

CAPART

State of the Organization and Roadmap for the Future

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“An organization is both an articulated purpose and an established mechanism for achieving it.”

Miles, Raymond E., and Charles C. Snow (1978)

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Contents

Executive Summary	4
1.0 The Task	10
1.1	Background	
1.2	Scope	
1.3	Approach and Methodology	
2.0 State of the Organization	18
2.1	Context	
2.2	Stakeholders	
2.3	Organization	
2.4	Structure	
2.5	Processes	
2.6	Systems	
2.7	Operations	
2.8	Outputs	
2.9	Outcomes	
3.0 The Diagnosis: Critical Concerns	72
4.0 Roadmap for the Future: Recommendations	92
4.1	Immediate Actions	
4.2	Designing a New Future	
4.3	Change Management	
5.0 Annexures	

EXECUTIVE SUMMARY

- 1.0 CAPART is clearly a unique organization in many ways, but at this point most particularly in the sharp contradictions that emerge immediately on acquaintance. Some of the more curious of these are that –
- 1.1 Its size in terms of both throughput and people employed is relatively insignificant, yet it attracts wide-spread interest and engagement in its well-being from significant quarters;
 - 1.2 There is wide agreement on CAPART having substantial value, as much as extreme disquiet over its status, workings and image;
 - 1.3 There is an unquestioned acceptance within the organization that all the many goals and tasks listed in the MoA are part of its mandate, but only a few of these tasks have ever been aspired to or undertaken, and these few almost solely through grant-making;
 - 1.4 It is perhaps among the most frequently reviewed organizations – including the four recent Executive Committee Sub-Group reports, the team has had access to seven other review reports, making for 11 in all, and been informed of others having been prepared in the last fourteen years (1996-2010);
 - 1.5 All reviews broadly present an overall picture of inadequate steering and management practices and low task capacities, but many recommend expansion of the scope and reach of its activities and geographical presence;
 - 1.6 There is an across-the-board assumption that CAPART has a clear and well-known mandate whereas in reality there is no vision or mission articulated beyond its registration papers (MoA), and different perceptions of its central mandate emerge in discussions with stakeholders;
 - 1.7 There is extreme anxiety, very low morale, “in transit” management, and uneven capacities internally, and yet visions of very substantial expansion and complete turnaround held by both internal and external stakeholders.
- 2.0 Fractured identity is a matter of serious concern as the dichotomy clearly plays out in operations, personnel movement and allegiances, and frequently leads to organizationally destructive actions and processes. Divergent understandings of CAPART’s mandate and imbalances in technical competencies for the tasks are also of concern as they undercut both goal achievement and effectiveness. It may not be too exaggerated to say that the incomplete integration of the parent organizations is one of the prime reasons for the troubled existence of the organization for much of its life.
- 3.0 The ‘third sector’ in the country has transformed dramatically since the years of CAPART’s inception, and there has been no revisiting of its mandate and purposes since then. It is a matter of substantial concern that the need for such a reappraisal of overall *purpose* and *roles* is not widely recognized in the organization, though this is recognized by some members and stakeholders. The questionable relevance of the core activities in the context of the changed client sector and shrinking need is undoubtedly the underlying malaise that manifests as systemic inefficiencies and operational failures, which are only symptoms. Addressing the latter without attention to the larger questions would be in the nature of attending to nuts and bolts while the ship is sinking.

- 4.0 Restoration of credibility with the client sector – its primary external stakeholders – is a key concern and a critical aspect that requires attention. The criticality of this to reversing the vicious cycles that CAPART appears to be caught in cannot be over-emphasized – it is our assessment that in the absence of a credible and mutually trusting relationship with its client sector, no re-orientation or restructuring exercises can alter the current state of affairs significantly.
- 5.0 The pre-eminence of government at the policy and managerial levels of the organization, and the inevitable percolation of a government style of being and functioning is of serious consequence and needs rethinking. Identity, image, creative policy and innovative action are all stymied and the organization fails to serve a key purpose that is often mentioned as its *raison d’etre* – engendering and supporting innovative non-government approaches to development.
- 6.0 Lack of structural recognition of the internal stakeholders is a key issue, and its rectification is important to disinfecting the organizational culture, restoring credibility, improving functioning and renewing the organization.
- 7.0 The lack of a clearly articulated and relevant purpose and functionally linked vision and mission statements is a critical gap that needs to be addressed, as it is clearly linked to the mission-drift and *ad-hocism* that seem to characterise its functioning. Further, this needs to be developed through a systematic process and be commonly held within all layers in the technical and operating core of the organization; the lack of this is obviously the reason for high ineffectiveness despite continuous activity. Other reviews have also captured this state of the organization, but not clearly identified these gaps or their criticality for maintaining organizational integrity.
- 8.0 The poor image – which is perhaps much worse than deserved – is a major concern, not only in itself, but as it creates low self-image and therefore inefficiencies. However, it is also clear that it emerges from structural arrangements that create pre-disposing conditions – either for malpractice within the organization or in terms of providing the scope for irresponsible or false allegations.
- 9.0 The lack of a unified, shared identity is a major issue in terms of the internal climate, rivalries and territorialities it creates in operational and strategic spaces. These tendencies only get accentuated by the persistence of the original PADI and CART allegiances, visions and identities. Developing a shared, strong, singular identity is therefore urgent and key to any process of organizational re-orientation or renewal.
- 10.0 The anxiety, trust deficiency, low self-esteem, poor motivation and lack of energy within the organization is a complex of interrelated issues of serious proportions, and clearly symptomatic of underlying structural causes. Perceptions of extensive corruption and inefficiency and bureaucratic pace are perhaps exaggerated, but as much as is real is also linked to the same structural issues. It is only attention to the fundamental causes that would sustainably change these.
- 11.0 Poor organizational design in terms of in-transit management, decoupled management and operations segments, client-sector involvement in operations,

frequent changes in organizational roles, responsibilities and operations design are at the heart of CAPART's many troubles. They are not only core issues in themselves but also the underlying causes of many others that manifest in different facets of the organization including low effectiveness, low impact, poor image, climate and culture.

- 12.0 Lack of or weak design of essential organizational systems such as organizational and operations planning, MIS and HR is a key issue; other systems such as grievance redressal, monitoring and systematic record-keeping require substantial revision and/or strengthening. The lack of attention to these gaps is clearly symptomatic of the weak or intermittent attention to organizational design, which in turn is typically due to transitional/ frequently-changing management.
- 13.0 The unpredictability and *ad-hocism* in the core operations of the organization caused by frequent changes in scheme design and guidelines is not only a matter of serious concern in itself, but also indicative of more fundamental organizational issues. The lack of any institutionalized and systematic process for reviewing schemes and guidelines in a mature organization such as CAPART clearly points to deeper structural issues that need urgent attention.
- 14.0 The complete mission drift of the YP program is a matter of serious concern not only for the erosion of larger organizational purposes that it signifies, but also in the demotivating effect it observably has on the YPs in respect of development work and social entrepreneurship. The permissibility of such complete mission-erosion in a key and institutionally valuable program, and the lack of attention to this process is equally revealing of significant root causes; clearly, both commitment of leaders to content of CAPART's programs and accountability systems are extremely weak.
- 15.0 The predominant output of the organization – funding for NGOs – has (for a long time) neither been significantly voluminous, critical nor targeted in a way that could impact its relevant domain in any noticeable degree. Other outputs have been small and intermittent, or lost their shape (as in the YP). Outcomes are difficult to gauge in the absence of a clearly articulated picture of desired impact but there seems to be little discernible recent value addition in the domain that can be attributed to CAPART's outputs. This is clearly due to the lack of an overall strategy and targeted operations.
- 16.0 Purpose displacement unfortunately is rarely visible as such, but more likely as problems of motivation, low performance, reputational/integrity issues, and a pervasive sense of defeat. Attending to these issues directly at best amounts to tinkering and at the worst leads to worsening of the situation. The various actions that are indicated and their sequencing must, however, be appropriate to the current state of the organization. These are explained and presented in the next chapter.
- 17.0 Examination of the historical trajectory and current state of the organization clearly indicates that CAPART urgently needs to undertake a systematic process of renewal and coordinated efforts to effect a complete turnaround – nothing short of that is likely to have any visible or sustained effect. We therefore strongly recommend

that such a process be initiated at the earliest. A detailed process of purpose clarification and building purposiveness in the institutional/ organizational design is suggested, and recommended for adoption.

18.0 Irrespective of the substantive focus that is identified eventually, therefore, the following should be realized –

18.1 CAPART is best suited to certain **strategic** roles vis-a-vis the third sector and should therefore be strategic in the use of the resources it brings to the domain. CAPART should not aim at volumes or coverage but act strategically (*à la* pump-priming) to further development of an independent third sector which can bring innovations and creative non-government approaches to the task of rural development.

18.2 The renewed organization should be **unique** in its mandate and purpose, **filling critical gaps** in the domain, rather than a “me-too” organization that replicates services already available to the sector.

18.3 CAPART should emerge from its self-renewal exercise as a **knowledge-embodied and learning organization** that can support development of peoples’ action in general and NGOs and other civil society organisations in particular.

18.4 To be as above, CAPART must strive to change over to take the form of a ‘professional bureaucracy’ as against its current character of being a ‘machine bureaucracy’ wherein knowledge, competence, peer-review and pressure are the mechanisms for its internal coordination and management systems. It must have the enabling conditions to do full justice to its autonomous character, contributing in significant ways to the larger goals and objectives of the MoRD and/ or GoI.

18.5 The **top management should be professionalized and stable with a fixed tenure**. Top managers should reflect the core competencies of the renewed organization and be extensively knowledgeable in respect of the domain. Ideally, they should comprise of senior professionals from within the organization, with the possible exception of the CEO; however, no one without at least two years of experience within the organization should be considered for top-level positions. Of course, this ideal situation cannot be applied till after the organization has stabilized after its renewal/ turnaround process. However, a CEO with a fixed term is critical for a successful transition and change management process.

18.6 The EC – or its equivalent in a restructured future – should have more **balanced stakeholder representation**, with none constituting more than 40% of the total number, and at least 10% independent **members** from outside the stakeholding groups (GoI, NGOs and the internal core). Stability of membership and predictable continuity are features that must be instituted in the design.

19.0 Irrespective of the organizational form and focus, autonomy of the organization is critical and therefore common to all options.

- 20.0 As an organisation CAPART could be
- A. Exclusively government funded and function as the government's instrument, in a supplementary/ complementary role to the government's efforts in RD, either
 - a. Only of the MoRD, or
 - b. Of all Ministries that have an interface with the rural communities (i.e., those related to education, health, renewable energy, environment & forests, Panchayati Raj, etc.)
 - B. Jointly funded with roles as in 1 above and further roles in civil society development: that is, in a public-private partnership model
 - C. Fully as a forum of civil society, functioning as a foundation. Initial corpus grant could be from the government and further fund raising from different sectors, i.e., government, private sectors, international and national foundations, even from individuals.
- 21.0 CAPART could choose between different modes of ordering its operations, such as
- 21.1 Continue with structured and scheme based operations as currently; **however some stability and self-imposed discipline is urgently required in introduction, revision and withdrawal of schemes and alteration of guidelines**
 - 21.2 Shift to an open, theme based mode of organizing its support to entities, by periodically identifying broad thematic areas within which to support a range of initiatives – i.e., community mobilisation, promoting community based organisations, institutional support for voluntary/ non governmental agencies, research and advocacy, direct project action, or any such other.
- 22.0 While there seems to be an overwhelming preference for moving away from the current scheme-based functioning, there is also a small segment of opinion that some rationalization/ revision of schemes is all that is required, conforming to preferred practices of minimalistic organizational restructuring. However, options for the nature of organization and manner of ordering operations are not totally independent choices as there are intrinsic compatibilities or the lack of such. For example, a more flexible and theme based approach (2 above) is not best suited to a government instrument as in option A in the previous section.
- 23.0 Overall, three thematic areas, directed to the “Empowerment of People” appear to have been identified by the Sub-Groups of EC, under which different schematic revisions/ expansions have been proposed. These are,
- Social Mobilisation, Capacity Building and Grass-roots Planning
 - Appropriate Technology and

- Marketing and People's Institutions

These are all clearly important and relevant themes for the domain, as are the action-focii identified in the previous sections, but in the absence of clarity in terms of structural properties of the organization and overall direction – such as the choice between A, B, and C in subsection 20.0 above – a decision on thematic directions or operational foci would be premature.

24.0 Therefore, while the above could be used as initial thoughts for discussion, we recommend a systematic and stakeholder-involved deliberative process for identifying the *raison d'être* of the organisation, and compatible thematic foci. People mention a variety of desired directions – but they reflect individual priorities and perspectives - **and compatibilities and complementaries are unclear**. Hence is the recommendation for following a deliberative process to discuss and develop a consensual direction, shared by all significant stakeholders. This would be the key that unlocks the potential that CAPART always has had but has consistently failed to grasp. The need for such a process cannot be overemphasized, for it is crucial, perhaps even more than the substantive organizational form or thematic directions that emerge from the deliberations.

1

THE TASK

Background

Scope

Methodology

1.1 BACKGROUND

CAPART was formed in 1986 and has been a long-standing actor in the development sector, engaged in grant-making and other support for development organizations on one hand and for the promotion of rural technology on the other. From all accounts, the organization has made not insignificant contribution to the development of the NGO sector and has therefore earned much goodwill in the domain of its operations. Both development myth and hard data testify to its importance in the survival and growth of fledgling and new NGOs over the years, with many of those supported in the early years of its existence eventually growing into large, high-quality and important organizations in the sector. Conversely, a substantial number of the currently large and highly respected NGOs have been extensively supported by CAPART over the years. In sum, CAPART has been a visible, relevant and in many respects, a valuable presence in the development domain in India for almost twenty-five years.

For a substantial part of its life, however, the organization has also been plagued by a poor image and perceptions of ineffectiveness, inefficiency and mission-dissipation; surprisingly, these perceptions are held both internally and externally. This has occasioned an unusually large number of internal (and one external) reviews of its functioning in the last decade, but with little apparent effect. With the formation of the current Executive Committee in mid-2009, a decision was therefore taken to re-examine its functioning and initiate systematic actions towards its restructuring and renewal. Accordingly, a number of Sub-Committees of the EC were formed in August 2009, to examine various aspects of the organization and its grant-making programs and recommend changes. The Sub-Committees prepared the following Reports

1. CAPART Scheme on Capacity Building, Mobilization and Support to Panchayats for Convergence Planning on the Foundation of MGNREGA
2. Strengthening Nature-based Livelihoods
3. Supporting Microfinance, Rural industrialization and Marketing
4. CAPART Reforms

Subsequently, it was felt by the EC and top management that an integrated and external review by an independent agency was necessary. Accordingly, a request for proposals was circulated to a set of well-known management and social science institutions in the country. On the basis of the proposals received, the Institute of Rural Management, Anand (IRMA) was selected for the assignment. The work was awarded on August 3rd 2010 and the Inception Workshop held on 13th August 2010 at CAPART HQ in Delhi.

1.2 SCOPE OF THE ASSIGNMENT

IRMA was contracted by CAPART to review the organization in light of its mandate and report on the “State of the Organization and Roadmap for the Future”. The Terms of Reference for the assignment are as under:

1. Adequacy of the existing capacity (structure, systems and human resources) in CAPART to address its mandate as laid down in the MoA and Bye Laws of CAPART.
2. A review of existing procedures for appraisal and sanction of projects in CAPART.
3. Review of the existing system of monitoring and evaluation of projects and measurement of outcomes.
4. Review of the relevance of Regional Committees and their costs and benefits in the context of the development of IT based processes.
5. Recommendations on the focused areas where CAPART can make quantifiable and visible impact in future.
6. Recommendations on steps required to promote development of the idea of appropriate rural technology by CAPART.
7. Ways for CAPART to emerge as a National level Apex body for third sector research and policy development

In sum the ToR charged the consultants to not only review the current status of the organization but also recommend directions for the future and the actions required to re-orient the organization. For this, an extensive review of all aspects of the organization was necessary, followed by a systematic (externally) facilitated search for appropriate organizational directions by the key stakeholders. The consultants accordingly proposed a suitable process-map and a minimum, compressed timeframe of 4 1/2 months. However, the timeframe delineated for the task was extremely constrained (8 weeks) and, despite a two week extension, did not permit the full range of exercises required.

Given the limited time available, in the pre-inception discussions it was suggested by the client that the process should be abbreviated substantially, and greater reliance may be made on the previous reviews and analytical work already done for CAPART. Exercises critical to the reform process, which were either not undertaken in earlier reviews or could not be accommodated in the time-frame available for this assignment, could form part of the recommendations. In the interest of speed, this assignment was to be limited to examination of the subcommittee reports and some additional exercises and interactions with the various stakeholders within and outside the organisation as was feasible within the timeframe. The scope of the assignment has therefore been framed by these suggestions.

It is to be noted that the organization was almost in a state of 'suspended animation' at the time this assignment was fielded, with all primary operations stopped pending this review¹. While this was one major reason for the urgency with which this assignment was to be completed, it also meant that the consultants have only been able to study the organization in this state. The team has been conscious of this and vigilant of the observation biases that could be introduced by the situation; at the same time, the truncated scope of the exercise has inevitably led to reliance on limited data and occasionally, on assessments of overall gestalt type.

¹ We understand that this view is contestable; we stand by this view as it was a constant refrain during our interactions with the organization. We also recognize that this state of the organization is somewhat unprecedented and has come to be in the wake of many contestations across various tiers.

1.3 APPROACH AND METHODOLOGY

The ToR as well as the inception meetings with the top management of CAPART clearly indicated the need for a detailed and holistic review of the present functioning of the organization followed by a re-visioning process to determine an appropriate and consensual trajectory for the future. A detailed map of such a process was developed by the consultants (Fig 1); however, as mentioned above, the process had to be substantially shortened. This exercise has therefore relied on the following to capture and review the central issues –

1. Existing data on various aspects available in the organization,
2. Reports of a number of organizational assessments/ reviews undertaken in the last decade that were made available at different points in time and by various sources,
3. Written responses from a cross-section of organizational staff
4. Visits to two Regional Offices (Hyderabad and Ahmedabad)
5. Interviews with critical members of the organization, including,
 - a. senior CAPART officers and some members of the Executive Committee
 - b. some members of the four EC Sub-Groups which have prepared Reports on various aspects,
 - c. some former DGs and DDGs
6. Discussions with some of its external stakeholders (NGOs which have been supported and also those who have never linked with CAPART for various reasons)

The steps of the required process that were covered in this assignment are shown in Figure 1 in green (heavily outlined boxes). More intensive examination of some of these aspects, although desirable, was not possible in the given time-frame of 8 weeks (which was extended by request for two weeks and additional last-minute data access by a further two). The expectation was that detailed desk reviews of existing reports in

conjunction with the interactions would yield a reasonably rich and varied insight into the organisation's strategic and functional concerns. The terms of reference formed the basis for much of the information seeking process, with the focus on identifying the issues CAPART seems to be confronted with and the recommendations made to address the same. The effort has yielded a fairly clear map of major issues, and more importantly, also enabled a reasonably reliable sifting of the core and secondary ones.

The desk review of earlier studies and inception discussions quickly make apparent that most of the visible issues were symptomatic only, and stemmed from more fundamental problems. This was also clear from the fact that the symptoms persisted despite numerous previous reviews (over more than a decade) having identified most of them and prescribed effective remedies. The very limited action on recommendations itself was a telling symptom. Therefore the team focussed on searching for the underlying causal structure, and identifying the links between the real issues and symptoms – explicating the *'whys'* underlying the *'what'* that was observed/ experienced.

This Report is accordingly structured. The next section provides a snapshot of the current State of the Organization, identifying the key emergent issues and their underlying causal links. This helps to both identify the central and critical concerns, sift through the symptomatic issues and causal factors, and identify actions required to change the current situation in any meaningful and sustainable manner, which analysis is brought together in the Diagnosis section. Recommendations pertaining to interventions required and their sequencing – therefore, a Roadmap for the Future in terms of both *content* and *process* – are set out in the last section.

This exercise has also made clear that answers to some of the critical questions confronting the organization can be found only through a critical assessment of the overall organization design, encompassing the governance, strategic, structural and

systemic properties. *It is necessary to engage the organization and its key stakeholders in a holistic transformational exercise* that results in achievement of congruence between the three key elements (i.e., governance, strategy, structure and systems). As will be described in the subsequent sections, most of the emergent operational and systemic problems are symptoms of a few deeper issues that must be worked through and consensual resolution reached. Perhaps the visible aspects are the proverbial tip of the iceberg! Neglecting elements of a systematic process, which includes some key exercises, in the haste to resolve immediate impasses is not likely to yield any significant or sustained gains.

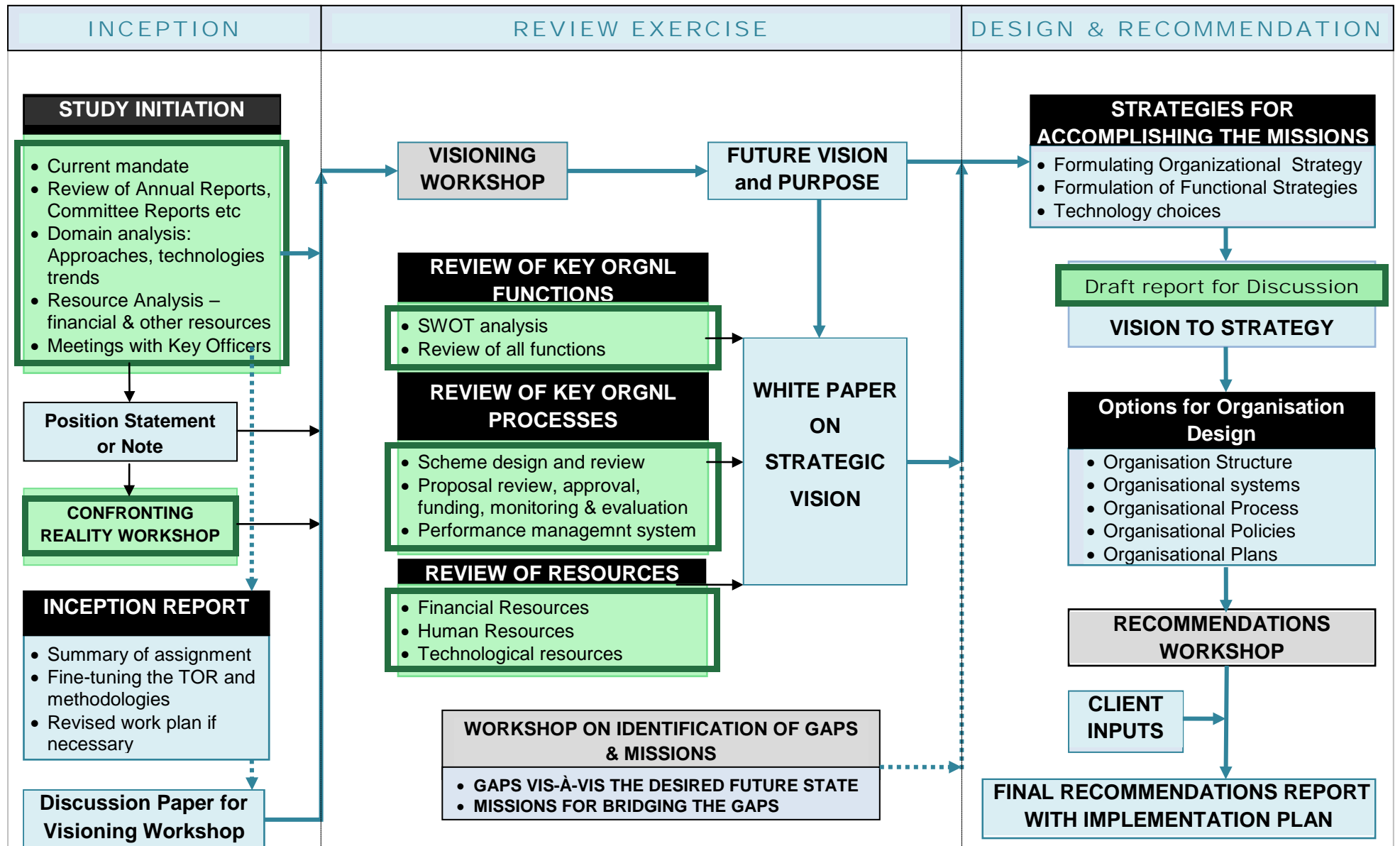


FIG I: SUGGESTED & APPLIED REVIEW PROCESS
 (Segments covered in this exercise are heavily outlined in green)

2

STATE OF THE ORGANIZATION

Reviews of CAPART

CAPART: Genesis and Inception Properties

Sectoral Context

Stakeholders

Organization

Structure

Systems and Processes

Operations

Outputs and Outcomes

CAPART is clearly a unique organization in many ways, but at this point most particularly in the sharp contradictions that emerge immediately on acquaintance. Some of the more curious of these are that –

- Its size in terms of both throughput and people employed is relatively insignificant, yet it attracts wide-spread interest and engagement in its well-being from significant quarters;
- There is wide agreement on CAPART having substantial value, as much as extreme disquiet over its status, workings and image;
- There is an unquestioned acceptance within the organization that all the many goals and tasks listed in the MoA are part of its mandate, but only a few of these tasks have ever been aspired to or undertaken, and these few almost solely through grant-making;
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- All reviews broadly present an overall picture of inadequate steering and management practices and low task capacities, but many recommend expansion of the scope and reach of its activities and geographical presence;
- There is an across-the-board assumption that CAPART has a clear and well-known mandate whereas in reality there is no vision or mission articulated beyond its registration papers (MoA), and different perceptions of its central mandate emerge in discussions with stakeholders;

- There is extreme anxiety, very low morale, “in transit” management, and uneven capacities internally, and yet visions of very substantial expansion and complete turnaround held by both internal and external stakeholders.

Clearly CAPART is small but not insignificant either in its immediate context or in the larger development agenda. Its importance is more strategic than extensive. As clearly, it has been a troubled organization for a larger proportion of its life; the extreme disquiet over this situation has even occasioned a complete suspension of activities during the last year pending a full review of its grant files. From the persistence of the troubles it is also clear that the issues plaguing the organization have roots in deeper existential and structural aspects of the organization that require a very fundamental and integrated re-appraisal.

This indicated that a holistic diagnosis that took into account all ‘clues’ to the state of the organization and parsed major issues and symptoms to get at the fundamental causes would be a promising approach for this review, for actions that would be both substantially effective and produce sustained improvement could then be easily identified. To examine the “State of the Organization” the team began with an extensive desk-review of the reports of nine review exercises (with two more added later) that have been carried out since 1996 to understand the focus and scope, the issues that had been covered and recommendations that had emerged (a listing of these is in [Annexure I](#)). This was followed by a one-day “confronting reality” Inception Workshop on August 13th 2010, with almost all significant personnel of the organization, to capture the current issues, the understandings of their causes and the suggestions for effective resolution from within the organization. The two exercises, together with the review of other organizational documents (such as past Annual Reports and the Results Framework Document), provided a fairly complete map of the organization and the issues it is confronting, suggested the appropriate approach to the task and the points for further probing and analyses.

The various reports and inception discussions revealed that a variety of issues pertaining to different aspects of the organization have been examined and useful remedies have been identified. The reports have been discussed first in this section (2.1). The lack of sustained

change even after such extensive reflection and examination indicated a different approach was perhaps necessary; *accordingly, this review has focused as much on a holistic appraisal of the organizational situation as in the condition of different parts/ aspects.* The description of the present condition and prime issues in the organization that emerged from our investigations is presented in the different subsections below, starting with the birth of the organization and the encoded genetic properties (2.2), followed by the Sectoral Context and Stakeholders (2.3 and 2.4). Pervasive, organization-wide issues pertaining to its purpose, identity, image, culture and climate, including those that are most often noticed but frequently not mentioned in management reviews despite their significance, are discussed in subsection 2.5. Issues pertaining to various specific aspects of the organization are discussed thereafter (in sub-sections 2.6 to 2.9) under Structure, Systems and Processes, Operations, and Outputs and Outcomes.

2.1 REVIEWS OF CAPART

CAPART is almost unique in the very high number of reviews that it has undergone in the last fourteen years (Figure 2), evidence enough of its troubled history. Reports of 11 reviews between 1996 to 2010 were made available, including those of the four EC Sub-Groups formed in August 2009, and other reviews were mentioned by some of the members interviewed by the team. Reviews are occasions for stock taking, organizational self-reflection and renewal. To understand the organization, it is therefore important to capture at the outset the nature, contents and effect of these examinations. The dates and focus of the significant reports reviewed by the team are given in Table 1 below, and the major recommendations of these reports in Annexure II.

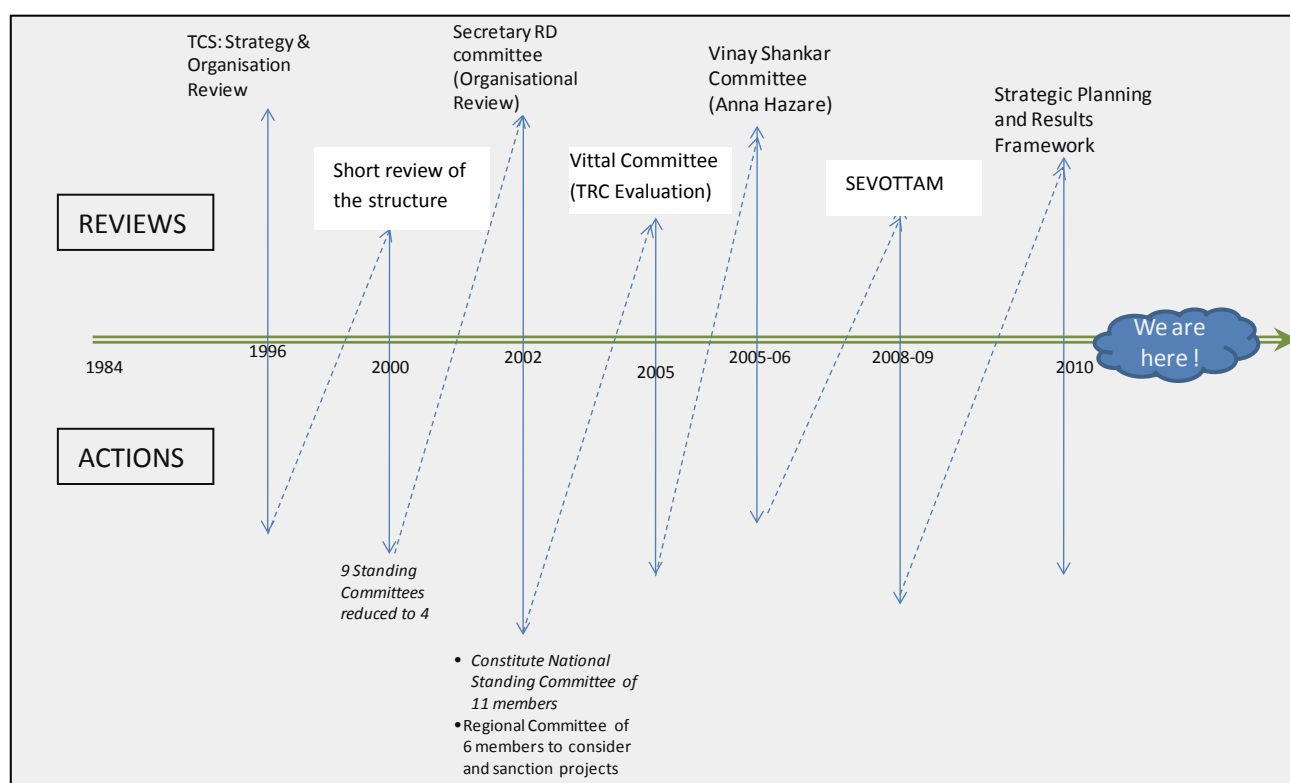


Figure 2: Organizational reviews of CAPART between 1996 and 2010.

Table 1: Significant reviews of CAPART with dates and primary foci

Year	Review Report	Focus	Comments
1996	Organization and Methods Study	Review of Organization and Formulation of a Strategic Plan	Comprehensive, covering all functional aspects of organization; does not examine purpose or investigate institutional aspects
2002	Review by Committee (chaired by Rohini Nayyar, Secy RD)	Review of role, functions, organizational structure, administrative and financial procedures	Role review was circumscribed to examination of the extent to which CAPART was meeting its mandate, in addition to selected organizational structures and procedures
2005	Vittal Committee	Review of TRCs	Program review (technology promotion)
2006	Vinay Shankar Committee	To look into the issues raised by Anna Hazare	Implementation of watershed programs; procedural changes to streamline functioning
2005-06	SH Committee, Planning Commission	Reforming CAPART/NGO/GO Interface	Comprehensive set of recommendations, covering governance, strategy, structure and systems
2009	Centre for Good Governance	Implementation of Sevottam standard in CAPART	Overall review, some questions raised on contemporary relevance
2009	Executive Committee Sub-Groups	As under	As under
	1. CAPART Scheme on Capacity Building, Mobilization and Support to Panchayats for Convergence Planning on the Foundation of MGNREGA	Design of Scheme as titled	Program review: recommending design of scheme for supporting NGOs for energising Gram Sabha, Social Audit, Convergence planning
	2. Strengthening Nature-based Livelihoods	Design of Scheme as titled	Detailing a programmatic outline on the theme; has potential to address the technology aspect of CAPART
	3. Supporting Microfinance, Rural industrialization and Marketing	Design of Scheme as titled	Suggests strengthening of SHGs, steps for rural industrialisation, and marketing support
	4. CAPART Reforms	Review of administrative structure and procedures	Comprehensive set of recommendations, covering aspects of strategy, structure and systems

As is clear from Table 2, most reviews except the SH Committee 2005-06 and the reports of the EC sub groups taken together, were focussed on selected aspects of the organization. Those that did address organizational issues in a comprehensive manner were apparently not implemented to any effect (as in case of the EC sub group reports). Taken together, the reports capture a range of pertinent issues at various levels, from the limitations of funding as a singular activity to fulfil CAPART's mandate to structural, processual and operational aspects. They also provide an array of relevant and useful suggestions for improving functioning.

Three aspects stand out in respect of the series of re-examinations of CAPART. **Firstly**, it appears that very few of the recommendations have been *effectively* implemented. This and the need for repeated reviews, 11 in 14 years, – clearly reveals that most issues, even those identified in successive reports, remain unaddressed. There appear to be two causal factors for this lack of effect. The most obvious, particularly with respect to reviews prior to the EC sub group reports, is the high turnover of top management which frustrates completion of any review and implementation process. Second is likely to be the internal acceptability or contestations on relevance of recommendations, which results in non-implementation or ineffective implementation of structural changes that are suggested.

Secondly, most of the reviews of the past focussed on parts or selected aspects of the organization and missed the interaction or organization-wide/ systemic effects that reveal themselves as pervasive issues (such as the image of corruption, ineptness, lack of relevance; and demotivation). Recommendations are therefore unable to capture the full complex of interrelated issues sufficiently to suggest an effective solution. **Thirdly**, in most instances the issues discussed/ addressed in the various reports are *symptomatic* in nature and are not in themselves the real or core problem. That there are underlying and core problem(s) is very apparent. An example is when various stakeholders keep mentioning that CAPART just provides funds to the NGOs and does nothing else - such a statement communicates that there is a need to do something else which CAPART is not doing and just grant making is no longer an important enough role for an organisation like CAPART. That is, **there is both implicit and explicit questioning of CAPART's relevance and purpose both within and in the larger stakeholder groups, but somehow, this fundamental question has not been discussed in any significant manner**, though it has been referred to in the Sevottam Inception report (CGG 2009).

Some important questions have been raised regarding the sufficiency of CAPART's portfolio of activities (at the time of that specific review) in relation to its mandate. What has not been examined is whether CAPART's mandate (as perceived by the decision-makers at specific times) is aligned to the contemporary needs of its task domain. That is, important questions that have not been addressed are in regard to whether any of the issues captured are only

procedural/ sub-systemic or symptoms of larger misalignments between CAPART's outputs and the needs of the task domain, and whether its original mandate and/or core services are required, important and relevant in the contemporary development context.

It was reported that in recent exercises relating to "Sevottam", some were undertaken to focus on key and fundamental questions. However, from the available documentation and reports it appears that they have been either incomplete or ineffective, or perhaps both. The Sevottam effort was in any case circumscribed to discussing improvement of organizational functioning within the boundaries defined by the current activities, rather than asking fundamental questions of existence, purpose and fit with the contemporary/ evolving development context in general and voluntary sector in particular. In this exercise, therefore, it was considered more productive to focus on sifting issues and symptoms, to identify the most critical and 'root' problems.

In sum, though there have been repeated re-examinations of CAPART's functioning on diverse aspects, these have, with few exceptions,

- (a) focussed on rearranging systems and procedures, to do better what it is doing and add or revise some services, and;
- (b) not been effective in changing organizational performance and dynamics.

Two sets of reports are clearly exceptions to the above observations. The first is the report of the Expert Committee on Reforming CAPART/NGO/GO Interface set up by the Planning Commission in 2005 (referred to as SH Committee 2005-06). The second is the set of reports prepared by the EC sub groups.

The SH Committee 2005-06 had included in its recommendations the following aspects; mandate of CAPART, financial assistance to CAPART, restructuring CAPART including its General Body, the EC, the National Standing Committee, and the Regional Committees, Recruitment of DG, DDGs and the staff, Transparency and Accountability, Stability in Guidelines, Monitoring and Evaluation, and Programmes to be supported by CAPART. It had delineated a clear set of thematic areas for CAPART's programmatic engagement and

suggested a set of steps to be undertaken in the programme formulation, implementation, and monitoring process. While some of these have reportedly been acted upon, the recommendations with potential for significant institutional re-positioning and re-configuration have remained unaddressed. These included the proposals under the heading of 'restructuring CAPART'. In specific, the Committee had recommended drastic overhauling of the highly bureaucratic structure of CAPART, change in the composition of the General Body and selection of vice-chairperson, change in the chairpersonship of the Executive Committee, change in the manner of nomination of members to the NSCs and the RCs, change in recruitment procedures, and specification of minimum tenure, of the DG, DDGs and the professional staff of CAPART.

Under the action taken section in the 'comments² on the recommendation of the Expert Committee...' it is stated that six sub-groups were formed by the Executive Committee in its meeting held on 24/08/2009 to examine various aspects including elaborating a road map for revamping each programme division including the additional staff requirement for each programme with reference to existing CAPART staff and a calculation of the cost involved. Consequently, however, it also appears that 4 sub groups undertook separate exercises in this regard; 3 of these addressed the programmatic proposals on the themes suggested by the SH Committee 2005-06, while the 4th sub group engaged with the task of detailing the 'restructuring proposal'.

The three thematic EC sub group reports together have the potential to provide strategic direction for CAPART at the programme level. It is the report of the sub group IV on 'CAPART reforms' that is the most significant document for reference for the present task. The report deals with the 'perspective and priorities of CAPART', NGOs and partnerships, HRD, Professionalization and Performance Appraisal, Monitoring and Evaluation, Regional Committees, IT and MIS, Young Professionals in CAPART, and Pending Proposals. In the perspectives section the report builds on the vision, mission and objectives as contained in the Memorandum of Association, laments the fact that CAPART's functioning has largely

² CAPART (undated); "Comment on the recommendations of Expert Committee on Reforming (constituted by Planning Commission on 13.9.2005) CAPART/NGO/GO interface – Set up by Planning Commission"

been limited to that of acting as a funding agency, discusses the issues that have contributed to the poor state of affairs and, based on these, sets out the broad parameters of reform. The specific recommendations are shown in Annexure 1. The most important ones are enumerated below;

- Complete autonomy, especially in policy making and operations, from the MoRD; the Memorandum of Association and Rules provide sufficient boundaries and parameters within which the institutional competence of CAPART could function and flourish;
- Continue with the Regional Committees by reconstituting and reforming them such that they are strengthened. Additional RCs may be considered depending upon desired coverage and workload;
- Re-organize CAPART and strengthen to deliver on the mandate spelt out in the MoA; build up stature and credibility with the support of the MoRD;
- Adopt a consortium approach; identify Anchor NGOs to hold together regional consortia; the process model for doing so is spelt out
- Professionalise CAPART and ensure minimum tenures for all personnel;
- The position of the DG should be filled on the basis of an open process through a Search Committee; reiterates the recommendations of the SH Committee 2005-06 in this regard; The MoA may be suitably amended for this purpose;
- All other senior positions should be similarly filled; in the short term, recourse may be taken to deputation or contract for inducting professionals with experience from government departments, banks, NGOs, and institutions in rural development;
- A national standing committee may be set up on Capacity-building both at the Headquarters and at the Regional Centres;
- Set up separate divisions for rural technologies and voluntary action;
- Delegate power and authority to create a work environment which reposes faith and confidence within CAPART; DG/DDGs should exercise the financial powers already delegated to them;
- A complete moratorium on changes in guidelines; guidelines must stay in for at least 3 years; no changes in the Policy, Operational Guidelines and Vision of CAPART without prior approval of the EC and GB. Changes, if any, must always be prospective;
- Install performance management system within;

- Greater use of ICT and website for file tracking, display of information on procedures, status of applications by VOs, etc.;
- Different assessment criteria depending upon the experience and standing of VOs

Without a doubt, the reports of the SH Committee and the EC sub groups were a departure from earlier ones to the extent that they covered larger grounds and provided more comprehensive set of recommendations covering institutional policies, strategy, structure and systems. It is a matter of concern that, whereas there is some evidence of CAPART's response to the former, there is none for the latter.

Holistic review has been missing in the past, and fundamental change has only been recommended only in recent reports. **Most of the significant institutional and structural recommendations have not been effected substantively, irrespective of the source of the recommendations**, such as by external organizational/ technical experts, or joint committees of internal and external stakeholders. This is a prime concern as it indicates deep-structural issues that militate against effecting organizational improvements; it also indicates that no major improvements can be expected without taking on these deep-rooted causes of organizational drift and institutional ineffectiveness.

2.2 GENESIS AND INCEPTION PROPERTIES

The Council for Advancement of People's Action and Rural Technology (CAPART) was constituted on Sept 1st 1986 with the merger of two organizations – People's Action in Development India (PADI) and the Council for Advancement of Rural Technology (CART) – engaged in different tasks in rural development and with very different origins, organizational purpose, goals and constitution. PADI began as the National Committee for Freedom from Hunger Campaign (FFHC) in 1960, which was renamed as the Indian Freedom from Hunger Campaign Society in 1970, and as the People's Action for Development (India) in August 1973. It functioned under the Secretary, Rural Development, Gol, with headquarters in Delhi, and field offices in Vaishali, Bihar and Tarangampadi, Tamil Nadu. With a substantial complement of staff competent in community organizing and support of people's groups, it was engaged in promoting voluntary action in rural development through financial grants and technical support to voluntary organizations. CART was in its infancy in 1986, having been set up in 1982 under the Ministry of Agriculture, Rural Development and Civil Supplies, to support the development and dissemination of new and innovative technologies for rural applications. With headquarters in New Delhi and no field offices, it was much smaller and comprised primarily of trained scientists oriented to technological innovation/ adaptation.

The decision to merge the two organizations was made by the Gol “considering the complementarity of PADI and CART, and with a view to injecting new technological inputs into the rural development efforts undertaken by voluntary agencies... (and) to bring about closer coordination and to avoid duplication of tasks” (PADI Annual Report 1985-86). It is also widely perceived as government strategy to co-opt the independent and critical NGO sector that was coming into its own at the time³. With the amalgamation of PADI and CART societies into the new CAPART society, personnel, assets and operations of both organizations were merged.

³ CGG Report, Sevottam

From all accounts, the two parent organizations were not only substantially different in history, maturity, size and composition but also in their perspectives on rural development and the strategies of engagement in their respective tasks. There is, however, no evidence of ‘merger management’ exercises, designed to integrate the two different organizational characters and cultures, in the Annual Reports of the time; nor are any reported by the personnel then in position. Three consequences are notable, which continue to trouble the organization.

In the necessary merging of personnel of both organizations, the imbalances in the staff competencies in the two primary themes that functionally emerged – technology innovation and dissemination, and community organizing – were not perhaps attended to. **First**, there appears to have been little integration or a shared sense of purpose or a coherent identity. **Second**, without human resource planning then or subsequently at any stage that we could uncover, nor any systematic human resource development over the years, the technical capacities of the organization have not been consonant with the range of tasks intended (as listed in the MoA). It is likely that such competence gaps have been at the root of the organization settling into the uni-dimensional task of grant-making.

This is also borne out in the fact that reportedly, technology promotion efforts have remained generally less prolific than other programs, though intermittent efforts have been made to focus on this objective in a structured way – such as in the setting up of TRCs. This is not unexpected, given that CART was a barely-two-year-old organization with perhaps 4-5 members at the time of its merger with PADI, which was more than two decades old and had a far larger complement of personnel. Such overshadowing of technology promotion – which was the erstwhile CART’s mission – by PADI’s thrust areas is therefore a predictable symptom of the merger of the two organizations.

In effect, it now appears that the merger not only remained additive, with little synthesis, but also uneasy. This is evident not only in the operating structures – with primary division into “people” and “technology” schemes – which even today bear the imprint of the strategic approaches to rural development of PADI and CART respectively, but also in the narrations

of organizational work and experience of the CAPART personnel. Overall, the organization still presents a distinctly dualistic character, with the two original identities co-existing rather uneasily instead of mutually cohering as would be normatively expected.

Such fractures in identities and allegiances are the most fertile ground for various dys-functionalities in organizations. Some of these became apparent in the very first workshop we conducted with the members of the staff. The variations in individual orientations were noticeable both in the articulation of CAPART's central purpose (the mandate) as well as in the explanations offered for some key tensions in the external interface of the organisation.

Fractured identity is a matter of serious concern as the dichotomy clearly plays out in operations, personnel movement and allegiances, and frequently leads to organizationally destructive actions and processes. Divergent understandings of CAPART's mandate and imbalances in technical competencies for the tasks are also of concern as they undercut both goal achievement and effectiveness. It may not be too exaggerated to say that the incomplete integration of the parent organizations is one of the prime reasons for the troubled existence of the organization for much of its life.

2.3 SECTORAL CONTEXT

CAPART was set up in the eighties, when government interventions in rural development were arguably smaller, fully implemented through administrative machinery, were generally applied uniformly across the country and therefore often non-responsive to local variations, and there was only a fledgling NGO sector. There was little space (if any) for NGO involvement in government programmes, and development organizations were primarily dependent on non-government funds. But fledgling as it was, the sector was gaining credibility because of successful innovation, creative and community-based approaches, respect and response to local conditions and its frequently critical but as often, constructive stance to government-designed development initiatives. The idea of supporting innovation and replication of NGO successes for more extensive effect was therefore one whose time had come, and the Seventh Plan (1985-90) explicitly flagged the promotion of NGO involvement in government development programs particularly at the community level.

The 'third sector' in the country has come a long way since then, as has the size, scale and design of government programs, with explicit and substantial windows for NGO involvement in a partnership mode; both transformations are of course closely linked to the changed perspectives on development and notions of appropriate organizational approaches. The number of NGOs has gone from a few hundreds (if that) in the sixties to estimates ranging from 0.05 to 3.3 million today. Their size and capacities have exploded from a handful of committed community-workers with modest educational qualifications to professionally staffed organizations with over 2-300 employees. The throughput in terms of funds was estimated in 2003 to be as much as 18,000 crores, with the engagement of 3.4% of the total adult workforce. Organizational orientations and functions have diversified from community-organizing to research, policy advocacy, fund-raising, promotion of volunteering, field support services and technical capacity-building, among others. In sum, the picture of the client sector as it was when CAPART was constituted bears almost no resemblance to the current reality. **The question is whether CAPART's mandate or activities have kept pace to make the institution continuously relevant in its domain.**

In the twenty-five years of CAPART's existence, its relevant context has transformed in at least four significant dimensions, which are discussed in the sub-sections below:

1. Size, composition and nature of the client sector,
2. Resource flows into the sector
3. Perspectives and approaches to development, and
4. State-NGO relationships and need for CAPART's (traditional) services

The question of the organization's responses (or the lack of any) to the changes in its relevant domain is discussed thereafter.

2.31 Size, composition and nature of the client sector

The growth and variegation of the development sector in India is neither unpatterned nor unrelated to CAPART's existence. Development of the "NGO sector" in the country can be analytically distinguished to have occurred in four broad phases after independence. In the first phase, roughly till the end of sixties, the institutional space of NGOs was populated primarily by the Voluntary Organisations (VOs), created and sustained either by Gandhian social workers or by various religious missionaries, in harmonious relationship with the Government, and supplementing the state's project of community development by associating in welfare, rehabilitation and development activities. Roughly about 10% of NGOs existing in 2000 belonged to this period (CAF-India, 2000, estimates 5%, DA about 13%). The second phase, from the early seventies till the mid-eighties, saw the emergence of VOs led by 'Western'-educated elite, who viewed poverty and development as a challenge that could be met by technological innovation and systematic management; between 25 to 37 % of NGOs in 2000 were estimated to be of this phase. The numbers exploded in the third phase, after 1985, with institutionalization of the domain, greater resources (foreign and domestic) and not least, the setting up of CAPART as a window for NGO involvement in delivery of government programs. CAPART also initiated the Young Professionals program to bring trained youth into the sector, and provided start-up funds to young professionals for new VOs; and Social Welfare Boards in some Eastern states also offered seed money grants to newly formed NGOs. Nearly 50-65 percent of current NGOs were set up during this phase.

Since the mid-nineties, increase of the traditional type of development NGO may have slowed – in 2000, only 1-5% of NGOs were of this period – but size, professionalization and diversification of established organizations increased significantly. Many now have state-level and national presence in both implementation and policy. However, newer forms and types of development organizations have proliferated, including organized corporate social responsibility initiatives, exclusive research and training organizations, and community-based organizations of diverse kinds and networks, which have made real the “associational revolution” (Salamon, 1993) in this country. While the oft-banded figure of 3.3 million is surely mythical – for it fails to recognize that a wide range of organizations are incorporated under the same Act as is used by “development NGOs” – other estimates, such as PRIA’s, of 1.2 million in 2003, while certainly more reliable, is still very expansive and includes schools, clinics, orphanages, sports clubs, cultural organizations, religious organizations that also provide social services and pure research and training institutes along with development organizations, in both urban and rural areas (PRIA, 2003). Development organizations (NGOs) involved in multi-faceted activities for rural development most likely number around 50,000 - still a very large number.

The voluntary movement has both matured and morphed into a sector. The domain populated initially by voluntary agencies of the Gandhian/ Missionary persuasion has grown in phases to include professional NGOs engaging directly at the community level (generation 2), through support organisations (generation 3), through rights based advocacy groups operating through networks (generation 4), through to issue/ theme based research, advocacy and networking organisations (generation 5). Tasks and roles are numerous, including project implementation, technical support, advocacy, education, monitoring, whistle blowing, mediation, lobbying, activism, mobilization (of both men and resources), protection of human rights, conscientization, animation, and conciliation (Korten, 1992; Sooryamoorthy et al., 2001; Mishra, Biswas, Roy, 2005).

It is important to note here that two other types of organizations, distinctly different in statutory, formal and substantive terms, are now important actors in rural development, directly at the community level. The first are community-based organizations - the voluntary sector today has more CBOs such as Self Help Groups and Common Interest Groups, than NGOs. The coming of age of the third layer of government – Panchayats – is also a significant factor both in terms of NGO roles in development as well as the design of interventions, as is clearly reflected in the design of the NREGS. Panchayats are not only Constitutional entities for local development planning and implementation, but with their

jurisdictional authority being actualized in development programs such as NREGS, statutorily in ascendance over NGOs in engaging in development work.

2.32 Resource flows into the client sector.

Equally relevant to the current exercise is that the sources of funds have also significantly diversified and multiplied, and the estimated total resource flows into the NGO sector makes CAPART funding infinitesimal if not invisible, though the leverage it affords may be disproportionately larger. PRIA's estimate of the total receipts of NPOs was close to INR 18,000 crores in 2000, of which less than a third came from the government, and only 7.4% from foreign donors. Even so the amount of government funds itself was no less than INR 5000 crores.

In the last decade, Government flows into the non-government sector has increased dramatically, given the manifold increase in MoRD budgets and the increasing institutionalization of NGO participation in government programs. CAPART's average throughput of about Rs.50 crores per annum, is hardly significant in terms of funding support to the sector, though it might be an important source for very small NGOs and those located off the mainstream. This diminishing relevance has no doubt been accentuated over the years, as flows into the sector burgeoned while CAPART's throughput remained at about the same level (Table 2).

In addition, flows of funds to Panchayats have also increased, under flagship programs such as NREGS, BRGF and the RGSY, in addition to State funds devolved to them. These not only add to resources available for community-level development initiatives, but also strengthen their roles and expand their activities. The same is visible with SHGs and CIGs. Table 2 shows the increase in inflows to rural development, and CAPART's throughput in the last fifteen years.

Table 2: MoRD budget and CAPART funding between 1995 –2009, in crores

Year	MoRD budget (RE)	CAPART Receipts	CAPART Project Funding
1995-96	1814	52.14	54.6
1996-97	1798	52.53	38.22
1997-98	1985	55.08	40.77
1998-99	2414	43.96	26.48
1999-2000	7220	36.96	31.04
2000-01	6370	38.22	37.64
2000-02	10606	34.98	41.95
2002-03	15176	32.82	53.91
2003-04	15500	72.43	62.04
2004-05	13866	70.99	49.6
2005-06	21334	71.34	39.72
2006-07	24276	37.00	41.29
2007-08	33000	59.85	40.8
2008-09	64854	53.33	53.5

2.33 Changed perspectives on development

Perspectives on development and the approaches and modalities of intervention have also changed markedly over the last two decades. “Decentralization for development” has become a central idea, since issues of unequal access to basic services, persistent poverty, and uneven development have stubbornly resisted decades of centralized planning and development. Development theory and wisdom in the last two decades in fact identifies decentralization as the key to resolving some of these seemingly intractable problems.

To understand the implications of this for CAPART, the decentralization discourses must be parsed. For it is not homogeneous - *two* sets of arguments for decentralization are advanced by proponents, with the suggested institutional reforms differing both in form and substance. One set of arguments centres on its *instrumental benefits*, positing it as the best means to efficiently provide services, appropriately target development programs and sustainably

manage natural resources. Premised on Tiebout's public choice theory (Tiebout 1956), theories of fiscal federalism (e.g., Oates 1972, 1997, 2005; Seabright 1996) and the settled administrative principle of subsidiarity, it is suggested that service-delivery and local developmental responsibilities be transferred to elected local governments. Recent arguments further suggest that to reduce public costs and increase efficiencies, local governments in turn should privatize service delivery and include non-state actors through contractual and/or consultative arrangements with private entrepreneurs, civil society organizations and user groups.

A second set of arguments emphasizes the *intrinsic merits* of decentralization, in that it deepens democracy, expands the scope for self-determination by citizens and enables inclusion of groups marginalized in existing governance processes. The determination of local development needs and priorities by citizens, particularly the marginalized who are bypassed in current (more centralized) governance because their reach is limited or due to customary exclusions, is in fact the key element on which most of the instrumental arguments also rest. But the extreme political and economic inequalities and entrenched social hierarchies at the local level that characterize developing countries are apt to militate against inclusion of some groups even if governance is localized. Many proponents of the decentralization-for-democracy arguments therefore suggest that the key institutional element to counter such exclusion in decentralized governance is setting up *direct* democracy at the local level. By presenting opportunities for direct involvement in decision-making to all citizens, this would increase transparency and accountability and preclude (or at least reduce) resource capture by elites. The urgent need for such inclusion in development planning and implementation processes and thereby, wider ownership and distribution of the developmental outcomes, has also emerged with renewed force in India in light of the high but inequitable growth the country has achieved in the last two decades.

While the discussions on decentralization-for-development, particularly in terms of the *why* and *how*, are clearly not homogeneous, it is clear that in all discourses the centrality of state intervention, particularly the national government, is substantially reduced, and the third sector/ civil society plays an increased role. It has instrumental relevance in terms of taking on more responsibility and roles in service delivery, implementation of government programs and partnering with corporates in discharge of their social responsibilities. It also has an increased role in supporting the institutionalization of local governance and the democratic

processes at the community level. While a segment of NGOs was already engaged in both, the space, legitimacy and resources for the former have expanded substantially while in the latter, new roles have been created in actually building capacities of Panchayats and supporting its functioning. Quite obviously the expansion of the NGO sector in the country can be linked to these shifts in development perspective, atleast the instrumental strand of which had matured by the late eighties. Even more pertinent, it is surely visible in the decision to constitute CAPART, as well as the sea change in its programmatic structure the mid-nineties when it shifted from funding under the schemes of the MoRD and MoAg to the generic ones currently in place (described later).

2.34 State-NGO relationships and need for CAPART

The size, scope and development approaches of the GoI have also transformed. Though the GoI has always been the largest investor in rural development, the size of the MoRD budget has increased manifold from about Rs 1800 crores in 1995 to about 70,000 crores in 2010 – and the expansion is not dissimilar in respect of the other ‘development/ social’ ministries such as agriculture, education, health, etc. The current flagship programs of the GoI such as the NREGS, BRGF, SSA, NRLM and the NRHM, among others, are big-budget incursions into the development space, with relatively more innovative designs as compared to earlier decades.

Moreover, many of these new programs have windows for NGO involvement. There is a sea-change in the perspectives on NGO involvement in state development programs since the eighties when the administrative machinery was designated the sole implementer of government schemes (with the exception of the small proportion of scheme funds made available to NGOs). With the growth of the sector, its demonstrated successes and increasing legitimacy as knowledgeable actors in development, NGOs are positioned in these schemes as ‘partners’, with a substantial window for their engagement in the program. The hegemony of ideas of liberalization and decentralization have led to stronger linkages between the state and civil society, and collaborative approaches in development policy-making, implementation and monitoring.

Two points bear recognition here. First, the founding of NGOs in a large scale has also led to entry of not so noble entities that often bring influence of various kinds to bear in selection of partners for development programmes/ schemes at the local level. Not a day passes by when respected members of NGO community do not express their dismay over the choice of partners at the district and sub-district levels. Second, there also exists a lot of scope for innovation and initiative by NGOs, especially those with knowledge, expertise and grassroots experience. It would thus appear that the ascertaining the credentials of NGOs for credibility and competence is an important matter; the report of the Task Force 'constituted to examine the evolution of an independent, national level, self-regulatory agency for the voluntary sector and to develop accreditation methodologies for voluntary organizations' set up by the Planning Commission and convened by the Director General, CAPART is a welcome development in this regard. CAPART could be a key agency in facilitating the demonstration of effectiveness for rural livelihoods of new ideas in rural technology, decentralised governance and participatory management in the widest possible way.

2.35 Organizational relevance in the changed context

In sum, the “developmental world” that CAPART was designed in no longer corresponds to the reality in which it now operates, neither in terms of the sectoral need for funding nor in the nature of its client groups. This poses a huge question in relation to the relevance of CAPART itself (as was designed) as well as its primary function and activities, which therefore needs systematic re-examination. For example, CAPART was a channel for NGO involvement in government programs; this particular *raison d’etre* has almost disappeared with NGO involvement now an intrinsic part of the design of many programs. As a support for NGOs too it may no longer be as relevant, given the variety of funding sources now available to a large segment of the NGOs that CAPART typically supports. The same is perhaps less true of its support for technology innovation and adaptation, but since the largest recipients appear to be well-endowed institutions with access to many other sources, CAPART’s funding does not appear critical.

This is not to say there is no role for CAPART – in terms of its current form and activities it could be a matter of degree, and there could be new roles in respect of the third sector that are required and either unsuitable or unplayed by other actors. *Prima facie*, there is little evidence to suggest CAPART itself is irrelevant; but it does appear that its current functions may be of marginal relevance today. On the other hand, the move to a ‘partnership’ approach and the concerns with credibility, accountability and good practices in the third sector suggests a number of other significant roles that CAPART could play, that would restore its uniqueness and centrality in the sector. For example, its governmental parentage and extensive experience of the non-governmental development sector makes it uniquely suited to certain policy, regulatory and knowledge tasks which are unlikely or unsuitable for other actors. **The point is that the diminishing relevance of CAPART as it is has not been widely perceived as an issue within the organization** or invited systematic rethinking among the stakeholders of CAPART before this, though it has attracted questions from many quarters among the wider stakeholders (including the SH Committee Report of 2005-06 and the EC sub group IV report)

The ‘third sector’ in the country has transformed dramatically since the years of CAPART’s inception, and there has been no revisiting of its mandate and purposes since then. It is a matter of substantial concern that the need for such a reappraisal of overall *purpose* and *roles* is not widely recognized in the organization, though this is recognized by some members and stakeholders. The questionable relevance of the core activities in the context of the changed client sector and shrinking need is undoubtedly the underlying malaise that manifests as systemic inefficiencies and operational failures, which are only symptoms. Addressing the latter without attention to the larger questions would be in the nature of attending to nuts and bolts while the ship is sinking.

2.4 STAKEHOLDERS

While in a broad interpretation of the term, the impoverished and marginalized of rural India are normative stakeholders in every organization explicitly designed for furthering

development such as CAPART, the most direct stakeholders can be grouped into three categories –

1. Organizations in the client sector,
2. Promoter and Governors of CAPART, and
3. Personnel of CAPART, including staff and management.

2.41 Organizations in the client sector

As the main client system of CAPART, third-sector organizations constitute the main external stakeholders of the organisation. This stakeholder does participate in most of the decision making bodies of the organisation both at the policy-making and implementation levels, through the GB, EC, National Committees and RCs. Clearly, the third sector, through its representatives, has a say in every policy and operational decision of CAPART – a good example of stakeholder participation. However, undiscerning design of stakeholder participation, particularly in relation to the client-sector presence in the operational structure, and in sensitive and primary decision-points such as in the NSCs and RCs, can be severely dysfunctional. In such a design the shadow of conflict-of-interest issues looms large over both image and action. This is clearly the case in CAPART.

The relationship of CAPART with its principal stakeholder has not been comfortable, to say the least. The allegations by this important stakeholder against CAPART staff have ranged from being irresponsive to lacking transactional integrity. In fact, the dominant *perception* is that the lack of integrity is pervasive and severe. This in turn has not only had a serious impact on the important internal stakeholder, the employees of CAPART, but created the image of a corrupt organization. It is worth flagging here that the client sector itself is diverse, certainly with a proportion of organizations being opportunistic and riddled with less-than-honourable practices. For CAPART to be the target of allegations from this domain, and for employees to be investigated with no system of a simultaneous investigation into the alleged entity is unfortunate indeed, and has clearly been disastrous for its image, credibility, functioning and for employee morale.

Restoration of credibility with the client sector – its primary external stakeholders – is a key concern and a critical aspect that requires attention. The criticality of this to reversing the vicious cycles that CAPART appears to be caught in cannot be over-emphasized – it is our assessment that in the absence of a credible and mutually trusting relationship with its client sector, no re-orientation or restructuring exercises can alter the current state of affairs significantly.

2.42 Promoters and Governors of CAPART

Since CAPART has been promoted by the Government of India, which has historically and legally also comprised the apex management and governors of the organization, it is clear that they are important stakeholders of the organization. By virtue of their position in the structure, this stakeholder has had decisive control over the policy directions and operational aspects of CAPART. For though CAPART is legally an autonomous entity registered as a Society, with its own Memorandum of Association and Rules, the presence of the Honourable Minister of Rural Development, the Honourable Minister of State and the RD Secretary in the Executive Council makes it almost an extension of the government in reality.

This has had two consequences. One is the inevitable ‘departmental style’ of functioning. With the top management drawn from the senior levels of the civil services and most of the operational aspects, including financial clearances, requiring government approval, it is inevitable that the organisation would mimic government functioning. Rules of business are similar or same as in government. This strong procedural orientation, often at the cost of substance, has created the ‘bureaucratic’ image of the organisation, and the frequent impression that ‘it is government’.

Secondly, and perhaps more damaging for organisational mission, the purpose of supporting innovation has been constrained. The flexibility that is necessary for an organisation that funds “social start-ups” can be seriously constrained by the procedural rigour that public

expenditure management requires. Government as a resource-providing stakeholder, which brings along its own procedures, defeats the very purpose of creating a special vehicle and autonomous entity for interaction with the non-governmental domain. Therefore, it can be a debilitating limitation for the functioning of CAPART.

The pre-eminence of government at the policy and managerial levels of the organization, and the inevitable percolation of a government style of being and functioning is of serious consequence and needs rethinking. Identity, image, creative policy and innovative action are all stymied and the organization fails to serve a key purpose that is often mentioned as its *raison d'être* – engendering and supporting innovative non-government approaches to development.

2.43 Employees of CAPART

The personnel of CAPART are significant internal stakeholders, many of whom have been at the receiving end of the allegations of corruption and inefficiency, and who as a group bear the yoke of the poor organizational image. They comprise three distinct segments in terms of the nature and extent of their stakes. The top management, which has changed about annually since inception of CAPART, has clearly had only fleeting stakes and been loosely coupled with the operations, with notable exceptions. It is, however, the only part of the organization represented in the policy-making core (EC). A core group comprising the middle management and operational staff, the technical core, have had long-term association, high stakes in its image and functioning and carry all operational responsibility. However, they have no presence in policy-making and little in management decision-making. The third group, of support staff, no doubt have stakes in the survival of the organization but little role and therefore no stake in its image, content or functions.

Absence of the technical core of the organization at the policy-making level is contrary to best governance practices and is a concern particularly as there is a high turnover of top management – there have been 27 CEOs (DG) in the 24 years of CAPART's existence, and

a much greater number of DDGs. Limited channels of communication between top management and the rest, and lack of communication has been noted by previous reviewers. Normatively, transparency is the first casualty in such a situation, leaving space for the rise of gatekeepers and rent-seekers, and a dysfunctional culture. The lack of legitimate access to and voice in significant decision-making inevitably leads to use of less acceptable channels and means of influence, which directly vitiates organizational culture. Practically, the poor reflection of operational issues in policy and management decisions results in poor organizational functioning. The potential for such undesirable consequences is exacerbated in CAPART's case by the current design, which implies that top management can only be loosely integrated with the technical core below the DDG level. While it can still provide normative and policy leadership, without direct reflection of operational experience, policy expectations remain unrealistic on one hand and on the other, normative directions set by policy have few means of inspiring or informing operations.

Lack of structural recognition of the internal stakeholders is therefore a key issue, and its rectification is important to disinfecting the organizational culture, restoring credibility, improving functioning and renewing the organization.

2.4 ORGANIZATION

At the time of this study, the organization was in a state of 'suspended animation' with all funding operations held in abeyance till receipt of this report. This has meant that the consultants were only able to observe the organization in a static state, which in turn has no doubt heightened our readings of the organizational climate, such as the palpable anxiety and anomie of the staff. The team has made every effort to factor this into the investigations and reporting, discounting negative readings to an extent. We therefore urge that the observations that nevertheless remain strong must not be further discounted; they are

clearly indicative of the seriousness of the issue rather than just a symptom of the current temporary suspension of funding operations.

CAPART as an organization displays a number of curious properties:

- It is relatively small in terms of its throughput in its central activity, grant-making; on average it has used about Rs 50 crore per annum, exceeding it in only 6 of the 24 years of its existence. Yet it attracts exceptional interest, disproportionate to its presence in its core grant-making activity, among stakeholders as well as others.
- There is widespread perception of extensive corruption, gross inefficiency and lack of professional competence in the organization, but at the same time, it is highly valued by stakeholders, and has clearly played an important role in the growth of some of the most significant CSOs in the country.
- The organization appears to be substantially more maligned than deserved. Abovementioned perceptions (of extensive corruption and inefficiency) do not correspond with the data available, even allowing for gross under-reporting. On the other hand, there is rarely, if ever, public acknowledgement of its contribution to the growth of some of the important NGOs of our time, which the data amply testifies to.

Below, we discuss the critical issues that emerged in our examination, in respect of different aspects of the organization as a whole.

2.41 Organizational Purpose, Vision and Mission(s)

Though a large number of 'objects' have been listed in the 'Memorandum of Association and Rules' of CAPART since its inception, there is no central existential 'purpose' that is explicitly articulated elsewhere in the organization. In the vacuum, insiders and outsiders alike succinctly articulated the central purpose of the organization to be "giving funds to NGOs". This is completely true - despite the fairly extensive scope for action delineated in the MoA, the organization has, in the main, engaged in achieving some of the objectives through grant-making. The most central and substantial activity in terms of time, attention and

resource utilization has been funding of development organizations under various schemes – in short, it has been and remains a donor. From all documents and discussions, NGO funding emerges as the single and central purpose of the organization; other activities that have been undertaken, such as, supporting young professionals for development work, creating directories of technological innovation, or developing CIPART for capacity-building of small NGOs have been sporadic, always dependent on individual initiative, and therefore short-lived.

No vision or mission was clearly articulated in the formation of CAPART, though since 2005, Vision and Mission statements of the organisation have got written into the MoA. The process by which these were identified and developed is unclear, and their location and articulation do not facilitate their use as guides for functioning, as they should. Such writing of a vision and mission statements into the MoA is perhaps a unique aspect that has had far reaching ramifications for the organization.

Vision and mission are 'living' statements of touchstone nature; on the one hand they provide criteria for myriad decisions, create the overarching sense of responsibility for functionaries, on the other they announce the identity of the institution/ organisation to the rest of the world. **A Vision** expresses the desired state of the world/ sector/facility/ function/ entity in the future. Essentially, a vision statement conveys to the people within and outside, the dream of the key stakeholders responsible for the sector. It is about the future, and sensitive to the current context but not constrained by it. A statement of **Purpose** / organizational role expresses the reason for existence of the entity; that is, the role the entity seeks to play in enabling/ensuring that the sector is moving towards the envisioned future. **Missions** are specific statements, about more than one aspect of the organisation, specifying hurdles to be overcome or milestones to be reached within specific time limits. These statements capture the distinctiveness of the organization, and provide a coherently articulated and crisply stated sense of purpose, as well as the specific guiding principles and proximate objectives for achieving it. The leadership has the responsibility to protect the

integrity and sanctity of the vision and mission, and the responsibility for its periodic review and renewal.

Unfortunately the Vision and Mission statements of CAPART, as written into the MOA, do not serve their multiples purposes. This is both because of their location as well as the fact that they are inappropriately articulated – they clearly do not meet the requirements of vision and missions. They are not only required to be appropriately expressed/ articulated but also be part of live documents that are widely read and referenced within the organization; they should also prominently appear in all publications of the organisation. Having these written into the MoA seems to therefore serve only the purpose of appearance and not substance. .

Neither can the ‘objects’ written into the MoA serve as surrogates for such statements; typically, and as reflected in their expansive nature, they are more in the nature of enabling provisions for the organisation in future. They normally do not act as referents as guides for action on here-and-now basis. In this regard, CAPART fails in a fundamental requirement of a credible organization, which it would normally desire of its client organizations – to have “a defined vision and mission beyond the registration papers” (Credibility Alliance norm). That is, it fails a basic criterion it would expect its client organizations to fill.

The failure to articulate and develop an integrated Purpose at its inception has been the corollary. CAPART at inception no doubt was conceived of and directed to fulfilling sectoral needs of the time, but – as discussed in section 2.2 – this comprised of a range of objectives to be achieved, without explicit articulation of an overall purpose, not any attempt to develop an organization-wide consensus on such. Though an implicit and coherent purpose has often been read from its MoA and activities by different reviewers from time to time, these are not all consistent as shown in Table 3.

Table 3: Organizational purpose/ mandate/ mission read by significant reviewers

Review Report	Readings of Vision/ Purpose/ Mandate
TCS Report	<ul style="list-style-type: none"> • Cites some of the broad objects listed in the MoA. • Discerns intended role as envisaged in the VIIIth Plan to be “a common mechanism to monitor progress of voluntary effort and as a forum where voluntary organizations could raise and resolve their problems” • Reads visionary intent - “clearly viewed CAPART as the center of information and data flows in the voluntary sector and giving direction to the voluntary sector”
Vittal Committee	“broad mandate of coordinating all efforts towards the advancement of technology relevant to rural areas except for sectors being dealt with by ICAR, CSIR and their sister organizations”
CAPART Result Framework Document	Articulation of Core Purpose: “To play a dynamic and catalytic role with the various governmental agencies and NGOs, influence public policy and contribute towards the many-sided development of rural India.”
Review Committee Chaired by Sec, RD	Core objectives (taken from MoA) – <ul style="list-style-type: none"> • To encourage, promote and assist voluntary action in the implantation of projects ... • To strengthen and promote voluntary efforts in rural development with the focus on injecting new technologies • To act as national nodal point for coordination of efforts at generation and dissemination of technologies relevant to rural development
Sayeeda Hameed Report	Fundamental mandate – to provide public funding in a transparent and non-partisan manner to “credible” VOs for innovative and pioneering work in rural areas
CGG Report	“Senior management was unable to outline any role of CAPART beyond that of a grant-making body...” (pg 8)

Nor are the purposes articulated at any time held commonly within the organization, and this is crucial for the effective realization of *any* purpose. Splintered understandings persist in the technical core, as was evident throughout the current exercise. For effective functioning, recognition and understanding of a core purpose must be organization-wide, and there has been little attempt at crafting this.⁴ Moreover, there has been no systematic exercise to discern sector properties and align the organizational purpose with contemporary sector

⁴ Exception is the visioning and strategic planning exercises conducted during the Sevottam efforts; as discussed in section 2.2, these were limited in terms of the scope of the exercises.

needs or a vision of desirable changes in the domain. Perhaps the issue of most concern in this regard is that the need for such is not recognized by key decision-makers in the organization, barring individual exceptions.

The lack of a clearly articulated and relevant purpose and functionally linked vision and mission statements is a critical gap that needs to be addressed, as it is clearly linked to the mission-drift and adhocism that seem to characterise its functioning. Further, this needs to be developed through a systematic process and be commonly held within all layers in the technical and operating core of the organization; the lack of this is obviously the reason for high ineffectiveness despite continuous activity. Other reviews have also captured this state of the organization, but not clearly identified these gaps or their criticality for maintaining organizational integrity.

2.43 Image of the Organization

CAPART has suffered from a poor image, as a corrupt and inefficient organization. Frequent allegations by organizations/ individuals in the client sector regarding issues of staff integrity, and the investigations that have followed, have created an image of a corrupt organisation, which in turn has affected staff morale and their psychological well-being. Such situations do encourage a vicious circle and lead to inaction or excessively cautious actions and thereby further strengthen the perception of decision making being driven by reasons other than merits of the case. While the reality is that, in such contexts, it is difficult to delineate fact from fiction, the damage is done in terms of the perceptions of other stakeholders (mainly the MoRD), who then also perceives the organisation as untrustworthy. As a result the vicious circle gets even more vicious and eventually, the organisation sinks into a dysfunctional mode as is clearly the situation today. Another most visible symptom of such pathology is the organisation members and its client system developing acute mutual distrust. This is evident in the case of CAPART.

However, it must also be remembered that the client sector itself is diverse; it is widely acknowledged that the ‘NGO sector’ includes a not insignificant proportion of organizations with questionable practices, and structures of public and community accountability of such organizations are weak at best. The picture painted by allegations from this sector, therefore, is likely to be more coloured than it should be, particularly when the burden of proof is in all practical terms on the accused. The testimonials of CAPART’s value and usefulness from stakeholders, who vouch for the valuable support CAPART has provided to the client sector in its early days, also points to the possibility that the image is darker than the reality. However, it is curious that while eminent members of the client group remark on the value of the positive outputs of CAPART in personal conversation, public statements by even those who have derived substantial support from CAPART are noticeable by their absence.

Slow and procedure-bound functioning are other components of CAPART’s image that are more deserved, but not to be read negatively, for it is such largely by design. CAPART, despite its legally autonomous status, for all practical purposes functions as a government organization, and is therefore rule-bound. Moreover, as a grant-making organization, it needs to be careful in scrutiny and sanction – for example, the data shows that the turnaround times are not unusual for a grant-making (or lending) organization. (This is discussed under operations)

Facile allegations and negative pronouncements of the organization’s inefficiency get full sway in face of the generally low self-esteem in the organization, stemming from weak relevance, low technical competence and visible lack of field knowledge. They are also symptomatic of asymmetry in the structural relationship between internal and external stakeholders. But there could be another structural reason for such pervasive negative perception of CAPART: the nature of its business and clientele.

The poor image – which is perhaps much worse than deserved – is a major concern, not only in itself, but as it creates low self-image and therefore inefficiencies. However, it is also clear that it emerges from structural arrangements that create pre-disposing conditions –

either for malpractice within the organization or in terms of providing the scope for irresponsible or false allegations.

2.44 Organizational Identity

Despite the extensive 'objectives' listed in CAPART's MoA, and which were frequently quoted by the top management as the mandate to be achieved, CAPART is widely identified simply as a grant-making organization for NGOs. Sophisticated members of various stakeholding groups sometimes referred to CAPART's work as "promoter" of third sector engagement and innovation, but that appears to be closer to wish than reality. Even in mentioning the mandate, there was a clear emphasis on an activity – "promoting rural technology" or "working with communities" – rather than an inter-related set of activities that led to a desired outcome in the domain of its operation.

Also, there is clearly a duality in the identity of the organization, held both internally and in the relevant domain, of either a technology promoter or community-organizer. This arguably traces its roots to the identities of the two organizations PADI and CART from which CAPART was created. It is not only surprising but also disquieting that the dual identities should persist for more than two decades; the structuring of the operations into these two main themes is perhaps both a cause and result of these original differences.

This "split personality" is worrying on three counts. One is ofcourse the clear lack of a unified organizational purpose that it indicates and the divisive climate it creates. Secondly, the two identities are linked to different approaches to development and involve different strategies and activities, and therefore coherence and complementarity can never have been realized. Third, there can be no *a priori* assumption of an implicit central purpose or mandate of the organization, as has been assumed in some previous reviews.

The lack of a unified, shared identity is a major issue in terms of the internal climate, rivalries and territorialities it creates in operational and strategic spaces. These tendencies only get accentuated by the persistence of the original PADI and CART allegiances visions and identities. Developing a shared, strong, singular identity is therefore urgent and key to any process of organizational re-orientation or renewal.

2.45 Organizational Climate and Culture

The organization is clearly a troubled one at present, but more importantly, *appears to have been so throughout a major portion of its life*. This is evident from the fact that at least **11** organizational reviews/ assessments of various kinds have been undertaken in the last fourteen years. Also, while all interviewees attested to this 'chronic' situation since the mid-nineties at least, many also expressed that currently it was at the lowest point ever. A number of climatic issues were obvious – exceptional anxiety about existence, unusually low-self esteem, no sense of common purpose and organisational decay. Clearly also, there is a huge trust deficit and absence of 'good faith', low morale (a consequence of a sense of being victimised, and near-complete absence of positive feedback). The sense of self worth is extremely low, both at the individual and organisational level. Low employee confidence is also apparent, possibly due to absence of learning opportunities and regeneration processes within the organisation. Largely being office bound, field familiarity and empirical knowledge about developmental process is poor.

Though there is an image of a pervasive culture of corruption and inefficiency, we find the negative generalization quite beyond the reality. There is perhaps some fire that has created so much smoke, but it is worthwhile to consider that a blazing fire generates little smoke. There is clearly some dilution of accountability and a practice of 'passing the buck'. Yet again it is occasioned as much by the structure as by actual omissions and commissions, for the most significant decision-making – sanctioning of grants – is by Committee. In such committee-based decision-making, no individual can be held accountable. Yet there is a CVO and individualized vigilance activity. Records are not maintained on all complaints

received by the CVO and their trajectory through the investigation, so it is difficult to ascertain the proportion of total complaints that result in definitive evidence of wrong-doing. The data available, of the complaints for which records are maintained, shows a very small number of complaints resulting in charge-sheets.

Perceptions of inefficiency are also perhaps more exaggerated than real, albeit for the tasks that have come to be central to CAPART. Though operational efficiency, particularly in respect of turn-around time for projects, is perhaps less than it could be, this is difficult to imagine without any systemic measure or incentives for efficiency. The latter are noticeably absent - there is no performance budget or position-based targets, hence neither incentive to perform, nor clarity on achievements; as such there is also no scope for negative action. Therefore **while it is a concern that perceptions of such organizational deficiencies should be so widespread, it is also clear that they are symptoms of structural and processual gaps or problems rather than concerns in themselves.** They can therefore only be remedied by an overall up-gradation of organizational design and institution of key processes as described later.

The general **preoccupation with dispiriting organizational image and dynamics**, with the corollary of **low task focus**, is also disquieting. Moreover, the fact that this is pervasive and not characteristic only of a section of employees – which is to be expected in any organization – testifies that this has less to do with personal predilections and is clearly a result of structural properties of CAPART. That this is the case is also clear from the survey responses of all significant officers, (conducted during the inception workshop), where they were asked to list the priority issues that CAPART faced – the most frequent and largest proportion of issues listed pertained to structural features. The lack of excitement about the tasks also indicates the general awareness of their limited contemporary relevance, though there is also great pride and excitement expressed when the discussion shifts to earlier years.

The anxiety, trust deficiency, low self-esteem, poor motivation and lack of energy within the organization is a complex of interrelated issues of serious proportions, and clearly symptomatic of underlying structural causes. Perceptions of extensive corruption and inefficiency and bureaucratic pace are perhaps exaggerated, but as much as is real is also linked to the same structural issues. It is only attention to the fundamental causes that would sustainably change these.

2.5 ORGANIZATIONAL STRUCTURE

The formal structure of CAPART is shown below in the organogram Figure 2. The structural relationships that emerge from the realities of its existence and actual functioning, however, display some differences that are directly consequential in terms of the state of the organization. This emergent form, that emerges from the patterns of actual authority, responsibility and operational practice are shown in Figure 3

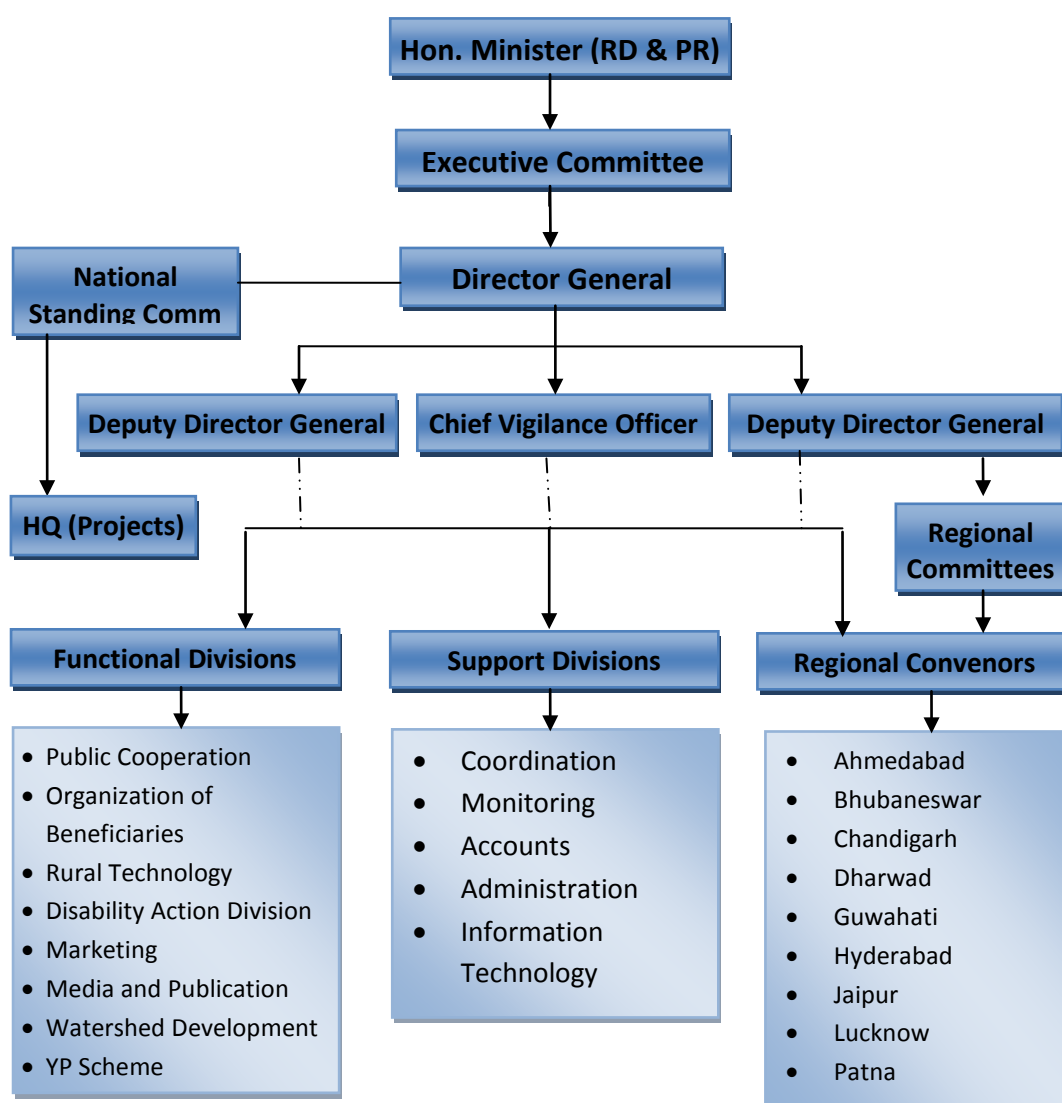


Figure 3 : Organogram of CAPART

A key structural issue, and a critical concern, is the **rapid and frequent change in top management – comprising the DG and the DDGs** – that is a historical and current reality. In 24 years there have been 27 DGs and a substantially larger number of DDGs. This characteristic leads to severe asymmetry in their investment in the organization and their designed roles. With almost all significant managerial decision-making and many of the higher-order operational ones residing at this level – there is little decentralization of any other than operational powers – frequent change leads to a variety of issues; in fact, most of the emergent concerns could be traced back to roots in this phenomenon. In other words, the organization very clearly suffers from a ‘in-transit’ management’ syndrome. This has precluded any concerted institution-building almost since the inception of CAPART.

In practice **the structure is loosely coupled at the juncture between top and operational managers**; curiously, no connection is shown at all in the organograms in CAPART publications, despite the existence of regular reporting relationships between the technical core and top management. This horizontal divide in the organisation at the top, with a basic disconnect between the top three officers (top management) and the rest of the organisation, exists insofar as its functioning is concerned. It is structural in nature and not specific to the incumbent. **This loose coupling of the top with the rest of the organisation has affected the both strategic orientation as well as operational integrity of the organisation.** In fact, the organisation has reportedly not had any serious attempt to strategise its action in the decades of its existence; as an employee succinctly put it – “they (the top managers) just don’t stay long enough”. Conversely, there is frequent tinkering of operations design such as, for example, of schemes and guidelines.

An operational advantage and a positive aspect of the organization design is its structuring in relation to the operations. The pattern of divisions corresponds to the major schemes and the support functions, and therefore reduces inefficiencies of cross-reporting and duplication. However, with the frequent changes in scheme design or introduction of new sub-schemes, the substantive content of the divisions has sometimes lost its distinctiveness. However, this advantage is largely **offset by the fact that the decentralization visible in the organogram is also operationally much less substantive.** The geographical dispersal has reportedly been

extremely useful for the smaller NGOs and those located off the mainstream. But Regional Offices in operational terms exist only as the secretariat of the Regional Committee, which is chaired by the DDG. With all substantive decision-making by the Committee, the Regional Committee Convenor – who heads the Regional Office – is primarily a coordinator. The offices are in most cases understaffed in relation to the volume of projects they handle.

The substantial representation of the client-sector in operational decision-making, such as in the form of Regional Committees, is also an extremely problematic practice particularly in a grant-giving organization like CAPART. This not only introduces severe conflict-of-interest issues but also introduces asymmetries in decision-making authority between client and service provider, which promotes recourse to resolution through extra-organizational means. It is worth noting that non-official members of CAPART committees were barred from seeking funding for their own projects only a few years ago. While this no doubt removes the most direct and visible conflict of interest issue, the inevitable presence of less tangible but nevertheless strong ties with sector organization can still introduce serious bias into grant decisions. Worse, it provides opportunities for such allegations even when biases may not exist.

Structurally the **presence of a vigilance function in the organisation has only deepened the fear psychosis**. In a development-oriented organisation such as CAPART is wished to be, this may not be functionally desirable. The challenge would be to maintain integrity in functioning while being responsive to unstructured and relatively informal organisations in the third sector. Discretionary funding is inherently risky in terms of integrity. Further, the activities of a VA being developmental in nature can appear to be vague or non-specific. Such a mix of an apparently fuzzy situation with discretionary funding does create concern for any control system that is designed for situations with greater specificity and lesser discretion. CAPART appears to be caught in this design mismatch, and the challenge is to address this.

Another source of critical concern is the **dynamic nature of the structural arrangements, which introduces high unpredictability in roles, jurisdictions and scope of action** of various

positions. This is occasioned by the very frequent notifications and circulars issued by the management in regard to various aspects of the organization, ranging from the powers of different officers and functionaries to alterations in scheme design and guidelines for the operations. Not only does it preclude institutionalization of any role, function, process or jurisdiction, it also frequently destabilizes expectations and images of the client organizations. Table 4 below shows the numbers of circulars relating to different matters issued in three years (2006-2009). Though some could possibly be classified under a different heading, it is clear that not only were there were frequent notifications introducing non-trivial changes in organizational functioning. This is a serious concern as it completely removes routinization and predictability.

Table – 4: Number and subjects of Circulars issued between Jan 2006 and Dec 2009

Content of Circular	No. of Circulars
Relating to distribution of authority, roles and responsibilities	9
Relating to systems, operations structure and tasks,	40
Relating to Schemes, guidelines and client eligibilities	30
Total	79

Poor organizational design in terms of in-transit management, decoupled management and operations segments, client-sector involvement in operations, frequent changes in organizational roles, responsibilities and operations design are at the heart of CAPART's many troubles. They are not only core issues in themselves but also the underlying causes of many others that manifest in different facets of the organization including low effectiveness, low impact, poor image, climate and culture.

2.6 SYSTEMS AND PROCESSES

Most organizational systems in CAPART are extremely weak, while some important ones – such as Human Resources and Management Information Systems – are noticeable by their near-absence. This is perhaps one of the core issues that has inevitably affected the overall deterioration in the health of the organization.

The **core business processes** of the organization – grant-making under specific schemes – appear to be the most reasonably institutionalized, among all systems. Though perceived to be inefficient, and subject to occasional alterations under management notifications, it appears to be the most developed. Issues that surfaced in these core service delivery systems are discussed under Operations later.

There are **no HR systems or policies** in place in CAPART, and personnel administration is the purview of the Administration section. There is **no manpower planning, nor a recruitment policy**, and the recruitment rules that exist fall far short of either. Personnel appraisal systems are also noticeable by their absence. With no systematic HR systems in place in the organization, capacities have waned, and advancement linked to influence and therefore known to be unreliable; therefore self-efficacy has been severely dented if not completely vanished in many employees. Credibility erosion and growth in irregular practices – if allegations are a measure – are arguably, closely linked to these gaps.

Monitoring and evaluation systems are also absent, as can be expected from the **absence of planning processes** that would provide frameworks and targets for monitoring and evaluation. An annual budgeting exercise is undertaken, and in recent years outcome budgets have apparently been worked out. There is, however, no systematic process for allocation across schemes, or of considering resource allocations against desired outputs or outcomes; ends and means considerations are by all accounts not part of such budget preparation.

Management Information System (MIS) is also sketchy at best. While information-technology (IT) has been installed to develop databases and collate data on operations, this is used more for processes of organizational reporting at various levels than for decision-making, either routine or strategic. There is little integration of information to inform decision-making at any level. Data is used at best to examine progress, not to assess it. The corollary is that both routine and strategic decision-making is likely to be impressionistic at best and *ad hoc* at worst. Some evidence of this surfaced during the exercise, but needs further investigation to ascertain the extent of the gaps more accurately.

The grievance redressal system, while in place and procedurally correct, appears to have shifted focus and deteriorated into a witch-hunting exercise. Instead of efforts to address the grievance while looking into reasons for and objects of the complaint, the focus seems to be almost solely on assigning blame. This is a grave concern given the nature of the business (funding), since there is a high propensity for grievances; potentially, every client who is aggrieved is a complainant. This is compounded by the characteristics of the client sector and the involvement of client-sector organizations in grant-making decisions. It is therefore all the more necessary to institute a more robust and multi-faceted redressal system that simultaneously addresses the complaint and complainant, locates wrongdoing and protects innovation and flexibility in functioning from penalty.

An additional concern is the absence of systematic records, including data of complaints received from various sources, their types and details of volume at different processing points. There is little data available to provide a factual picture of the total volume and type of complaints received and the proportion that emerge as actionable, as the documentation process is severely limited. Given the confidential and sensitive nature of the process, a centralized or open database can obviously not be developed, but currently a register of complaints that lists complaints received through all channels is also not separately maintained by the CVO's office. No real figure of the total number of complaints received is therefore available. Of complaints received by the organization, files are opened for only those that are verifiable and actionable. From among those received by the CVC, again only

a proportion that are to be investigated are enumerable as they are forwarded to the CVO's office every quarter.

Given the centrality of corruption as an issue in all conversations and perceptions of the organization, it is surprising that no attempt has been made to institute proper record-keeping in this regard or to develop verifiable figures. While appreciating the sensitive nature of the issue and the risk of misuse of such records – which only implies that it be treated with the same formality and discretion as characterises the CVO's office – it is important not only as good organizational housekeeping but also for its utility in positive image-building of the organization.

The **system of functioning at the Regional Offices** leaves a lot to be desired. Since one of its more important functions is of local project sanction, and convening of the Regional Committees for grant-making, it would be normally be expected to maintain extensive documentation on the discussions at RC meetings, and record reasons for sanction, rejection or alteration. This is, however, not the case. While agenda of RC meetings comprise lists of projects to be considered (with proposals enclosed), minutes record decisions without description of the discussions. The absence of practices of preparing detailed minutes or record of meetings, documentation for recommendations in favour or against proposals, leaves much scope for perceived improprieties at the stakeholders' end. Clearly, **while the geographical decentralization through RCs is useful, the design of RCs needs serious re-consideration.**

Documentation of decision-making processes in fact are weak at best at all levels. Triangulated reports of discussions at EC and GB meetings reveal that the contents do not find adequate or systematic inclusion in minutes. Nor are divergent and dissenting remarks mentioned in any of the minutes perused by this team, though they are bound to have surfaced at least on some occasions.

Lack of or weak design of essential organizational systems such as organizational and operations planning, MIS and HR is a key issue; other systems such as grievance redressal,

monitoring and systematic record-keeping require substantial revision and/or strengthening. The lack of attention to these gaps is clearly symptomatic of the weak or intermittent attention to organizational design, which in turn is typically due to transitional/ frequently-changing management.

2.8 OPERATIONS

The core business processes of the organization – receipt of proposals, appraisal and sanction, release of funds, interim/mid-term monitoring and final monitoring – seems to be reasonably designed. The flow chart of the process is enclosed in Annexure III (in four pages). There are some aspects that could be improved, and these are discussed below, but but the overall design is reasonably sound.

One major bottleneck and design issue seems to be the use of institutional monitors (IMs). Institutions as monitors are by experience and precept inappropriate since they diffuse responsibility; also, in almost all instances the institutions neither have the capacities nor are organized to do work of this type, unless they have specific monitoring and evaluation divisions/ departments. Those that do undertake such work as a secondary activity do it sporadically and therefore need tremendous follow-up and scheduling flexibilities that accommodate their core activity. Reports of delay in monitors reports and lack of technical knowledge are inevitable, as institutions have few people in each area of expertise and calibration to the nature of the task and its substantive content of the proposal may or not be facilitated by the institution's internal processes of nomination.

The number of IMs for each region seems in no way to correspond with the respective volume of projects. Basis for and procedure of selection of IMs is not clear as the list includes different types of institutions, though almost all are well-known and respected organizations in their respective fields. Nominations by the EC is reported to be the current method. While in regions or States with a lower density of significant institutions choice may be constrained, the lack of any visible criteria for application even in institution-dense regions (like the Gujarat or Hyderabad RCs), where choices have inevitably to be made, is of concern.

The restriction on the processing officer's visits to the client organization and the project seems without any logic, and is not characteristic of most respectable donor organizations.

Indeed, program officers are expected to know the project first hand and in detail. There appears to be little benefit of this restriction policy or conversely, any issue if it is removed – as a measure to pre-empt undue bias it is hardly effective. On the other hand, there is clearly a huge disadvantage faced by the processing officer in not knowing the field realities of the project. They have no substantive means to get a ‘feel’ of the project, ascertain if the monitor is doing a good job, or be able to appreciate the field realities faced by VAs in terms of project implementation

Performance capacity appears to be adequate for the present job of grant-making, though a more reliable picture can be gained only through a systematic work-study. No serious shortcomings in the operational process due to capacity gaps were identified. Any that exist are features mirroring structural and design issues rather than staff capacities per se. However, if any of the larger ‘purposes’ articulated by various persons in the course of this exercise are to be realised, a systematic appraisal of staff capacities is likely to reveal substantial gaps. However, it is our assessment that with some investment in capacity-building and other HR measures, the current complement of technical employees could meet some of the demands of any proposed expansion in activities without issue.

The quality of the project sourcing, appraisal and monitoring process could bear further improvement and re-orientation to a core organizational purpose. Currently, there is neither a defined/ focal category of client-sector organizations for priority support (for example, smaller, newer, more innovative or remotely located NGOs) nor a systematic reaching out to a desired group. The implicit purpose of supporting civil society development is therefore not reflected in practice, as current clients also include a whole range of established organizations well able to raise funds from other sources.

There is also no systematic process to strengthen organizations, which would be a requirement if institutional development were an objective, only project-based funding. The specification that the grantee have a record of 3 years’ in operation rules out support to new initiatives in any case. The initial annual funding for nascent institutions adopted by many

northern NGOs has been most helpful in institution-building (these have been worked out through 'permission under FCRA') but this is precluded by CAPART norms.

Monitoring is procedural, not substantive. There are also no substantive criteria for appraisal of project designs, only formal criteria for pre-qualification and procedural monitoring thereafter. The appraisal method does not go beyond assessing the existential question of the organization and the need for the project. For instance it does not assess the goals, objects, outputs and outcomes in a logically inter-related manner, and there is no structural possibility of verifying its sensitivity to local conditions.

2.81 Scheme Relevance and Performance

CAPART currently has a number of its own schemes for funding NGOs to undertake activities under the scheme, and receives untied budgetary support for the same. Till the late nineties (98-99), however, it mainly received funds under various rural development programs of the Gol, such as JRY, IRDP, DWCRA, AWRSP, etc; predominantly from the MoRD, followed by the MoAg. Scheme / program design was therefore not a responsibility of or within the purview of CAPART, though at the time CAPART also had some schemes of its own, utilizing the direct assistance to CAPART received from the MORD and foreign donors.

Subsequently, reportedly because this approach constrained scope for innovative approaches, funds were provided as untied assistance to CAPART and the organization developed its own schemes for grant-making. Since then, design of schemes and guidelines for funding under them have been within the purview of CAPART. This has had two significant consequences –

1. CAPART schemes have in some measure been de-linked from the programs and schemes of the Gol, though within the latter's thrust and overall framework. This has, by many accounts, enabled more autonomy for funding of innovative projects and reportedly, more flexible and NGO-friendly guidelines.

2. Schemes, their design and guidelines for funding have changed frequently and severely undercut routinization in and reliability of the organization and predictability for clients.

The frequent changes in scheme design and guidelines for project preparation that became possible with CAPART developing its own programs is clearly a matter of concern. It was reported as a major issue both by operations staff and by client organizations that while schemes remained broadly the same, scheme details and specific guidelines were frequently changed, and sub-schemes introduced. Evidence of the frequency of such changes is in the large number of circulars that pertain to these subjects among the sample that we examined. Introduction of new schemes, and alterations in schemes and guidelines, apparently correspond to the frequent changes in top management and direct feedback of client-sector organizations, especially from those in decisive structures such as the EC, NSCs and RCs.

The relevance and performance of the schemes, and whether the delinking of CAPART's schemes from government programs has enabled better service and support to the client sector is difficult to say without focussed and intensive study of this aspect. What is clear, however, is that it has shifted CAPART's position – from being “a window for NGO involvement in government programs” or a “mechanism for cooptation” or a “handmaiden of the government” – as expressed by many stakeholders and critical observers, to the possibility of becoming a “catalyst for a vibrant civil society”, an image articulated by many who value the organization and see hope for it. The shift has no doubt enabled somewhat greater latitude for supporting innovative schemes and greater flexibility in selection of partners who may not conform to criteria set in government schemes. The use of this space appears to have been, however, severely limited by the overall governmental manner of functioning. It has also definitely opened up the *possibility* of supporting critical engagement in development, and an independent third sector; whether this has been realized to any extent can only be said after systematic examination. Nevertheless, **if CAPART is to in any way fill its role of supporting innovative approaches to development and an independent civil society in the country, delinking of CAPART and MoRD/ Gol programs is a must.** That is not

to say the larger objectives are not the same, but the organizational purpose being different, the strategies need to be decoupled.

The unpredictability and adhocism in the core operations of the organization caused by frequent changes in scheme design and guidelines is not only a matter of serious concern in itself, but also indicative of more fundamental organizational issues. The lack of any institutionalized and systematic process for reviewing schemes and guidelines in a mature organization such as CAPART clearly points to deeper structural issues that need urgent attention.

2.81 The Young Professionals Program

Among the most longstanding of CAPART's programs, and one that stands out as a distinctively different approach to supporting the 'third sector', is its YP program started in 1988 to groom well-educated youth as potential rural managers and social entrepreneurs and thus support the professionalization of the sector. The scheme was designed to recruit and place post-graduates with relevant qualifications from the best institutions in the country – such as social work and rural management – with host organizations, with stipendary support for two years. A “starter package” grant was subsequently introduced in 1994 for those who wished to continue working in the sector.

The laudable intentions of the YP program are, however, no longer reflected in practice. Even though about a 100 or more YPs are recruited every year – with occasional gap years - they are now placed primarily within the organization, at Head Office and the RCs, as supernumeraries (employees) rather than apprentices to be mentored. Apprenticeship and mentoring in fact is almost completely absent. The YP program has lost its meaning and relevance, and is used as a method to physically augment the manpower requirements of the organization. The inexperienced and often, idealistic recruits, in handling routine matters

and assisting the officers with whom they work apparently see the seamier side of organizational life and desk work rather than the realities of the development challenges in the countryside and creative ways in which non-government organizations can address them. Not only is organizational effectiveness likely to suffer with inexperienced youth reportedly handling a substantial proportion of tasks, but the total mission erosion of the program itself, which was among the few and surely among the most valuable *institutional* interventions of CAPART, is a matter of grave concern.

The complete mission drift of the YP program is a matter of serious concern not only for the erosion of larger organizational purposes that it signifies, but also in the demotivating effect it observably has on the YPs in respect of development work and social entrepreneurship. The permissibility of such complete mission-erosion in a key and institutionally valuable program, and the lack of attention to this process is equally revealing of significant root causes; clearly, both commitment of leaders to content of CAPART's programs and accountability systems are extremely weak.

2.9 OUTPUTS AND OUTCOMES

Outputs are the products of organizational functioning. Outcomes are the wider changes in the task domain that are wrought by the outputs and can be attributed to the latter through a discernible causal chain.

A large number of possible/ desired outputs have been listed in the MoA of CAPART, including in the goals and objects such as ‘engaging rural NGOs in dialogue’, ‘funding their activities’, ‘acting as a clearing house of information and data bank’, ‘strengthening existing institutions of research’, ‘developing or setting up of institutions’, etc. However, **it appears that the principal output that is created is funding for NGO activities**, for different purposes ranging from livelihood training to producing innovations in rural technologies. Other outputs, such as creation of a databank for NGOs, directories of technological innovation and capacity building of NGOs have been sporadic, individualised and short-lived at best.

In terms of volumes and content, the funding provided has also not been remarkable. Overall volumes are not large enough to make a difference sectorally, though it may be critical for some of the smaller organizations. Neither does it fill any critical gap, for it is not targeted, either in being directed to organizations most in need because they are small, located off the mainstream or unable to access funds from elsewhere, or in terms of critical and innovative approaches that are funded. Other activities such as organizing marketing events for rural producers, support for networking events for NGOs and training for NGO personnel has been sporadic and limited, even if some are highly visible. The important question is whether the outputs have been significant in terms of either volume, impact or unique. Unfortunately none of the activities meet any of these measures, with the sole exception perhaps of recent involvement in policy exercises related to the third sector,

Systematic searching for qualified youth and their orientation and induction into the social sector through the YP program, which was the other valuable output in its early years, has

also petered out. While data on the post-CAPART employment of YPs is not available, by all accounts few move on to engage full-time in development, and fewer have become social entrepreneurs. Those that are in either of the latter sets, appear to have, in recent years, done so because of a lack of options rather than any enthusiasm for the challenges of this domain. In other words, even the operation of the program has failed in terms of the *kind* of output.

Outcomes are difficult, if not impossible to assess, for the organization has not expressly defined a vision of changes in the domain that it wanted to bring about at any point. Some are implicit in discussions or statements of purpose, but in the main these center on what it would/should do (which are goals or *missions*) rather than what it wanted to make happen in the larger environment. A few glimpses of some visions are no doubt provided in program design and objectives – such as the vision of professionalizing the development sector through YP program. But without unambiguous statement and measurable description within which the realization of such ends can be assessed and the links with CAPART outputs as the means can be established, it is not possible to gauge the impact CAPART's outputs.

Currently the organization seems to be caught between the propagation of GoI schemes and rethinking its own. Part of its dissonance in this regard clearly stems from the lack of any defining vision. There is no clarity at any level whether the organization is directed to securing NGO involvement in the effective implementation of government programs – which it did in the initial years – or to supporting NGOs to develop different and innovative approaches for the same tasks. Without a vision that could frame these debates, and a clear articulation of purpose that could provide principles for choice, these discussions are fraught with the danger of having the same kind of mixed objectives, dispersed energies and high output with little outcome as has plagued the organization for decades.

The predominant output of the organization – funding for NGOs – has (for a long time) neither been significantly voluminous, critical nor targeted in a way that could impact its relevant domain in any noticeable degree. Other outputs have been small and intermittent,

or lost their shape (as in the YP). Outcomes are difficult to gauge in the absence of a clearly articulated picture of desired impact but there seems to be little discernible recent value addition in the domain that can be attributed CAPART's outputs. This is clearly due to the lack of an overall strategy and targeted operations.

3

THE DIAGNOSIS

CRITICAL CONCERNS

Major Organizational Issues

Concerns and their Causes

The Ways Forward

3.1 MAJOR ORGANIZATIONAL ISSUES

Our examination of the State of the Organization – set out in the previous section – has thrown up a number of critical concerns. The overall picture of CAPART that emerged from systematic examination has borne out the initial impressions of a troubled and dispirited organization, beset with issues of various kinds and of different orders. However, it has also become clear that the numerous issues which surfaced – and most are mentioned in one or the other of its many review documents – are, in the main, symptomatic of a set of structural and constitutional issues. In this section we bring together our observations of the major issues and identify causative factors, before identifying the appropriate actions to be taken. Our analyses reveal that few of the more pervasive and visible issues could be resolved with any measure of success or sustainably if the underlying causes are not addressed.

An expert observer succinctly expressed three primary roots to all of CAPART's issues and troubled existence. While our assessment bears this out completely, it also throws up a fourth. In a nutshell, these are –

- Task/ operations focus – difficult to discern strategy
- Lack of autonomy - Departmental functioning
- Structured programming
- NGO meddling

In this diagnostics section, the key concerns and issues identified in the previous section are brought together and their roots traced. Action implications are also identified. As will become clear, a number of issues have the same/ similar underlying cause, and therefore systematic attention to the latter is apt to resolve a host of the more visible but symptomatic issues. The analysis is summed up in Table (to be inserted). The specific content of recommended actions and the process through which they must be undertaken are detailed in the next section (Roadmap)

3.11 Reviews and Reflections

The unusual number of reviews in CAPART, by internal and external reviewers testifies to the persistence of the troubling organizational issues which have occasioned the successive exercises. It also reveals that there has never been a systematic, concerted and committed renewal and restructuring exercise in the twenty-four years of its existence. Reasons include the partial or segmented focus of most reviews, the limited focus on existential questions and a holistic perspective, and not least, missing or weak implementation of recommendations, particularly structural ones. That is, on one hand Reports have mostly focused on organizational structure and procedural interventions – tinkering with tasks and setting systems right – whereas need is and has been for institutional renewal through appropriate re-design. On the other, implementation has generally been restricted in general to minor changes.

A fundamental re-think of the organization's existence is therefore long-overdue and hugely indicated. Commitment to this and concerted action for substantive change is therefore the prime need for any substantial and sustained improvement in organizational effectiveness. It is important that attention be paid to fundamental questions of purpose and structure and change undertaken through a systematic turnaround process.

3.12 Inception Properties

CAPART till date reveals a fractured identity, divergent sense of the organizational purpose and imbalances and gaps in technical competencies that can be traced back to the lack of substantive integration of the parent organizations from which CAPART was formed. These are of serious concern as the dichotomies clearly play out in objectives, operations, personnel movement and allegiances, which have discernible links to persistent issues such as inefficiencies, poor image, climate and culture, and undercut both goal achievement and effectiveness.

It is important to recognize that to break these persistent cleavages and divergences, not only are organization-wide renewal exercises required, but that the future directions and roles be identified and restructuring achieved through systematic organization-wide processes. Lack of investment – in commitment, time and other resources – in renewal/turnaround and change management processes would result in the organization falling back into the same state in a very short time.

3.13 Sector Context

Not only is the understanding of CAPART's central purpose different across people within the organization (and reflected in its operations) but the relevance of its core activities to its task domain is uncertain. The voluntary domain has transformed from a movement into a non-government 'sector' in the country, with a dramatic increase in size, diversity, competencies and developmental roles. But there has been no revisiting of CAPART's need and roles in the changed scenario. It is a matter of substantial concern that the need for such a reappraisal of overall purpose and roles is not widely recognized in the organization. The questionable relevance of the current core activities in the context of the changed client sector and shrinking need is undoubtedly the underlying malaise that manifests as systemic inefficiencies and operational failures, which are only symptoms.

This clearly indicates the need for systematic analyses of CAPART's purpose and roles in the emerging trajectories of development and dynamics of engagement of non-government organizations in development. Addressing organizational activities, systems and processes without attention to the larger question of relevance and purpose would not be effective in either fixing the more obvious maladies or in carving out a meaningful role for CAPART for the future.

3.14 Stakeholders

CAPART has fairly extensive stakeholder representation in its governance and management structure, which is laudable. However, their locations in the structure and imbalances in the

relative extent of presence and voice of the three primary stakeholders – the external client system, the promoter (government) and the internal technical core are severely detrimental to effective functioning, in addition to being inconsistent with good governance norms.

The extensive role of the client sector in operational decision-making is highly problematic in a funding organization, especially when the sector is characterised by high informality and low accountability. As a result, as a perceptive observer has put it, there has been tremendous ‘NGO meddling’ in the functioning of CAPART. Equally, the extensive presence of government at policy and managerial levels, which results in a governmental pattern of functioning, undercuts the flexibility and creative interface with the client sector necessary for the intended development roles of CAPART. The minimal presence of the internal stakeholders and technical core of the organization in the policy and management structures is also a key issue, as it not only prevents reflection of operational realities in policy and managerial decisions but also pre-empts transparency and gives rise to illegitimate channels of communication and influence. Redesign of governance and management structures to rationalize stakeholder participation and include elements of good governance is therefore strongly indicated, and promising for substantial improvement in organizational functioning.

3.15 Institutional concerns

The most widely perceived issues – by observers, reviewers and members – are pervasive ones that relate to the organization as a whole and have to do with its image, identity, climate and culture. Perceptions of extensive corruption, inefficiency, lack of effectiveness and low task focus are among such. However, closer examination reveals that some aspects, such as corruption and inefficiency are clearly less extensive than perceived. Also, these, and other concerns such as ineffectiveness, low commitment and lack of competence are symptomatic of underlying design issues, such as strategic fit to maintain organizational relevance, clarity of and consensus on purpose, and an organization structure that engenders professional steering capacities.

3.15.1 Vision, Purpose and Mission(s)

Despite a seeming clarity of purpose, in reality the vision, purpose and missions of the organization are variably understood and articulated by different segments inside and outside the organization. A fairly large number of objectives and possible roles are listed in its MoA, but CAPART has primarily operated as a government funding agency for NGOs. To what end is no longer clear as the total amount of disbursement is an infinitesimal proportion of funds now flowing to the sector, nor is it strategically targeted. Other roles have either been sporadic, or lost its focus (eg, the YP program) and new activities that have been initiated do not provide a clear direction or unique positioning. Reading from documents and interviews, it appears that the understanding of CAPART's purpose is split between "helping GoI realize its RD schemes on the ground" and "supporting the development of CSOs for RD". At a mission/task level, it is split between "being a nodal agency for technology innovation and dissemination", "supporting voluntary organizations in implementing projects for sustainable development in rural areas" and "facilitating community action for development".

Relevance of its core activity is in question, but a systematic search for a clear and consensual purpose has not been undertaken, and is strongly indicated. A visioning exercise involving all stakeholders, to clearly articulate a commonly-held and relevant purpose and functionally linked vision and mission statements, is the only antidote to the mission-drift and adhoc-ism that seem to characterise its functioning. It is also important that this be consensual and commonly held within all layers in the institutional, management and operating core of the organization; the lack of this is obviously the reason for substantive ineffectiveness despite continuous activity. Other reviews have also captured this state of the organization, but not clearly identified the gaps or their criticality for maintaining organizational integrity and institutional coherence.

3.15.2 Identity

The unusual level of anomie, rivalries and territorialities, and the resulting lack of task focus is as much due to the lack of a unified, shared identity and clear purpose, as due to the

genetic properties encoded into the inception of the organization. The extensive government role in its strategic and routine functioning also lends the identity of a 'government organization' rather than an autonomous institution. Both militate against goal achievement and effectiveness, in addition to a persistent perception of low value-creation.

3.15.3 Image

That CAPART has a poor image – as an inefficient, ineffective, and bureaucratic organization – is clear, and a major concern not only in itself, but as it creates low self-esteem, lack of excitement in the task and inefficiencies. However, it is also clear that most of the characteristics that feed this image emerge from structural arrangements that create pre-disposing conditions – either for malpractice within the organization or in terms of providing the scope for irresponsible or false allegations.

The image of corruption and inefficiency however, does not match the data. We assess that the image of corruption far exceeds the reality, even discounting for the real difficulties of finding hard evidence. Procedural lapses, out-of-turn favours and *quid-pro-quo*s appear to be more prevalent than financial irregularities, by all accounts. While the latter two are certainly easy to practice and hardest to capture, the issue of procedural 'lapses' bears further analysis. Also, there could be another structural reason for such pervasive negative perception of CAPART: the nature of its business and clientele.

It must be recognized that CAPART, as a government organization, is characteristically bound by extensive and stringent operational and reporting procedures, particularly in respect of its primary task of grant-making. It deals, however, with client sector organizations, which live in flexibility and revel in freedom from bureaucratic procedure, and are almost anarchic in their disdain for formal procedures. A majority of NGOs are known to be notoriously casual about maintaining records and often bypass procedure, which is derided as 'bureaucratic', though this has changed over the years. In it lies their strength and creativity, but also perhaps the story of CAPART's image of inefficiency and corruption. Insistence on documentation and strict procedural conformity on the part of CAPART

personnel is quite likely to be not only unpalatable to its clients but often, dysfunctional for the project itself. Use of discretion in the interest of the project opens the officer to the charge of a procedural lapse, and refusal to bend rules makes him the target of unfavourable / uncomplimentary comments by the client to higher officers or in other fora. Credence is easily given to such reports because of the higher credibility of the client in the sector and epistemic and other connections with significant officers.

In other words, the interface between CAPART and its client sector is fraught with dangers of exactly the kind of interactions that are reported, given the two distinctly opposite organizational characteristics. The nature of the transaction (grant-making) makes this even more likely, and the probability is multiplied by the epistemic imbalance between personnel on either side that has been accentuated over the years.

Resolving the contradictions inherent in the service interface between two organizational spheres with diametrically opposing characteristics is a challenge. Perhaps the solution lies in strengthening the institution-building processes and creation of stronger professional orientation so as to enable the organisation to incorporate the ability to manage this mismatch.

3.15.4 Climate and Culture

The anxiety, trust deficiency, low self-esteem, poor motivation and lack of energy within the organization are a complex of interrelated issues of serious proportions, and clearly symptomatic of underlying structural causes. Perceptions of extensive corruption, inefficiency and bureaucratic pace are perhaps exaggerated, but as much as is real is also linked to the same structural issues. It is only attention to the fundamental causes that would sustainably change these characteristics.

3.16 Structure

The top management of the organisation is comprised of three officials of very high seniority drawn from the civil services. As members of the permanent civil service, these officials bring with them tremendous strengths in terms of administrative wisdom and knowledge of public systems. Yet, a downside that accrues is their uncertain tenure. When combined together the picture that emerges is that of 'fleeting or in-transit management', largely decoupled from the operating system of the organisation.

Structural dynamics

Institution-building, as a process, has been severely constrained by the nature of leadership arrangements of the organisation almost since its inception. For example, many actions that are essential during the development phase of the organisations such as systematic recruitment of professionals, evolving an appropriate culture, formalisation of a structure to act as basis for systematic functioning, uniformity in decision making processes were conspicuous by their absence. To add fuel to fire, ad hoc tinkering with various aspects of the organisation has been almost a rule during the last 15 years. Such frequent changes or reviews usually damage the basic frame of the organisation.

Interlocking of grant-making and client organizations – of particular concern is the structural presence of client-sector organizations, who constitute the key operational decision-making points (RC and NSC). Representation of client sector in the policy-making level is productive, while involvement in management and key operational decisions (such as grant-sanctioning) is highly problematic.

3.17 Systems and Processes

In the general frame of organization design, systems contribute towards integrating individuals to their organizational roles. The quality of integration tends to be a function of

adequacy and process clarity of such systems. When not suitably designed systems or sub-systems could give rise to behaviour that in turn create divergent pressures within the organization.

For a national level organization with wholesome responsibilities for civil society development in rural areas, the absence of a sturdy human resource system within CAPART is a matter of grave concern. So also is the case with internal planning, performance monitoring and evaluation systems. Despite extensive use of ICT, the nature and efficacy of the management information system in support of decisions is a challenge. Above all, reliance on a 'vigilance office' as against a system of peer-reviewed professional control leaves the employees with an unenviable organizational climate that potentially breeds much dysfunctional behaviour. Of most significant concern is the resultant – that of severe knowledge (and therefore credibility) imbalance between the grantor and grantee.

3.18 Operations

The unpredictability and adhocism in the core operations of the organization caused by frequent changes in scheme design and guidelines is not only a matter of serious concern in itself, but also indicative of more fundamental organizational issues. The lack of any institutionalized and systematic process for reviewing schemes and guidelines in a mature organization such as CAPART clearly points to deeper structural issues that need urgent attention.

The complete mission drift of the YP program is a matter of serious concern not only for the erosion of larger organizational purposes that it signifies, but also in the demotivating effect it observably has on the YPs in respect of development work and social entrepreneurship. The permissibility of such complete mission-erosion in a key and institutionally valuable program, and the lack of attention to this process is equally revealing of significant root causes; clearly, both commitment of leaders to content of CAPART's programs and accountability systems are extremely weak.

3.19 Outputs and Outcomes

Consistent with the observations of earlier reports, it is noted that the output of CAPART, in the main, has continued to be that of a ‘funding agency for the VO sector⁵’. In a way, funding has been the primary bulwark on which CAPART has relied. The mismatch between the mandate (whichever way understood) and its core competence to achieve the same, as had been noted earlier⁶ seems to have remained unabated. In the absence of systematic evaluation of CAPART, there are both, celebratory stories of outcomes in the form of having enabled some very significant NGOs in their formative years, as well as damning observations about ‘little or no impact’ or ‘absence of value addition’ of any significant kind. This report notes both and in the absence of the opportunity to assess this aspect, shies away from making any strong observation regarding the outcomes that have followed from the operations of CAPART.

3.2 CONCERNS AND CAUSES

From the foregoing it is clear that almost all identifiable issues that are widely noted both internally and externally are symptoms of an inter-related cluster of underlying factors. In the main the most fundamental of these is the absence of a commonly agreed, widely shared, and clearly articulated purpose. Reference to the MoA and the objectives contained therein is no substitute; as a matter of fact these must be the bedrock on which the institutional purpose must rest. Nonetheless, in the absence of such an articulation the corollary condition of ‘purposiveness’ as would be reflected in the structural elaboration of the institution/ organization has remained muted. Rigidly bureaucratic structure and orientation, which has been noted in all recent reviews, is a result of this absence of ‘purposiveness’. This is borne out by the fact that despite recommendations for amends, and CAPART’s claim of ‘having implemented’, the condition continues to fester. This is evident in the Comment against Section 3.1 of the SH Committee 2005-06 Report where it is noted that

⁵ Report of the Review Committee on CAPART, Secretary RD Committee (2002), pp. 4.

⁶ Planning Commission (Voluntary Action Cell), Sub: Report on ‘Reforming CAPART/ NGO-GO Interface’

the recommendation to shed the bureaucratic orientation has been 'implemented', though, under 'action taken' heading the constitution of the 6 sub groups of EC to look into the matter is mentioned.

3.3 Responses to the ToR

3.31 Adequacy of existing capacity (structure, systems and human resources) in CAPART to address its mandate as laid down in the MoA and Bye Laws.

Investigation into the state of the organization has alerted to the multiple interpretations/ perceptions of the mandate held across layers within the organisation as also by earlier reviewers and external stakeholders. Those laid down in the MoA and Bye Laws could at best be said to be aspirational and 'stated'; the operating mandate is restricted in the main to 'grant making' under various schemes. In terms of technical competencies as could be measured by objective indicator there appears to be adequacy of human resources for the 'mandate in operation'; however, the motivational deficits perhaps negates it to a large extent with consequences on performance. The operating system of grant making is clouded by the existence of committees; if for nothing else, due to the in inadequate specifications of 'rules of business' of committees. This to a large extent negates whatever positives there are in appraisal, monitoring and evaluation systems. The reliance on external, institutional monitors, though creates a 'third party' arrangement, fails to address the requirement. It must be understood that monitoring of projects is a core function for any grant making body; in a sense there could be no escaping from building internal systems and professional orientation in doing this. The absence of a Human Resource Development/ Management system is noted. The most critical aspect that perhaps poses the greatest hurdle in addressing the mandate is the structural arrangement. There appears to be fracturing at two levels; first between the governing system and the top management, and second, between the top management and the operating/ management core. As such these structural breaks, whether designed or emergent, pose the greatest hurdle to achieving 'purposiveness' on the one hand, in creating a professional work culture with conditions that support the morale of the management/ operating staff.

3.32 A review of existing procedure for appraisal and sanction of project in CAPART.

The appraisal procedures are differentiated into two stage and three stage ones, depending upon the nature and size of the proposals. There is a detailed format for pre-funding appraisal, typically used by institutional monitors. The format surely could be fine tuned, yet, it is as good as it gets for the task at hand. The median turn around time for proposals is between 45 and 90 days. It is the involvement of external monitors for the task and committees in the sanction decisions that seem to affect the system. The difficulty with external institutional monitors has been discussed under section 2.8. The difficulty with the committee system lies in inadequate observance of the ‘rules of meeting’. It is reported that detailed minutes of the meetings are not maintained; only decisions are recorded. It is widely reported that considerations other than the merit of the project proposal tends to enter in the process, and the absence of a ‘record of proceedings’ system frustrates any effort in rationalising the system.

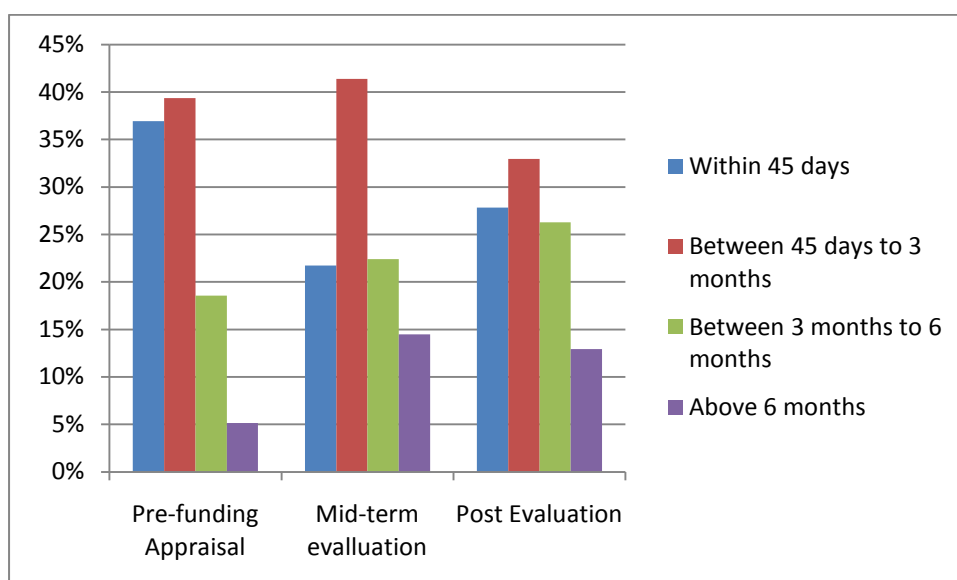


Fig. 4: Appraisal, Mid-term Evaluation, Post Evaluation: Percentage with turn around time

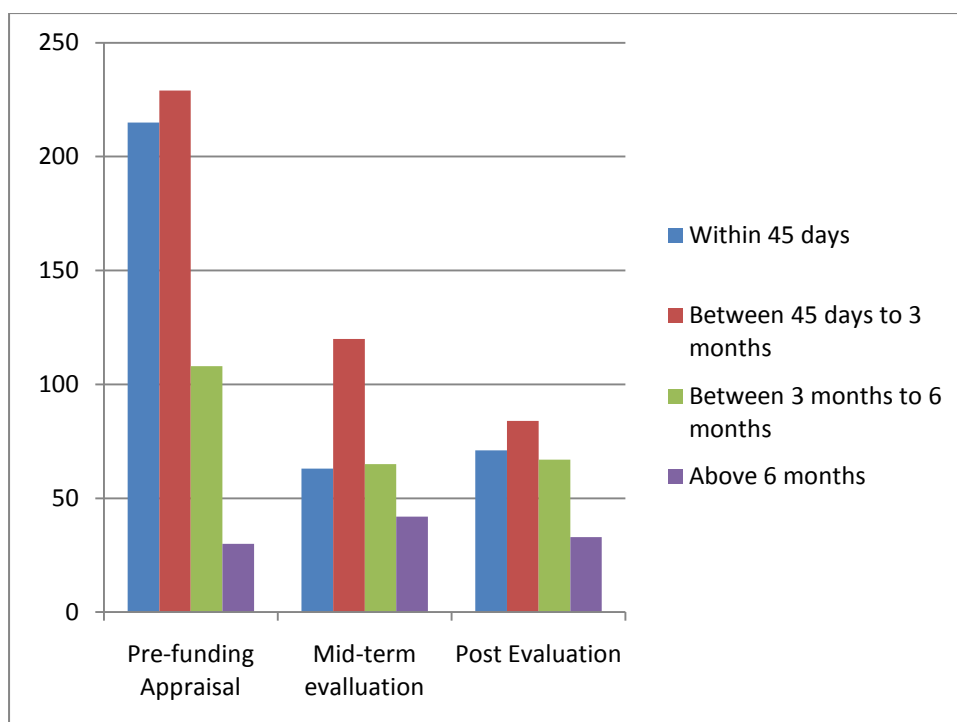


Fig 5: Appraisal, Mid-term Evaluation, Post Evaluation: Numbers with turn around time

3.32 Review of the existing system of monitoring and evaluation of projects and measurement of outcomes.

CAPART has taken recourse to employing external institutional monitors for mid term evaluation of projects. The format utilised for the purpose is largely similar to the one used for the pre-funding appraisal. The issues discussed in section 2.8 relating to institutional monitors are relevant here. As noted, **monitoring is procedural, not substantive**. There are also no substantive criteria for appraisal of project designs, only formal criteria for pre-qualification and procedural monitoring thereafter. The appraisal method does not go beyond assessing the existential question of the organization and the need for the project. For instance it does not assess the goals, objects, outputs and outcomes in a logically inter-related manner, and there is no structural possibility of verifying its sensitivity to local conditions. Further in the absence of articulation of a logically coherent linkage between the inputs, project activities, outputs and outcomes, and assessment of ‘project risk’ factors measurement of outcomes becomes an impossible task.

If anything, it is the project appraisal, monitoring and evaluation formats and procedures employed by CAPART that show its lack of sync with the NGO/ development sector. Almost all donor agencies that Indian NGOs partner have extremely well developed monitoring and evaluation systems with detailed frameworks, formats and methods of implementation. CAPART would do well to develop a comparative report on such systems and build one of its own.

3.34 Review of the relevance of Regional Committees and their costs and benefits in the context of the development

CAPART has 9 regional offices. Every regional office has a Regional Committee composed of varying number of members nominated by the HQ. All Regional Committees are headed by the DG/ DDGs. The RCs have sanctioning authority for projects upto Rs. 25 lakh.

A distinction must be made between the need for a Regional Office and the employment of Regional Committees. In the interest of decentralisation as a value, as also the in the light of the intrinsic nature of CAPART's overall tasks, the need for Regional Offices cannot be overemphasised. However, it appears that most such offices are understaffed, and therefore variously disabled in their performances. What seems to be a matter deserving consideration is the composition of the RCs and the manner of their functioning. Though every RC is different from the other both in terms of its efficacy and image in the local contexts, there is an inescapable need to address the 'operating procedure' of the RCs. To begin with, a decision must be made as to whether the Committee is meant to provide state/ region specific inputs for management policies or it should be involved in making the management/ operating decisions of project appraisal and sanction. It is our view that the role of the RCs should be restricted to the former. Even then, it is necessary that the RCs are advised to adopt the 'procedure of meetings' wherein, inter alia, proceedings of the meetings are rigorously recorded and these are formally adopted in the succeeding meetings. Further CAPART must also seriously consider the recommendations made by the SH Committee 2005-06 and the EC sub group IV which had proposed criteria for membership and the manner of nominating members. We endorse the recommendations.

It was not possible for the review team to assess the costs and benefits within the time frame available for this assignment. However, it must also be noted that efforts of that type to assess a cost benefit analysis is unlikely to yield substantial results.

3.35 Recommendations on the focussed areas where CAPART can make quantifiable and visible impact in future.

The SH Committee 2005-06 had recommended 7 thematic areas for CAPART to focus on. The EC sub groups I, II and III, had between them addressed these themes by putting them under three broad rubrics of ‘Micro finance’, ‘Nature Based Livelihoods’, and ‘Capacity Building for Convergence Planning’. Between these, the suggestions made by the sub groups address the array of needs that one could see in civil society building, local self governance, and technology/knowledge informed rural development. These could justifiably serve as the focus areas for CAPART.

Since it is the assessment of this review that lack of a commonly held, shared and widely articulated **purpose** is at the core of CAPART’s troubled existence, it is our considered opinion that the organization must adopt the recommended process to address this. We are inclined to think that CAPART must adopt thematic areas to focus on after developing its own understanding of the rural environment, the state of civil society and peoples’ action within it and the role that technology/ knowledge could play in deepening of democracy.

3.36 Recommendations on steps required to promote development of the idea of appropriate rural technology by CAPART

The first and fundamental recommendation in this regard is for CAPART to build engagements with appropriate rural technologies and knowledge systems. This entails a need for first for building internal capabilities in terms of knowledge and empirical familiarity, and second, for seeking partnerships with knowledgeable institutions which also are respected for their involvement and engagements with the issues at the ground level. All

these would be predicated upon CAPART first identifying its institutional purpose and then developing commitment to being purposive in this regard. While reiterating our recommendation for a process that has the potential for such an outcome, we also partly endorse the recommendations of the EC sub group – II on the subject.

3.37 Ways for CAPART to emerge as a National level Apex body for third sector research and policy development.

Third sector today is large in size, highly diverse and exhibits all the complexities of larger society. Secondary data on the sector is scanty; this is best evidenced in the radically varying estimates by different sources of organisations that together constitute the sector. Researching the sector would involve continued engagements and a scholarly institutional disposition. Second, while large scale quantitative data would prove to be useful, there is also a great need for efforts both at the meso and micro levels, addressing questions at the organisational level. Third, there is a daunting task of comprehending the non profit orientation and the diverse ideological persuasions with which actors in this sector determine their engagements. All these have contributing roles in the policy muddle one finds that extend beyond the regular 'rural development' firmament. For example, the policy orthodoxy of treating all initiatives within health and education as driven by non-profit motivation, and the resultant incorporation of hospitals, and schools, as also mutual benefit entities within the same statutory framework makes the task of comprehending the sector all the more challenging.

All these also suggest that there is a crying need for sustained and continued engagement with the myriad issues in the sector. These include issues of incorporation, regulation, funds flow and tax treatments, and oversight at the macro level on the one hand and organisation-management processes and outcomes at the micro level on the other. It would appear that no one institution/ organisation would be in a position to be a complete repository of all knowledge of the sector. Research programmes that bring together large number scholars in multi-year research endeavours would be essential and necessary. This would entail competencies in research administration, creating and maintaining appropriate data bases,

creating and sustaining networks of scholars and reflective practitioners, as well as seeking grants that make all these possible.

The first step for CAPART in this would be to build it into its 'purpose'. The subsequent steps would involve creating institutional and organizational arrangements, appropriate professional orientation and incentive structure, such that the initiative acquires dynamism of the type uncharacteristic of anything that CAPART has done till now. The institutional model of the National Science Foundations of many countries could provide further pointers in this direction.

3.4 WAYS FORWARD

Clearly, CAPART requires not only a re-arrangement at the operational or even systemic levels but a systematic rethink. The various situational concerns articulated by the various stakeholders also point towards a larger existential issue than a tactical or strategic error that needs to be corrected. For example:

- The obsessive need for enhancing the integrity of the people within the organisation as manifest in the disproportionate time spent on vigilance and related tasks. The scale and scope of the organisation's functions do not justify the kind of bad press it has got and continues to get. The attention it seems to draw is significantly larger than its footprint in its domain of operation.
- Frequent changes in the top management leading to a sense of instability and ad hoc decision making. While this is real in itself, it suggests that the organisation is not perceived to be as critical as it is made out to be in conversations.
- The frequent changes in strategy in terms of providing funding to new initiatives as well as suddenly discontinuing funding to existing schemes indicates absence of an overall game plan.

- Low morale amongst the critical membership and sense of low professional self-worth.

The organisation in the course of the last two and half decades has performed many tasks not all related. As a result, as is the common experience, it appears to have drifted from its – implicitly – avowed path or course as envisaged in the early years of its formation. This drift has been with its own consequences in terms of the people, structure, systems and processes. This is a fairly common phenomenon for organisations; as in systems, all organisations tend to exhibit entropy. Only those that invest in building negative entropy through renewal processes, succeed in steering the course in the face of emergent and mounting challenges. If an organisation is not periodically reviewed, in a systematic manner, for its integrity of purpose it is likely that it may deviate from its stated purpose. Such deviation could manifest in many ways and not the least amongst them is the kind of pathology that is now visible in the case of CAPART. **Purpose displacement unfortunately is rarely visible as such, but more likely as problems of motivation, low performance, reputational/integrity issues, and a pervasive sense of defeat. Attending to these issues directly at best amounts to tinkering and at the worst leads to worsening of the situation.**

The organisation's existence has in reality been more as a hand-maiden of the MoRD rather than as a distinctive entity serving a clear purpose in its domain. Even in this, there are misgivings about the extent of 'value-add' that CAPART has provided. There are a variety of organizational role expectations held by different segments. The concern here is about lack of a commonly held understanding of the role of CAPART rather than a preference for any particular role. Once there is a common understanding it is likely that the expectations of all stakeholders would be coherent resulting in an appropriately organisational form/design. But in the case of CAPART there is no clarity and broad agreement (if not consensus) on its status and purpose; in their absence, reviews and suggestions for changes in systems and procedures have either not been acted upon or, if acted upon, yielded little result. The solution set being considered is perhaps inappropriate and hence most appear to be neither

useful nor acceptable to the organization, as the lack of implementation and substantive change indicates.

Also, the attempt so far has been to address these concerns or issues in a stand-alone piecemeal manner without taking a comprehensive relook. We would therefore suggest that CAPART comprehensively relook at its agenda in the context of civil society building, mobilisation of peoples' action, and the needs of the "third sector". An exercise to interrogate the institutional purpose, clarify the role (as an apex institution in the country), and organisation building in consonance with them appears to be both urgent and important. There is no alternative in doing this than to initiate serious and purposive engagement with key stakeholders to arrive at broad agreements. Major contradictions need to be resolved, for there can be no improvement in performance, quality or credibility unless a shared understanding of the purpose and the tasks/ activities that best serve the purpose is developed.

The various actions that are indicated and their sequencing must, however, be appropriate to the current state of the organization. These are explained and presented in the next chapter.

4

ROADMAP FOR THE FUTURE

All the concerns of the organisation derived from the review and analysis in the two previous sections apparently *appear* to be independently addressable. But underlying all these concerns is a fundamental missing link in the organisation design. There is a structure and there are systems, though both could be imagined differently. Absence of a succinct strategy – one that encapsulates the purpose and purposiveness of the organisation, in our view, is the most fundamental causative factor that stand on the way of CAPART playing out its critical role. Without a common thread, more often than not, organisations tend to adopt practices that provide temporary relief but would have mutually contradictory elements and manifest ad-hoc decision making – quite like the situation visible in CAPART. As a result the members of the organisation gradually stop relating to most decisions and actions of the organisation – again, visible in the task focus without a sense of how the tasks relate to or contribute to the achievement of the overall purpose. This in turn is manifested in the pervasive lack of self-esteem, most pronounced within the operating core. A common purpose, and through its cascading relations with the activities and tasks, provides the much needed glue to the organisation as well as a basis for strategic choices, in turn raising motivation. CAPART will need to evolve such a purposiveness, expressed through its strategy and rooted in its context. **In sum, what the organization requires is a thorough and systematic renewal, reversioning and turnaround exercise.**

Such an exercise takes time, commitment and resources. We are aware that the organization is in a state of almost ‘suspended animation’ with core funding activities temporarily suspended, and decisions regarding introduction of new schemes and continuation of regional centers pending. Immediate actions to pull the organisation out of its current impasses are therefore recommended for the immediate term in the first subsection. Alternatives for CAPART’s future trajectory are listed next; with the maturing of the civil society sector in India, the domain throws up a diverse set of opportunities and challenges, as well as service gaps that CAPART could be uniquely placed to fill. However, we stop short of recommending specific roles and tasks, as it is important to the turnaround that choices be made through an organization-wide, stakeholder involved, and deliberative process. Such a process must result in a common agreement on the institutional role and purposiveness, and articulated through components of the strategy such as vision, mission

and goals of the organisation. The recommended process for the same, with contents, formats and a time-line is detailed in subsection 4.3.

4.1 RECOMMENDATIONS FOR IMMEDIATE ACTION

Immediate actions need to be taken in relation to three items – the continuation of core funding activities, alteration and introduction of new schemes and the status of regional centres. Recommendations for each are as below.

4.11 Funding

Funding to projects were considered in the 49th EC meeting in August 2009. A decision to suspend further action was made and an Internal Technical Committee was constituted to examine all files – around 3000 projects ongoing - and recommend action. Committee went through all files at various RCs and made several recommendations. However, it appears that all flow of funds has remained suspended.

It is recommended that CAPART must quickly act on the recommendations of the technical committee. Fund flow for already approved proposals must continue. This should also be done for projects for which commitment of support/ approval had already been communicated. Wherever there are doubts about any project despite its approval status, fresh appraisal is a necessary condition based on which discontinuation of fund flow should be enforced. Proposals that have not been appraised and approval not done may be held in abeyance. No ongoing project must be stopped without a fresh appraisal. Pending proposals may be deferred till a final decision is made in terms of overall positioning of the organisation and the manner of functioning.

4.12 Status of Regional Centres

For the time being, no alternative to continuation of regional centres could be thought of if a decentralised manner of functioning is accepted as a matter of value. Further, given the variety and diversity of the country, it would be impossible for a centralised coordination of activities and initiatives, no matter what results are arrived at in the organisational renewal and strategy building exercise. As discussed in the earlier sections, the problem lies in the constitution of RCs and the manner of their functioning. In nominating members to the RCs the recommendations of the SH Committee 2005-06 on this must be followed. To reiterate, this report had recommended that the chairpersons and members of the 9 RCs must be selected from the General Body of CAPART by a Search Committee set up by the EC. Secondly, the RC should be a policy and guidance body and should not involve itself in project appraisal or sanction. The latter are operational matters requiring due diligence which are best carried out by the operating managers. The RC will retain the oversight and 'holding accountable' responsibilities over the operating managers. Further, the recording of the proceedings of the RC meetings must be formalised. Detailed minutes must be prepared showing observations and recommendations made by members, decisions recorded as resolutions, and the procedure of adoption of minutes in the subsequent meetings must be followed.

If these composition, nomination, role, and procedural changes are adopted, it would provide an organic linkage between the RCs and the GB, which in turn would help policy decisions made at the institutional level remain anchored in the regional realities.

To mitigate the risks related to decentralisation and delegation, it would be advisable to introduce appropriate control systems that provide information on the process and content of decision making. The already introduced e-application system can provide traction in this regard. If all the processing of applications and subsequent approvals are IT based it is likely that risk of delegation is mitigated without losing the desired benefits.

IT based file movement system is an effective means to enhance transparency and thereby minimise opportunity for corrupt practices. Most VOs are capable of dealing with such a

system. It would be more prudent to encourage the few that do not have the capability to move towards IT based interactions, and support them for the same in a process of institution-building than to not introduce IT-based applications for their sake. Proposal submission support could be provided through YPs

4.13 Schemes – revisions & extensions

Whatever be the final outcome of purpose clarification/ renewal and strategy building exercise for the organization, it would play itself out in operational terms either as scheme based, or thematic foci, or some other. At this juncture it would therefore be inadvisable to tamper with this aspect of the organisation. A decision consistent with the newly adopted strategy could be made at a later date.

4.14 Steps for initiating turn-around

A decision for initiating a visioning exercise to be followed up with a transformative change management process must be adopted at the earliest. This Report is extensive, and the Executive Summary too short to capture the logic and important nuances. Therefore, to aid in the deliberations, it would be most productive to include a succinct presentation that presents all observations and the logic for recommendations to all significant stakeholders and decision-makers.

4.2 IMPERATIVES FOR CAPART

While the above suggested actions could help the organisation to temporarily mitigate or move out of the state of suspended animation, they would in no way enable the organisation to find longer term relevance or sustainability. This can only be achieved through a systematic renewal process, and options that are available to CAPART are discussed later. However, certain pointers to the nature, positioning and structure of the organization are

clear, and must be recognized as overarching principles in determining the character of the future organization whichever be the specific purpose and roles that are taken on.

Irrespective of the substantive focus that is identified eventually, therefore, the following should be realized –

1. CAPART is best suited to certain **strategic** roles vis-a-vis the third sector and should therefore be strategic in the use of the resources it brings to the domain. CAPART should not aim at volumes or coverage but act strategically (a la pump-priming) to further development of an independent third sector which can bring innovations and creative non-government approaches to the task of rural development.
2. The renewed organization should be **unique** in its mandate and purpose, **filling critical gaps** in the domain, rather than a “me-too” organization that replicates services already available to the sector.
3. CAPART should emerge from its self-renewal exercise as a **knowledge-embodied and learning organization** that can support development of peoples’ action in general and NGOs and other civil society organisations in particular.
4. To be as above, CAPART must strive to change over to take the form of a ‘professional bureaucracy’ as against its current character of being a ‘machine bureaucracy’ wherein knowledge, competence, peer-review and pressure are the mechanisms for its internal coordination and management systems. It must have the enabling conditions to do full justice to its autonomous character, contributing in significant ways to the larger goals and objectives of the MoRD and/ or Gol.
5. The **top management should be professionalized and stable with a fixed tenure**. Top managers should reflect the core competencies of the renewed organization and be extensively knowledgeable in respect of the domain. Ideally, they should comprise of senior professionals from within the organization, with the possible exception of the CEO; however, no one without at least two years of experience within the organization should be considered for top-level positions. Of course, this ideal situation cannot be applied till after the organization has stabilized after its renewal/ turnaround process. However, a CEO with a fixed term is critical for a successful transition and change management process.

6. The EC – or its equivalent in a restructured future – should have more **balanced stakeholder representation**, with none constituting more than 40% of the total number, and at least 10% independent **members** from outside the stake-holding groups (Gol, NGOs and the internal core). Stability of membership and predictable continuity are features that must be instituted in the design.

4.3 OPTIONS FOR THE FUTURE

CAPART is uniquely placed to take on important and strategic roles in the sector, and has tremendous strengths in its experience and detailed knowledge of the development sector organizations and its *potential* to be a credible independent actor in the domain. It also has substantial goodwill among and extensive linkages to sector organizations it has supported. However, it also is severely handicapped by its significant lack of autonomy, the complete inattention to organizational and existential questions alongside frequent and *ad hoc* tinkering with operations, and ‘in-transit’ management. A variety of critical gaps in the domain and important roles for credible government-promoted organizations are emerging, and CAPART is comparatively better equipped to act on such opportunities than other entities such as, for example in technology promotion, CIRO and DST, vis-a-vis the NGOs. Major threats also exist in the likelihood of organization renewal efforts being still-born due to impasses and stand-offs between competing interests, and the possibility of even greater government control.

At this stage, based on our conversations with significant stakeholders, our own understanding/ assessment, and received knowledge of the sector, we do see a number of valuable roles the organization could possibly consider. Some of these are briefly sketched below, and would serve as options to consider during a visioning process, but should be further expanded/ refined through a Sector Analysis and Gap Identification exercise as explained later. Irrespective of the organizational form and focus, autonomy of the organization is critical and therefore common to all options.

4.31 Nature of Organization

As an organisation CAPART could be

- D. Exclusively government funded and function as the government's instrument, in a supplementary/ complementary role to the government's efforts in RD, either
 - a. Only of the MoRD, or
 - b. Of all Ministries that have an interface with the rural communities (i.e., those related to education, health, renewable energy, environment & forests, Panchayati Raj, etc.)
- E. Jointly funded with roles as in 1 above and further roles in civil society development: that is, in a public-private partnership model
- F. Fully as a forum of civil society, functioning as a foundation. Initial corpus grant could be from the government and further fund raising from different sectors, i.e., government, private sectors, international and national foundations, even from individuals.

4.32 Nature of functioning

CAPART could choose between different modes of ordering its operations, such as -

1. Continue with structured and scheme based operations as currently; **however some stability and self-imposed discipline is urgently required in introduction, revision and withdrawal of schemes and alteration of guidelines**
2. Shift to an open, theme based mode of organizing its support to entities, by periodically identifying broad thematic areas within which to support a range of initiatives – i.e., community mobilisation, promoting community based organisations, institutional support for voluntary/ non governmental agencies, research and advocacy, direct project action, or any such other.

While there seems to be an overwhelming preference for moving away from the current scheme-based functioning, there is also a small segment of opinion that some rationalization/ revision of schemes is all that is required, conforming to preferred practices

of minimalistic organizational restructuring. However, options for the nature of organization and manner of ordering operations are not totally independent choices as there are intrinsic compatibilities or the lack of such. For example, a more flexible and theme based approach (2 above) is not best suited to a government instrument as in option A in the previous section.

4.33 Preferred models

Currently everyone understands the organization to be “just a funding organization”, yet there are a whole range of options to “what we should be doing” that surfaces in discussions with diverse stakeholders. There appears to be strong preference for two models for the future among the various internal and external stakeholders. One is that CAPART be fully aided by the government, but remain substantively and operationally outside its normal control system. It must become truly autonomous, and support civil society development and organisational engagements. In operating terms, autonomy and civil-society responsiveness would involve theme based functioning. This picture draws inspiration from the proposition that vibrant civil society is necessary for deepening of democracy and overall democratic functioning.

The other predominant preference is for CAPART to be an agency supported by government as well as private sector, both domestic and international, acting to support the development efforts of all Ministries, with an interface at the rural community. The inclusion of schemes to promote Gram Panchayat planning, institutional literacy, social audit, adoption of technology, access to markets, and promoting community based organisations such as SHGs, are seen to be necessary.

Overall, three thematic areas, directed to the “Empowerment of People” appear to have been identified by the Sub-Groups of EC, under which different schematic revisions/expansions have been proposed. These are,

- Social Mobilisation, Capacity Building and Grass-roots Planning
- Appropriate Technology and

- Marketing and People's Institutions

These are all clearly important and relevant themes for the domain, as are the action-focii identified in the previous paragraph, but in the absence of clarity in terms of structural properties of the organization and overall direction – such as the choice between A, B, and C in subsection 4.31 above – a decision on thematic directions or operational foci would be premature.

Therefore, while the above could be used as initial thoughts for discussion, we recommend a systematic and stakeholder-involved deliberative process for identifying the *raison d'être* of the organisation, and compatible thematic foci. People mention a variety of desired directions – but they reflect individual priorities and perspectives - **and compatibilities and complementaries are unclear**. Hence is the recommendation for following a deliberative process to discuss and develop a consensual direction, shared by all significant stakeholders. This would be the key that unlocks the potential that CAPART always has had but has consistently failed to grasp. The need for such a process cannot be overemphasized, for it is crucial, perhaps even more than the substantive organizational form or thematic directions that emerge from the deliberations.

Depending upon the choice in terms of institutional identity and mission (with timeline and destination spelt out), specific strategies could be developed and the requisite organisational capabilities could be specified. Anything else, particularly *a priori* prescriptions from any particular source, internal or external, is unlikely to be of great assistance or successful in changing the organizational trajectory.

Details of the content and sequencing of the process required for renewal and change are discussed in the next section.

4.4 Roadmap to identify and walk into the future

Examination of the historical trajectory and current state of the organization clearly indicates that CAPART urgently needs to undertake a systematic process of renewal and coordinated efforts to effect a complete turnaround – nothing short of that is likely to have any visible or sustained effect. We therefore strongly recommend that such a process be initiated at the earliest.

For an effective renewal and turnaround, the process required to be undertaken is as follows, in two phases. **Phase I** will comprise the articulation of a organizational purpose, missions, strategy and appropriate design, in the context of a vision for the sector and the organisation, *through a facilitated deliberative and consensual process*. **Phase II** will comprise the implementation of change and monitoring the process of implementation, and is likely to involve, *inter alia*, appropriate staffing, and design of a reward system which would facilitate goal accomplishment.

PHASE I – Approximately 4 months

1. An explicit decision must be taken at the highest level (the EC) to undertake such a process. For full effect, all steps of the process as outlined here should be considered and documented in the decision, so that the process is not abbreviated or derailed due to changes in management or other exigencies.
2. An externally facilitated re-visioning exercise involving all significant stakeholders must be conducted. This would include,
 - a. Preparation of a discussion note on the sector and circulation to all the stakeholders who would participate in the deliberative process,
 - b. A facilitated workshop – ideally, for three days, but not less than two – of all significant stakeholders. The workshop content should include
 - i. debate on the gaps that the sector has,
 - ii. the methodology and approach for filling that gap through policy, institutional and organisational actions,
 - iii. CAPART's position and role(s) in this scenario,

- iv. articulation of effective organizational Vision, Purpose/ Roles and Mission(s) statements, and
 - v. constitution of an internal **Task Force for Re-orientation** to work with an external Change-Management group.
- c. Development of an appropriate organizational design that would optimally serve the Purpose, along with the Task Force. This would involve, *inter alia*,
- i. Formulation of **strategies** for accomplishing the various missions,
 - ii. Development of an **appropriate organization design** for implementing the strategy, specifying Structure, Processes, Systems, People and Plans.

PHASE II – At least one year from completion of Phase I

This Phase consists of the actual implementation of change, to realize the blueprint developed in Phase I. It is desirable that the time required and intricacies of the process be fully appreciated as well as the necessity for facilitation by a disinterested external change management consultant. We recommend that the task be entrusted to a professional agency which will work along with the internal Task Force on Re-orientation for implementation.

This phase would include the following steps -

1. Developing Strategies for Management of Change
 - a. Appointment of external Change Management consultants
 - b. Preparation of a Change Implementation Strategy by the internal Task Force with the Consultants.
2. Implementation of strategies and monitoring during change process, and
3. Process re-alignment and re-calibration, and troubleshooting.