. We believe that an individual with the requisite skills and experience to take on the role of an ID Specialist is available within Pakistan, or amongst Pakistani expatriates working in other countries. It is important the individual selected has significant prior experience in institutional development and knowledge of the Pakistani institutional context, especially the public sector. This individual must also have knowledge of, and ability to access, external ID resources in Pakistan and internationally, as required.

4.4.11 Recommendations

50. IUCNP should restrict its ID role to facilitation rather than the implementation and delivery of ID services.
51. IUCNP should not establish a separate ID unit within the organization.
52. IUCNP should use the resources of the PEP to hire a staff member with ID training and qualifications.
53. IUCNP should hold some ID training sessions to familiarize its staff with the basic concepts of ID.

5. IUCNP within IUCN, The World Conservation Union

An important determinant of IUCNP's organizational effectiveness is its relationship to the wider global Union in general and to IUCN-HQ in particular. The current corporate reorganization of IUCN offers the opportunity to both organizations to reshape their relationship for more productive purposes. What is likely to emerge is IUCN as a sort of coordinated global network in which IUCN-HQ and IUCNP can collaborate more closely on both policy and organizational issues. IUCN also needs to build its capacity to support the growth of its field office system in areas such as financial management, information technology, technical support and training.

5.1 Background

This report has made the point that IUCNP acts both as a Pakistani indigenous organization and as a field office of IUCN. Any programme to improve the organizational capacity of IUCNP must take into account this latter role and the nature of its evolving relationship with other elements of the IUCN organizational system including the Headquarters in Gland, the members of IUCN especially those in Pakistan, and the IUCN Commissions. This section looks at IUCNP from the perspective of its association with IUCN, the World Conservation Union and suggests areas for improvement.

The Management Review in 1992 set out a brief history of the development of the IUCN field office system and made the observation that "many field units appear to have opportunistically developed according to the availability of donor funding and the initiative of energetic country representatives. Simply put, it has proven to be a difficult task to

graft a decentralized field system onto the Secretariat during a period of financial stringency"⁶⁹. The end result has been a patchwork system of field offices with few synergies either among the field offices themselves, between the field offices and the Headquarters or among the various 'worlds' of IUCN such as the Commissions, members and the Secretariat. In effect, the rapid but somewhat unplanned growth of the field system responded more to local country priorities and aid financing than it did to IUCN's broader strategy. This expansion of the field system also outpaced the capacity of the Headquarters to give local offices the logistical and financial support they needed for steady growth. The eventual outcome was a tendency for the Headquarters to ignore those field units that presented the Union with no immediate problems. This 'if it ain't broke, don't fix it' approach was understandable given IUCN's own shortage of resources but it can no longer be a useful approach when field programmes need continuous support and organizational strengthening to survive.

The 1992 Management Review made a number of general proposals for improving the organizational relationship between IUCNP and IUCN. Some progress has been made in implementing these improvements but much more could be done to make the organizational relationship between the two institutions more productive for both sides. The limited dialogue on programming takes place randomly on projects rather than on a more consistent strategic level. The personnel and financial management systems are not compatible and lead to continuing frustration during periodic attempts to reconcile them⁷⁰. There is little interchange of staff and few opportunities for either side to participate in or even fully understand their respective policy decisions. IUCN-HQ has also not been in a position to provide much in the way of financing or systems support to IUCNP during its period of rapid growth over the last two to three years.

The debate about what financial support IUCN should provide to IUCNP is a complex one and is not analyzed in any detail in this report. Readers, however, should understand that IUCN itself has only a limited sustainable source of financing. In particular, it has been short of 'core' funds during most of its existence and has few slack resources - either money or people - that it can use to support its programmes abroad. The Headquarters must thus allocate its scarce resources carefully to achieve a global impact. This leads in turn to difficult choices between supporting existing programmes such as Pakistan and potential ones such as Indonesia, Vietnam or Brazil. IUCN must also choose between those programmes such as Pakistan that can gain access to donor resources versus those that cannot. Finally, IUCN has to deal somehow with a continuing supply of 'unfunded mandates', that is, those programmes that other groups or institutions within the Union want or need but cannot fund.

5.2 The Current Global Reorganization of IUCN

Following the IUCN General Assembly in Buenos Aires, the current Director General of IUCN proposed a number of organizational reforms to improve the global performance and responsiveness of IUCN⁷¹. The intent was to increase the capacity of IUCN to operate on a more coherent basis by exploiting the unused strengths of its global networks such

⁶⁹ Capacity Building for the Environment, A Programme and Management Review of IUCN in Pakistan, p.27.

⁷⁰ For example, the financial management systems of the Pakistan and East Africa programmes differ dramatically both in terms of accounting techniques and their compatibility with the financial systems in Gland.

⁷¹ For more details on these proposals, see David McDowell, Some Thoughts from the Director General on realizing the Union's potential and the Secretariat's Role in this endeavour, June 1994 and Restructuring: Time to Choose, September 1994.

as the Commissions²², providing greater involvement for members, increasing its capacity for policy advocacy and improving IUCN's impact at the field level - in short, to be what IUCN has termed "a more unified, mission-led, constituency-driven organization". Specific reforms include (but are not limited to) the following:

- Giving IUCN members, both through their participation and through global networks and local committees, a greater role in formulating IUCN policies;
- Delegating and decentralizing specific functions and programmes from the Headquarters to field offices. Fifteen percent of the Headquarters budget is to be transferred to the regions, Commissions, membership organizations and other networks before the 1996 budget;
- Moving to a regional-based system of field administration which can take advantage of regional heterogeneity and be more responsive to members' needs in the field;
- Integrating technical analyses with the social and human aspects especially in the work of the Headquarters;
- Restructuring Headquarters operations including the formation of a new technical/networking group and a Regional Support Group. More attention to be paid to fund raising, evaluation and the establishment of integrated, self-managed teams to carry out the work;
- Investing more resources in staff training at all levels of IUCN;
- Coordinating the work of the IUCN Commissions with that of the overall IUCN Programme. Special efforts to be made to expand the Southern membership of the Commissions;
- Strengthening the organizational capacity and performance of field offices.

Underlying these specific reforms is the emergence of a new organizational vision for IUCN. A return to more centralization - i.e. a more hierarchical institution with a dominant Headquarters interacting with smaller dependent field offices loosely associated with networks of members and Commissions - is not an option from any perspective. The status quo of what might be called 'disconnected decentralization' cannot provide the synergies and collaborative purpose that IUCN so obviously needs. IUCN thus seems to be moving towards a new global structure and way of managing that can balance the demands of three key tasks. First, the various components within IUCN - the Secretariat, members, various field offices, the Commissions - must act with sufficient common purpose to make a global impact. Yet these same institutions within IUCN must also have sufficient autonomy to respond quickly and effectively to their local needs and conditions, either technical or geographic. And third, IUCN must be able to develop and diffuse knowledge and learning about sustainable development both internally and to outside constituencies. Achieving these three goals simultaneously in support of sustainable development is the new organizational challenge for IUCN.

The organizational approach that may be required (and the one to which IUCN-HQ may be implicitly moving) is that of the coordinated global network which is likely to have some or all of the following characteristics:

²² For a review of the effectiveness of the IUCN Commissions, see David Munro and Gabor Bruszt, A Review of IUCN Commissions, General Assembly Paper GA/19/946.

- The various actors and sub-networks within IUCN - the Headquarters in Gland, the regional and country offices, the membership organizations and the Commissions - act as strategic partners and are bound together by mutual interdependence, real time communication systems, common goals and values and the socialization of staff. The collaborative management of interorganizational relationships rather than the imposition of hierarchical control from the centre becomes the key management function;
- IUCN is managed as a coordinated and collaborating network. The Secretariat in Gland acts in a supportive, synthesizing role and takes responsibility for certain global corporate functions such as policy development, the monitoring of field office performance and the building of relationships with major international donors. Field offices such as IUCNP set their strategies and deliver their programmes according to different cultural, environmental and institutional contexts, but within the overall strategy of IUCN. The organization functions more as a federated organization than it does as a global hierarchy;
- The package of functions the IUCN Headquarters should carry out begins to change. Functions to do with global specializations are as likely to be distributed to different IUCN institutions around the world as they are to be grouped at Headquarters. Secretariat relationships with various parts of the IUCN 'family' are not symmetrical, but vary according to individual circumstance. Established field programmes such as Pakistan operate on a more quasi-independent, self-regulating basis. Other newer offices rely more on central direction and resources;
- Relationship management, communication, knowledge management and organizational learning become key skills, and all parts of IUCN organize themselves to create, absorb, disseminate and apply knowledge on sustainable development. Monitoring and evaluation are improved. Global learning is easily accessible to focus on local problems and visa versa.

This macro-notion of the coordinated global network may not represent as huge an organizational leap for IUCN as might first appear. It fits well with the current decentralized nature of the field system. It allows the members and the Commissions to be integrated more easily into the wider organization. And it lends itself readily to the new emphasis on facilitation and networking at the global and regional levels. The challenge for IUCN in making such an approach effective is in achieving a balance between coherence and collaboration on the one hand and the current efforts at decentralization and regionalization on the other. The danger for IUCN is to end up at the end of the current reorganization with unconnected Commissions, a fractious collection of field offices and a weakened Headquarters. We believe, however, that the current reorganization of IUCN can achieve this balance. And we are confident that the IUCN-IUCNP relationship can be reconfigured for more productive purposes as part of those broader changes.

5.3 Managing Growth and Risk

We would not want, however, to minimize the difficulties and dilemmas associated with the idea of a global network such as the one discussed above. These difficulties are also connected to the multiple 'field office' and 'indigenous Pakistani organization' roles that IUCNP plays. To illustrate the point, we return here to the issue of IUCNP's potential growth in the years ahead. As discussed earlier, IUCNP is intent on playing a broader, multi-component role in Pakistan that heads inexorably to high work volume and complexity, rapid growth and the accumulation of potential financial risks. IUCNP has gone from one employee in 1985 to close to 85 in early 1995. Sometime in the current year, it is likely to overtake IUCN Headquarters in Gland in terms of numbers of employees

and become the largest single organizational unit of IUCN in the world other than the Commissions. The questions then become the following: what are the implications and the risks of this development and for whom? What, if any, should be the limits to IUCNP's growth and size? What criteria should be used to set such limits? Is the current rate compatible with the effective global structuring of IUCN?

From the 'IUCNP as indigenous Pakistani organization' perspective, the current growth pattern of IUCNP is not a cause for major concern. Other Pakistani NGOs such as the Small Projects Office and the Lahore University of Management Sciences have grown at similar or even faster rates over the last decade. Compared to NGOs in other parts of South Asia such as BRAC and the Grameen Bank in Bangladesh which have thousands of employees, IUCNP remains a tiny organization that has yet to undergo a major expansion. It is also not difficult to find examples in the private sector, both in Pakistan and in the West, of organizations that have gone from small operations to major corporations since mid-1985.

Seen from this perspective, the problem for Pakistani and international supporters of IUCNP is not the size of IUCNP but the comparative lack in Pakistan of large, capable, development institutions in the private, non-profit sector that can use their technical and organizational capacity for the collective good of the country. An IUCNP of two or three hundred staff and five or six field offices would still leave it as a comparatively small institution in the tenth largest country by population in the world. The issue then - again from the Pakistani perspective - becomes one not of absolute size but of organizational strategy, purpose and performance. To put the matter in simple terms, a mismanaged IUCNP of fifty staffers would be more of a problem than a productive one at one hundred. The objective then would be to make IUCNP, whatever its size, into an effective, sustainable development institution. In principle, therefore, there should be no arbitrary limit on the size of IUCNP. Role and performance should be the priority.

The main concern with the expanding size of IUCNP may come from IUCN-HQ for two reasons. The first is concern about potential financial liability that IUCNP could generate as it grows. As we have already seen in this report, IUCNP's financial sustainability has become more difficult to ensure as the organization has grown in size. The impact of the delays of larger projects become more difficult to manage. Overhead costs rise proportionately faster than revenues at certain times as IUCNP comes under pressure to invest in training, expanded office space, more employee benefits, additional support staff and the like. This changing pattern of IUCNP's organizational economics accounts, at least in part, for the possibility of deficits being incurred over the next few years.

Over the years, IUCN has not had the managerial or financial capacity to either support field offices as they have grown or see them through financial difficulties. Its preferred option has been a retrenchment strategy⁷³, meaning a severe curtailing of expenditures including the dismissal of staff and a drastic reduction in programming. In effect, over-committed programmes have been scaled back to limited networking, small projects and representational activities, all of which represent little financial liability for IUCN. The obvious cost incurred, however, is the loss of credibility and capacity of IUCN at the field level. The local programme in effect loses the ability to attract the very financing that would ensure its survival. The dilemma here is that rapid decentralization in the form of expanding field offices can have organizational and financial consequences that IUCN finds hard to handle.

The second concern is that of managing an organizational relationship between a large expanding field office and a retrenching Headquarters. Compared to other IUCN field units

⁷³ Followed by IUCN in Central America and the Sahel.

(i.e. the 'outpost' perspective), the rate of IUCNP's growth is rapid, even spectacular. IUCNP does not fit the traditional image of a field office that represents IUCN abroad and the recurring difficulties in the organizational relationship is evidence of the fact that there are few tested operational guidelines to shape the evolving relationship. On this point, we believe that the absolute size of IUCNP should not be an issue in the structure of the 'new' IUCN. If IUCN does become more like a distributed network, more conventional notions of the purpose and size of both Headquarters and field offices will change. In this emerging network, the issues of role, performance and contribution will be more important than comparative size.

Over the long term, the challenge for both IUCN and IUCNP will be to determine if they can combine the IUCNP roles of field office and indigenous Pakistani organization within the overall umbrella of the World Conservation Union. In the final analysis, the growth of the Pakistan programme may well present both partners with the choice of one of two options. In the first, IUCN may not wish to put itself at risk by remaining accountable for the potential liabilities of an expanding IUCNP. It may also feel that with its limited resources at Headquarters (especially organizational support), it can no longer manage or even supervise field offices that grow beyond a certain size. The likely response at this stage would be for IUCN to divest itself of IUCNP and establish it as a formal Pakistani NGO with its own national board and its own liabilities. IUCN-HQ could retain some sort of 'interests section' within the office of IUCNP dealing with representation, international linkages and membership affairs for which it would retain accountability.

The second option is that of 'retention' as opposed to the 'divestment' outlined above. Both IUCNP and IUCN would ultimately decide that their overall interests would be better served by keeping the Secretariat and large field offices connected together as one interdependent organization. To make such an arrangement work effectively, IUCN would have to manage itself differently than it does at present - by building its own capacity to support the operations of field offices, by re-creating IUCN as global community with shared values and objectives and by encouraging more exchange amongst the various offices. As it moves towards a more decentralized structure, IUCN will have to deal with the same issue that IUCNP is facing in its own operations - namely, how to combine delegated autonomy and authority with the need to maintain a sense of integration and coherence.

It is not appropriate, in our view, for this report to make a choice between these broad options. It is likely that a suitable approach will emerge in the years ahead as IUCN and IUCNP continue to grow and develop.

5.4 IUCN Membership Issues

This report does not intend to analyze the IUCNP membership issue in any depth. It may, however, be useful to comment briefly on its potential impact on IUCNP's capacity for programme design and implementation. A key aspect of the organizational change now underway in IUCN is the notion of the Union being 'membership-driven' - that is, devolving authority and resources from the Headquarters in Gland to the other IUCN institutions such as the field offices, the members and the various Commissions. Such a shift in the functioning of IUCN decision making at the corporate level - the General Assembly, the Council, the Bureau - is already in progress. At the level of country programmes such as Pakistan, however, the organizational implications of the decentralization⁷⁴ issue and the changing role of members and commissions are less clear. For example, the following questions need to be addressed:

⁷⁴ 'Decentralization' defined as the process of devolving greater responsibility for the preparation and implementation of the Programme of the Union to Regional and Country offices of the Secretariat and where possible, to the regional and national structures of the membership and the Commissions.

- What would be the respective authority and accountability of members and the field office staff in areas such as programme design and implementation? What should be their organizational relationship? What would the notion of the programme being 'membership-driven' actually mean in operation?
- How would members actually take decisions to express their preferences? Is there a need to constitute a formal national committee?
- Are the governance and accountability structures at the field level adequate? What is the authority relationship of the various field institutions?
- What services can the IUCNP staff offer to local members? And who will pay for their provision?
- What is the most effective way of linking the Pakistan members to their counterparts in other areas of the IUCN world?

We see no need at present for IUCNP to resolve these issues in the short term. For most IUCN members in Pakistan, the notion of the Union being 'membership-driven' is a somewhat abstract concept that has the greatest applicability in fora such as the General Assembly⁷⁵. There seems little inclination to replace the present arrangements at the country level in Pakistan - informal consultations, consensus agreements, operational partnerships on specific projects, quarterly meetings - with anything more formal or structured. The prospect of IUCNP competing with its members for projects and donor funding seems not to be an issue of concern in Pakistan. The present members of IUCNP⁷⁶ make up an experienced, cohesive group that will likely take the general notions coming out of the IUCN reorganization and mould them into approaches that work in the Pakistani context. The Pakistan members seem more concerned with enhancing the effectiveness of IUCNP's programme in Pakistan than with commandeering its resources for their own benefit. What is likely to emerge is a 'membership-influenced' network at the local level which allows for greater interaction among the IUCNP staff, members and local Commission representatives.

5.5 Regionalization

Another initiative in the global reorganization of IUCN is that of regionalization - that is, programming IUCN activities and dedicating resources according to coherent regions of the world such as Central Asia, North Africa and Central America. Current tentative plans call for the creation of a new region called Central Asia to include countries such as Uzbekistan and Pakistan. The region and its members would be serviced by a regional office based in Karachi. Specific decisions on the composition of various regions are still to be made by IUCN.

This report does not address the advantages and disadvantages of regionalization. We would, however, make the following comments on its potential impact on the operations of IUCNP:

- Given its location at the cross roads of western Asia, Pakistan could, in practice, be a member of two or three regional groupings including Central Asia or South Asia. The IUCN members from Pakistan have mixed views on the appropriate region to

⁷⁵ Pakistan had the largest single country delegation at the Buenos Aires Assembly.

⁷⁶ The members include the GOP, two state members and 12 NGOs. At least two other organizations - SUPARCO (Space and Upper Atmospheric Research Commission, Pakistan) and the Sindh Wildlife Board - have applied to become members. Pakistan has the largest number of members of any single country in the South.

which Pakistan should belong and will be conducting their own review of the issue for eventual discussion with IUCN-HQ and the IUCN Council;

- The 1992 Management Review of IUCNP did not favour IUCNP's taking on regional responsibilities in the near future and this report sees no reason to change that recommendation. Those in IUCN, both at Headquarters and in the membership that advocate the extension of IUCNP activities into neighbouring regions are not in a position to provide any additional resources to carry out such an expansion. Regionalization thus has the potential to be the kind of creeping overextension that can damage IUCNP's core programmes in Pakistan. IUCNP still does not have the capacity for anything but minimal activities (such as mailing out publications) in regions such as Central Asia. No field activities should be considered for at least another two to three years until such times as the IUCNP builds more capacity, has progressed further in implementing the PEP and has managed the transition to new leadership;
- If IUCN does expand into an essentially unknown area such as Central Asia, IUCNP should consider some kind of joint venturing with a larger donor such as UNDP which already has physical facilities and an experience in the area.

5.6 Improvements to the IUCN-IUCNP Organizational Relationship

The following steps should be taken by IUCN-HQ and IUCNP to make their organizational relationship more productive and to move toward the model of the integrated network:

- The organizational challenges facing a field programme such as Pakistan need to be better understood at IUCN Headquarters. As discussed above, IUCNP has become much more than simply a small field office of an international organization. It is now a complex, semi-commercial policy and programme delivery unit which will soon be bigger in staff size than the Headquarters itself. It requires sophisticated management to survive and be effective. Specifically, IUCNP needs systems support for improving its information technology and financial management. Over the medium and longer term, IUCN, working in collaboration with its field offices, needs to be in a position to foresee these kinds of growth problems and work for constructive solutions;
- Given IUCN's proposed expansion to other countries particularly in Asia, the shift to a more decentralized structure, the growing complexity of the work and the accumulating risks and liabilities associated with bigger and older field offices, IUCN Headquarters needs to move quickly to build its capacity to support the field system in activities such as financial management, information technology, training and organizational development⁷⁷. This will involve the dedication of additional financial resources, the building of Headquarters technical capacity and the shift to the more supportive role outlined above;
- In particular, IUCNP and IUCN-HQ should develop a common understanding of the real costs of the present growth transition that IUCNP is experiencing and, based on realistic revenue and budgetary forecasts, work together to manage any budgetary deficits that IUCNP may face over the next two to three years. This may involve some financial support from Gland depending on the availability of support from other sources and competing priorities at Headquarters;
- IUCN and IUCNP should have more regular exchanges on the strategic direction and design of their respective programmes. IUCNP should review its programming

⁷⁷ The proposal for a management services unit should be considered again at IUCN-HQ.

directions and the results of its annual review with IUCN-HQ on a more regular basis. There needs to be a common vision and a more collective and consensual approach to decision making in certain key areas in the 'new' IUCNP⁷⁸. IUCNP has a responsibility to contribute to the global mandate and impact of IUCN and it needs to do more to communicate the nature of this contribution to IUCN;

- IUCN Headquarters and IUCNP must collaborate to manage the succession issue over the next two years. More specifically, the two organizations must work jointly on the process of the leadership transition, the timing of the CR's departure, the recruitment of a successor and the costs involved in effecting the succession;
- IUCNP needs a better understanding of the financial and logistical constraints under which IUCN itself operates, many of which parallel those that face IUCNP - shortage of unrestricted funds, a rapid rate of growth, pressures from many claimants and a diffuse mandate. IUCNP cannot expect IUCN Headquarters to be an automatic donor of last resort or a solver of problems that have not been clearly communicated to the Secretariat;
- There is a need to open some of the corporate decision making process within the IUCN Secretariat to field office involvement. Many of the current Headquarters procedures lead to programme and financial decisions at Gland that are difficult to accept or even understand at the field level. For example, the decision making on the allocation of unrestricted funds does not now include the field in any meaningful way. Country and regional representatives thus have little sense of the criteria used or the broader pressures acting on Secretariat officials to allocate its scarce core funding on a global basis. Simply put, field representatives need to participate more in the making of the key strategic decisions that guide the operations of IUCN. In this sense, the current enthusiasm for decentralization needs to be supplemented by a parallel effort at field participation in corporate decision making. Field membership in something like a programming or budget committee would serve this objective;
- More needs to be done in terms of the exchange of technical and administrative personnel between IUCN Headquarters and IUCNP. Such a two-way flow is particularly important for a dispersed organization such as IUCN that has little internal circulation of staff through postings and promotions. IUCNP staff could also benefit from training support from IUCN Headquarters. As mentioned earlier, a fund has been established at Gland for this purpose and IUCNP should make efforts to gain access to this resource;
- IUCN-HQ should make better use of the technical and organizational skills that have been developed at IUCNP over the last ten years. These skills include managing a strategic planning process, designing national consultations, running a complex field office, building a sophisticated environmental education programme and setting up a journalists' resource centre and communications support office. Most IUCN field offices could benefit from either technical support from IUCNP or else practical attachments in Pakistan. Over the next few years, IUCNP could serve as a resource center for the expansion of IUCN's programme in other Asian countries.

⁷⁸ For a similar analysis to do with the relationship between the Secretariat and the Commissions, see Munro and Bruszt, p.8.

5.7 Recommendations

54. IUCN should defer a decision on making IUCNP into a regional office for at least another two years pending the further strengthening of IUCNP's institutional capacity and the transition to a new Country Representative.
55. IUCNP and other field offices should participate more in some of the corporate decision making at the Gland Secretariat.
56. Both IUCN-HQ and IUCNP should continue their efforts to exchange staff, technical expertise and programming directions.

6. Summary

The PEP partners need to see the current programme as work in progress, as a stage in the long process to develop the capacity of Pakistani individuals, groups, organizations and institutions to manage the environment. To do this, the partners should take two interconnected perspectives. The first has to do with the PEP itself and the issues it poses with respect to capacity development itself and the management of such a complex programme. This report has suggested ways in which the partners can collaborate to achieve those capacity objectives.

The second has to do with the organizational capacity and health of the individual actors such as SDPI, the two GOP units and IUCNP. Effective institutional capacity may be the scarcest development resource in Pakistan and it is critical that the gains to date be consolidated by the PEP and the basis laid for further advances over the rest of the decade. The PEP partners must work to ensure that these two goals - the implementation of the PEP and the strengthening of the individual partners - are both achieved.

Annexures



Annex 1: Some Pitfalls of Quantitative Evaluation Systems

Quantitative indicator tracking systems normally encounter the following difficulties during their design and implementation:

- The choice of indicators is inevitably influenced by the ease and convenience of information collection, (e.g. how many reports did SDPI issue in 1996?) rather than by their potential for insight. Quantitative systems are biased against the intuitive and the unmeasurable;
- Monitoring systems are usually clearer on the 'what to measure' issue than they are on the 'when to measure' question. Many of the important results of the PEP (e.g. environmental education) may not show themselves for a generation. Most tracking systems are biased towards the measurement of short-term results which may have less significance in the medium and long term. Indeed, the need to 'demonstrate' results in the short term can act against achievements in the longer term;
- In complex organizations, cause and effect relationships are notoriously difficult to chart. Measurable indicators find it hard to differentiate between correlation and causation. Unless such evaluation systems are embedded in some useful substantive thinking about what constitutes effectiveness and value for money with respect to capacity and institutional development in the daily context of a country such as Pakistan, such systems tend to become disconnected from reality. The resulting information must be interpreted skillfully to be of use. Undecoded 'measurable indicators' do not produce usable knowledge and end up raising more questions than they settle. 'Measurable' data tends to provide the basis for description not explanation;
- In practice, results-based 'management' systems offer relatively little on the topic of management. i.e. how to actually achieve organizational and development effectiveness as opposed to how to measure it. They are designed more to demonstrate symbolic performance to domestic stakeholders than they are to deliver development benefits to participants on the ground⁷⁹;
- Donor-designed evaluation systems tend to focus on the activities of recipients and ignore the impact of donor procedures on the course of programme design and delivery. CIDA is the fifth PEP partner and should have its contributions monitored in a similar fashion as other participants. The scope of the PITS should therefore apply equally to CIDA's selection process for the CPO, its speed of programme approval, the role of the High Commission and other activities;
- When confronted by donor-designed techniques and criteria, Pakistani officials may feel obligated to accept them as valid measures given the funding relationship despite being aware of their inapplicability in the local context. Unless real efforts to the contrary are made, tracking systems have a centralizing effect and shift authority and control back to donor technicians at the expense of local participation. They can also

⁷⁹ Or as one observer described it "a good deal of corporate planning ... is like a ritual rain dance. It has no effect on the weather that follows but those who engage in it think it does. Moreover, much of the advice related to planning is directed at improving the dancing, not the weather", quoted in Henry Mintzberg, The Rise and Fall of Strategic Planning.

distort the institutional relationships that are crucial to overall programme effectiveness;

- Collecting and manipulating the necessary data can be an expensive activity for which specific budgetary provision must be made, particularly for an organization such as IUCNP which has no additional financial and staff resources to support data collection;
- The capacity of officials, in Pakistan or Canada, to 'predict' the relevance of any measurable indicator is extremely limited. Both sides need to be ready to constantly adjust the indicators of effectiveness as the programme progresses. Shortage of resources, lack of patience and bureaucratic inertia acts to limit the necessary flexibility. Measurable indicators 'predicted' in advance take on a life of their own in bureaucracies under pressure to take control and prove results;
- Different groups with differing agendas push for different indicators of success and attention. The choice of indicators is not a technically objective exercise. In capacity development programmes in particular, it rapidly turns into a political activity in which the work of some groups is promoted and others not;
- Much of the 'hard' formal information needed to run results-based management systems is fabricated or unreliable. Very little is actually useful for synthesis by managers as they act on a daily basis to manage activities and formulate strategy.

Annex 2: Terms of Reference for the Heads of Programme Groups

Management Responsibilities

- Overseeing the strategic development, work plans and activities of individual technical units within the group;
- Organizing discussions within the Group, to ensure the coordination and integration of activities;
- Overseeing the preparation of budgets and revenue forecasts by individual technical units and presenting these at relevant Management Group meetings;
- Participating in the IUCNP Management Committee and providing a two-way communication link between the CR and the Management Committee on the one hand and members of the Group on the other. Informing Group members about management decisions taken by the CR, and providing feedback from the Group to the CR and Management Committee;
- Dealing in the first instance with Group personnel issues, and referring them to the CR and/or Management Committee as necessary;

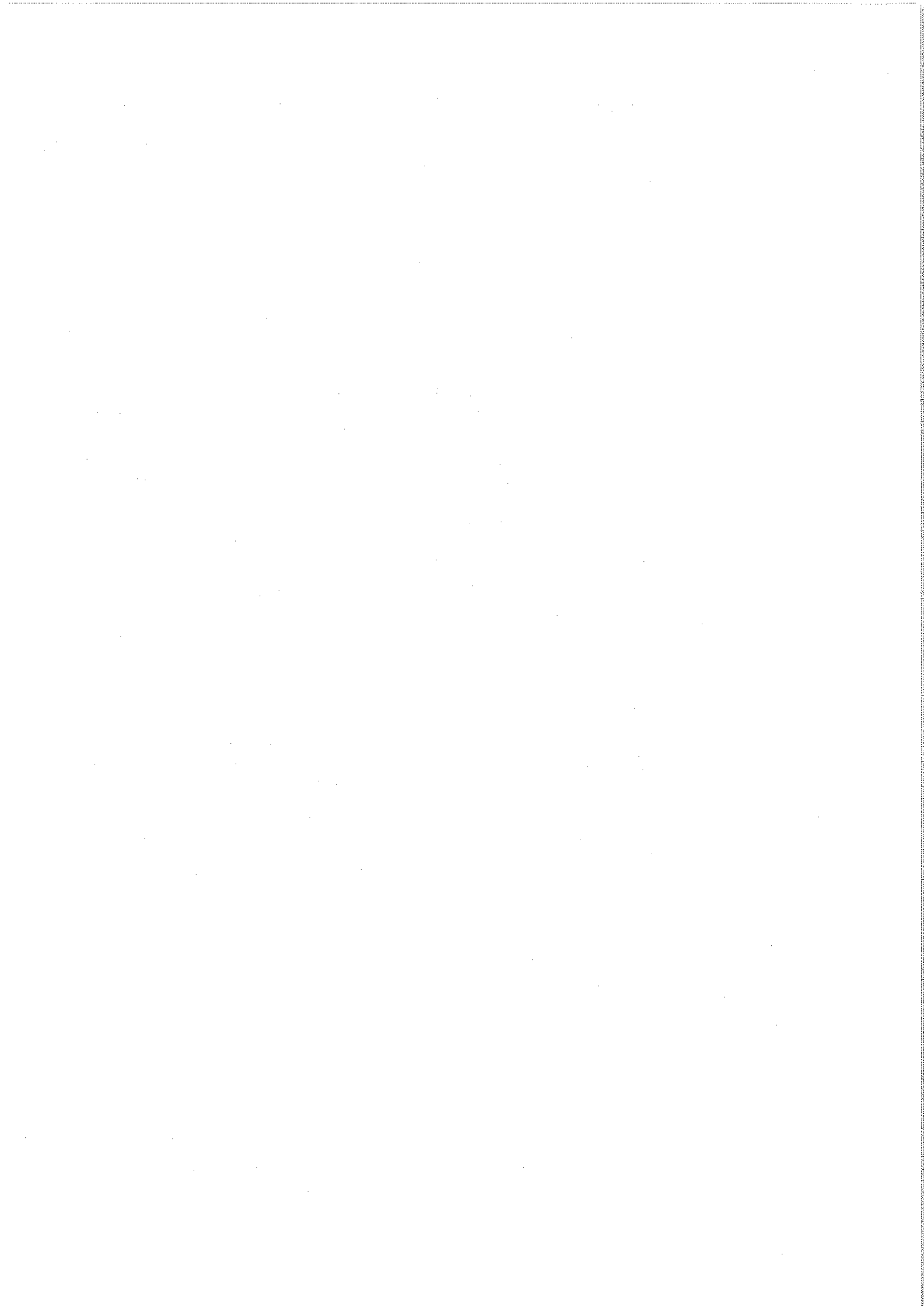
Technical Coordination Responsibilities

- Coordinating IUCNP's work in the respective programmatic theme area - natural resources management, awareness and NGOs, and strategies support. The Group Head should promote the emergence of the theme as a major focal area for IUCNP's activities (not just for the Group in question);
- Participating in, or nominating a representative to participate in, the Programme Coordination Committee.



Annex 3: Terms of Reference for the Project Focal Point

- Coordinating the technical design of the project activity, in collaboration with other relevant technical staff and with support from PSU;
- In collaboration with the Project Administration Unit in Islamabad or the Administration Unit in Karachi as appropriate, liaising with donor and partner organizations in project negotiations and drawing up project agreements for approval and signature by the CR;
- Drawing up contracts and terms of reference for project contract staff, and coordinating recruitment, with assistance from the Project Administration Unit in Islamabad or the Administration Unit in Karachi as appropriate;
- Participating in project site meetings where relevant, and representing IUCNP in meetings with partner and donor organizations with regard project activities;
- Technical supervision of the project, to ensure that project activities are in accordance with those defined in the project document and that goals are being adhered to and defined outputs and reports produced;
- Coordination of technical inputs from other IUCNP Programme Units and cooperating partners into the implementation, monitoring and evaluation of the project;
- In collaboration with project leaders, and the Project Administration Unit in Islamabad or Administration Unit in Karachi as appropriate, establishing an events schedule for the project indicating deadlines for donor reporting, financial transfers, contract renewals, and other major project management events;
- In collaboration with IUCNP finance staff, overseeing project finances, including monitoring of expenditures according to project budgets, and overseeing the production of financial reports and accounting according to donor conditions stipulated in project agreements;
- In collaboration with the Programme Support Unit, identifying appropriate Performance Indicators and baselines, designing project monitoring systems, carrying out project evaluations, and overseeing incorporation of evaluation findings into the design of project activities.



Annex 4: Terms of Reference for the Programme Support Unit

- Facilitating overall coordination of the IUCN Pakistan Country Programme, in particular by providing the Secretariat to the Programme Coordination Committee;
- Guided by PCC, coordinating the rolling forward of the triennial IUCNP Programme, following consultation with IUCN Pakistan members at a special meeting for this purpose facilitated by PSU;
- Organizing the Annual Planning Exercise, and preparing a report of the exercise summarizing its conclusions and any programme realignments;
- Participating in the Management Committee, in particular, providing an overview of the development of the Programme and its component project activities, and assisting in developing revenue forecasts through the ABC List;
- Providing inputs to the Management Committee in developing an *Annual Operations Plan* describing major activities planned for the coming year in accordance with the Programme and with available resources;
- Providing assistance to individual technical units in conceiving and developing projects, with emphasis on defining realistic project objectives aimed at solving defined conservation problems, and pragmatic activities, budgets and timetables developed utilizing logical framework analysis methods;
- Developing systems and standards for the monitoring and evaluation of IUCNP project activities to ensure that projects meet intended targets and that lessons learnt are fed back into individual projects as well as into the design of the overall IUCNP Programme;
- Providing the Secretariat for the Project Review Group. The Head of PSU will chair PRG;
- Providing inputs to the Management Committee in the design of innovative financing mechanisms for IUCNP in an effort to develop long-term financial sustainability.

Annex 5: Terms of Reference for the Project Administration Unit

The Project Administration Unit in Islamabad will carry out the following functions in collaboration with, and in support of, the respective Project Focal Point in IUCNP and the project leader:

- Liaising with donors and partner organizations in project negotiations and in drawing up and finalizing project agreements;
- In collaboration with IUCNP technical staff, drawing up contracts and terms of reference for project contract staff, and coordinating recruitment;
- Coordinating personnel support for project contract staff, including organizing insurance, salary payments, recruitment allowances, leave benefits, etc;
- Providing assistance to technical units in developing and operating project tracking systems designed to ensure that projects produce outputs according to defined schedules, including donor and partner financial and activity reporting;
- In collaboration with project leaders, establishing an events schedule for individual projects indicating deadlines for donor reporting, financial transfers, contract renewals, and other major project administrative events;
- Providing administrative support to project leaders, including assistance with the procurement of equipment and supplies according to project budgets;
- Participating in project site meetings where relevant, and representing IUCNP in meetings with partner and donor organizations with regard project activities;
- In collaboration with the relevant IUCNP finance section, supervision of project finances, including monitoring of expenditures according to project budgets, and overseeing the production of project financial reports and accounting according to donor conditions stipulated in project agreements.

Annex 6: Terms of Reference for the Head, Administration Unit, Karachi

Reporting to the Director of Finance & Administration, the Head, Administration Unit (HAU) will be responsible for supervising all administrative functions within the Karachi head office as well as for overseeing administrative functions in the Islamabad and Peshawar Offices and on IUCNP's major field projects. The HAU will coordinate the work of the Karachi Office Administration Unit, comprising the HAU, an Administrative Officer, secretarial staff, driver/messengers, peons and other office support staff. Responsibilities of the HAU include:

- Overseeing administrative services and staff in all three IUCNP offices, and establishing standardised office administration systems and procedures in conformance with IUCN Headquarters practice wherever possible. These should include procedures for procurement, leave, inventory, insurance, vehicle operation and maintenance, office services, etc. The HAU will provide support where necessary to the Islamabad and Peshawar Offices in solving administrative problems, in consultation with the Heads of the respective offices;
- Organizing training opportunities and providing assistance to IUCNP administrative staff particularly in the outposted offices in the use of IUCNP systems and procedures;
- Lead responsibility for the development, updating, testing and dissemination of the IUCNP Manual, which is the principal document cataloguing and detailing IUCNP administrative procedures;
- Coordinating the move of the Karachi Office to new premises, including lease negotiations, building refurbishment, service installation, etc. The HAU should ensure that the move is undertaken efficiently and with minimum disruption to IUCNP's ongoing operations, and that costs are within budget allocations. The HAU will also be responsible for overseeing the move to new premises by the Islamabad and Peshawar Offices and providing assistance and advice as necessary;

Karachi Office Administration

- Establishing and supervising work programmes for staff within the unit and providing advice and guidance as may be required;
- Overseeing the provision of office services, including driver services, secretarial services, photocopying, refreshments, reception desk, etc;
- Overseeing contacts with local utility and supply companies such as Paktel and KESC, to ensure the effective and uninterrupted operation of services;
- Overseeing the establishment and management of maintenance contracts, including vehicles, photocopiers, computers, telephone systems, etc;
- Overseeing procurement of equipment and supplies for the Karachi Office, its component technical units, and projects implemented by the office. The HAU should

establish an indexed register of suppliers and should ensure wherever possible that at least three quotations are obtained for each order;

- In collaboration with the Finance Unit, maintaining the inventory of capital assets for the Karachi Office, and ensuring that newly-acquired items are placed on the inventory as and when acquired;
- Supervising the Karachi Office's supplies and stores system, to ensure that adequate office supplies and other materials are available, that accurate and up-to-date stock records are maintained, and costs allocated appropriately;
- Overseeing insurance policies for office buildings and contents (fire, theft, all risks as appropriate), vehicles, third party liability insurance, cash insurance, etc;
- Dealing with government formalities such as importation and exportation formalities, immigration formalities for expatriates, etc;
- Organizing and overseeing the provision of all protocol arrangements and related government formalities concerning VIP visitors to the Karachi Office and supervising official receptions for visitors arriving at Karachi Airport;

Project Administration

The HAU will also have an administrative support function for project activities administered through the Karachi Office. Working in collaboration with Project Focal Points within the Karachi Office and with project leaders, the HAU will:

- Assist in the preparation of project agreements for signature with donors and partner organisations;
- Assist in the preparation of contracts for project contract staff and with advertising and recruitment procedures;
- Provide personnel support for project contract staff, including assisting with organizing insurance, salary payments, and other allowances and benefits;
- Assist with project tracking, including establishing and maintaining an events schedule giving deadlines for donor reporting, financial transfers, contract renewals, and other project administrative events;
- Provide administrative support to field project leaders, including assistance with the procurement of equipment and supplies;
- Participate in project site meetings as well as meetings with donor and partner organisations where appropriate;
- In collaboration with the Finance Unit, assist with overseeing project finances, including monitoring of expenditures according to project budgets, and overseeing the production of project financial reports and accounting according to donor conditions stipulated in project agreements;

The HAU will also have the following additional project administrative functions:

- In collaboration with the Finance Unit and Programme Support Unit, assisting in the maintenance of the ABC List. In particular, the HAU will have lead responsibility for maintaining and updating data for "C" List projects;

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- In collaboration with the Projects Administration Unit in Islamabad, establishing administrative systems and procedures for use on IUCNP field project activities.

Annex 7: Terms of Reference for the Programme Coordination Committee

- Overseeing the development of IUCNP's Policy Statement, in accordance with inputs from the membership and other constituencies. The Policy Statement will be the cornerstone of the triennial IUCN Pakistan Programme Document;
- Overseeing the IUCN Pakistan Country Programme, including the production of the IUCNP Programme Document. PCC should ensure that the Programme provides an integrated and coordinated response to the general principles established by the IUCN Global Programme and Strategic Plan;
- Ensuring that the Pakistan Programme is responsive to the needs and viewpoints of the membership, by providing opportunities for the review of the Programme at members meetings and other occasions;
- Supporting the CR in determining IUCNP's stance towards environmental policy or advocacy issues in Pakistan;
- Implementing the Annual Planning Exercise designed to review the effectiveness of programme activities over the previous year, and to chart major directions for the coming one, taking into account lessons learnt, members' inputs, and the directions set by the global IUCN Programme;
- Promoting feedback from the Pakistan Programme into the design and development of the global IUCN Programme, including opportunities such as the World Conservation Congress;
- Overseeing the development of component elements of the Pakistan Programme to ensure that they meet the goals and objectives of the wider Programme, through regular reviews of the objectives and outputs of these components.

Annex 8: Terms of Reference for the Project Review Group

PRG is the committee within IUCNP responsible for coordinating the project design and approval process, in particular for reviewing and approving all project proposals prior to being submitted to donors for funding. The committee has the following responsibilities:

- Reviewing and approving Project Concepts to ensure that they fit the IUCNP Programme and that they are realizable;
- Overseeing the technical design of project proposals, including the identification of a Project Focal Point and technical Support Group;
- Reviewing the feasibility and technical soundness of individual project proposals;
- Providing a forum for airing and incorporating the comments and inputs of programme units which have not been directly involved in the development of the proposal, and thereby ensuring information flow and coordination between units concerning new project activities;
- Ensuring that project proposals conform to the standard IUCNP guidelines on format, content, and style;
- Ensuring that budgetary aspects of proposals are realistic for the work envisioned and in accordance with IUCN budgeting norms;
- Monitoring and overseeing the maintenance of the ABC List of Projects and other activities (consultancies etc.) which generate revenues for IUCNP.

Annex 9: Terms of Reference for the Management Committee

- Overseeing the financial management of the IUCNP Cost Centre, including the development of annual budgets for the Cost Centre and its component Sub-cost Centres, and the management of revenues from project and programme activities through the ABC List. Regular monitoring of income and expenditure projections, and overseeing adjustment of activities/expenditures to ensure a balanced budget;
- Overseeing the development and rolling forward of the rolling Annual Operations Plan, which will provide a framework for managing the growth and development of the organization in accordance with IUCNP Programme priorities and projected expenditures and revenues;
- Responding to non-routine administrative and personnel issues, and overseeing the development of IUCNP administrative and personnel policies and procedures;
- Maintaining an overview of IUCNP operations and activities nationwide and supporting the CR in ensuring quality control of products and outputs;
- Promoting the integration of IUCNP's operations in its three offices in Karachi, Islamabad and Peshawar;
- Supporting the CR in the management of IUCNP's membership affairs and services;
- Supporting the CR in developing and maintaining donor relations, in particular the development of a fund-raising strategy aimed at achieving financial sustainability for IUCNP.

Annex 10: Proposed Budget Line Items for the IUCNP Cost Centre

BUDGET LINE	DESCRIPTION
1. <u>Personnel Costs</u> Salary Incentives Insurance Pension Recruitment, home leave, etc.	For confidentiality, personnel costs should be maintained in a separate salaries budget. Only the total salary costs should be shown on the annual IUCNP Cost Centre budget.
2. <u>Travel Costs</u> Air travel Accommodation & meals	Travel costs should be the minimal costs necessary for the functioning of a particular unit for activities such as networking, activity development and representation of IUCNP.
3. <u>Equipment & Supplies</u> Office equipment & furnishings Computer hardware Vehicle purchase	Office supplies may be provided without inventory by the Finance & Administration Department, in which case an estimate can be made of the quantity used by a unit and a lump sum charge levied.
4. <u>Running Costs</u> Office rental Repairs & maintenance Utilities Office supplies Insurance Photocopying Postage Telephone (rental & local calls) Telefax (rental & local calls) International telecoms costs Entertainment Depreciation costs	Office rental is best allocated according to the space occupied by the particular unit as a proportion of the whole. Building maintenance and utilities (water, electricity, etc.) would be levied on the Finance & Administration Dept. only and charged to units through the service overhead. Office insurance should also be charged through the service overhead except perhaps where a unit operates expensive equipment with high insurance premiums (e.g. the Communications Unit). Postage, international telecoms, entertainment and depreciation costs should be billed on an actuals basis. Photocopying costs can be billed in the same way if the photocopier has an accounting facility. Telephone/telefax rental and local calls can be distributed according to the number of staff in a unit as a proportion of the whole.

BUDGET LINE	DESCRIPTION
5. <u>Contingency</u> (5 percent)	
6. <u>Service Overheads</u> Finance & Admin. Service Charge Headquarters Service Charge	The Finance & Admin. Service Charge (15 percent) is levied for all common services provided by IUCNP, including office space outside units, security, support staff, grounds maintenance (where applicable), and all other non-billable expenses. It is credited in the budget to the Finance & Administration Department, where these costs are billed, to ensure a balanced budget. The Headquarters Management Service Charge can again be debited across all units, but each unit should receive a core allocation of the matching Headquarters core grant on a proportional basis.

Annex 11: Dimensions of Institutional Development

Normative	Changing societal goals, principles, norms, procedures and relationships (i.e. "rules of the game") which control individual and group behaviour.
Technical	Strengthening the capabilities of people or groups, in terms of technical and managerial skills and cognitive understandings, so they are able to function in the manner intended.
Economic	Ensuring the requisite financial and material resources are available to produce and distribute the intended goods and/or services.
Motivational	Fostering and sanctioning individual and group behaviour required to support the desired institutional changes by ensuring appropriate incentive systems, rewards and penalties are in place.
Political	Mobilizing and activating societal support for institutional development activities.
Organizational	Strengthening, reforming or building new formal or non-formal structures that aggregate skills and mobilize and manage the human, physical and financial means that convert resources into disciplined and predictable action.
Learning	Building in to the ID process opportunities for learning through systematic monitoring that focuses as much on process as on results.

ID efforts are more likely to be effective if they recognize the multiplicity of dimensions which must be taken into consideration.

A strategic approach to ID might include the following steps:

1. Careful analysis of the institutional context, and identification and evaluation of opportunities and constraints. This requires a thorough understanding of the larger capacity development context of the country, including the various societal, cultural, economic, environmental and political forces which impact on the institution being developed.
2. Eliciting the support, participation and commitment of all stakeholders in the intended changes. Past experience has shown that certain vested interests, the staff of the institution, and various constituencies outside the institution must develop, at the earliest stages, a sense of ownership of the process if the changes are to be sustainable.
3. Develop an overall strategy for intervention within a comprehensive framework for ID.

4. Design and implement specific ID activities, within the larger strategy developed above. Esman (1993) suggests that a logical progression of activities for addressing each of the dimensions of ID:

- Strengthen the technical dimension (i.e. basic technical and human skills), as this forms the building block for further progress. Training efforts can involve a wide range of stakeholders and are seen as welcome and non-threatening activities.
- Focus on strengthening organizational dimensions, including as appropriate, improvements to structures, procedures, information flows, service delivery capabilities.
- Ensure that there are sufficient financial and material resources (economic dimension) to support the skills and organizational capacity developed in the preceding stages.
- Address the question of incentives (the motivational dimension) so that the various stakeholders can and will function in a way that is consistent with the goals of ID.
- As required, focus on developing societal support and reinforcement for institutional change (political dimension), which may become a constraint to the effective application of the skills, organization, resources and motivation developed in preceding stages.
- Normative changes need to be promoted as the opportunity arises throughout all stages.

NB: While this progression might be useful in designing activities, it may not always be appropriate. ID efforts also need to take advantage of opportunities which may arise, as well as recognize that there may be significant overlap between the various stage. Depending on the needs of any given situation, a dimension may need to be dealt with at the same time as others, or prior to its place in the progression.

5. Continuous monitoring and feedback needs to be built into any ID effort. The learning process takes place throughout the progression - lessons learned must be continuously fed back into the process and the ID strategy modified accordingly. Fresh opportunities for contributing to the ID process must be also sought on an ongoing basis.

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IUCN – The World Conservation Union

Founded in 1948, The World Conservation Union brings together States, government agencies and a diverse range of non-governmental organizations in a unique world partnership: over 865 members in all, spread across 133 countries.

As a union, IUCN seeks to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable. A central secretariat coordinates the IUCN Programme and serves the Union membership, representing their views on the world stage and providing them with the strategies, services, scientific knowledge and technical support they need to achieve their goals. Through its six Commissions, IUCN draws together over 6000 expert volunteers in project teams and action groups, focusing in particular on species and biodiversity conservation and the management of habitats and natural resources. The Union has helped many countries to prepare National Conservation Strategies, and demonstrates the application of its knowledge through the field projects it supervises. Operations are increasingly decentralized and are carried forward by an expanding network of regional and country offices, located principally in developing countries.

The World Conservation Union builds on the strengths of its members, networks and partners to enhance their capacity and to support global alliances to safeguard natural resources at local, regional and global levels.

In Pakistan, the Union seeks to fulfill this mission by empowering communities to participate in the implementation of the National Conservation Strategy.

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