

### **A vision which worked:**

#### **"Facilitators in Partnership" – a micro-grant model**

- from the book VISION WORKS, 2008, by Peter Hesse – pages 164 to 176:

One of my first discoveries in my practical problem-solving work in Haiti was that financially large projects were far less successful than I had previously and innocently expected. This was at least true when large projects were financed by my own country, Germany (perhaps because I looked more closely at those). Especially technical projects like windmills for electricity or mechanical water pumps for irrigation were too big to be handled by the local structures, once the German technicians had left. On the other hand, I saw and met "official" development field workers from my country in Haiti, who did some really impressive micro-level work with their own money. They were not allowed to use the "official" funds of their assigned projects beyond their precisely defined purposes. So they simply collected additional small funds from their church groups or friends at home and used them to open self-discovered bottlenecks in the surrounding of their regular field of work.

The German government was not capable to co-finance smaller projects below German Mark 20,000 (in my early years in Haiti) for understandable reasons: The administrative costs of the bureaucracy at home would simply have exceeded the expected benefits in the field. The German embassies, like those of some other countries, did, however, have the possibility to finance small micro-level projects, originally from the Foreign Minister's own household. These embassy budgets, also "public money" from our taxes, were not limited on their lower end. They could be very small, down to a few hundred German Mark or even less, if considered appropriate. That looked very reasonable – and mostly led to some good bottleneck opening problem solving at the people's level. The small embassy funds were even successfully used, when there was no development specialist in the embassy, who had "deep-down" experience in the field. The vision, which developed in observing this reality, was simple: The system would work even better, if the person in charge for granting the micro-grants would not be a diplomat, who usually has a different kind of job to do, but a development specialist.

This led to the idea to politically fight for the possibility to be able to spend small amounts of public money for micro-level projects without the risk of overspending and thereby killing local initiatives – or with even worse effects. The idea, which simply was born by watching the given reality in the field, led to my first political success in the area of development. It was truly to become a *vision which worked*.

I have to admit: I originally thought that to build the bridge from a clearly reasonable vision, developed through simple observation in the field, to a political reality working on a larger scale would be easier. It did, indeed, need a lot of detailed work in conceiving, writing – and mainly in convincing politicians and overcoming bureaucratic structures at home in Germany. From the initial idea, even before the formal creation of the Peter-Hesse-Foundation in December 1983, to the inauguration in 1988 and the "final victory" in September 1989, it took almost six years: Two years for the conception and for getting political acceptance, two for finding a suitable administrative structure and two more for a test phase in four countries: the Dominican Republic, Kenya, Zimbabwe and Togo.

In the meantime, another basic micro-financing initiative has won world-wide recognition through the Nobel Peace Prize, awarded to Professor Yunus in 2007 for his micro-credit initiative with the Grameen Bank. Micro-credit has found many followers and is working very

well, if properly conceived and managed. I have tried the idea myself in Port Margot in Haiti, as described in the first part of this book. Due to my own experience, I know that it is vital to adjust the idea well to local situations. It also needs time and detailed work to be successful.

Micro-credit – if well introduced – is certainly the most valuable fast working "healing instrument" in development on a micro-level. I consider micro-credit to be generally even more important than my own micro-financing model, giving small grants. Micro-credits have motivating and capacity-building qualities besides directly providing self-help possibilities.

Giving small amounts for bottleneck opening, basic initiatives could, however, be an additional valuable "development instrument" in the world. It is now used as a development tool by Germany in the hands of development workers, which are independent from embassies. There already was one forerunner, who had inspired me (besides the small embassy grants) in the early process of designing my own model: There was a German micro-specialist working for the "United Nations' Volunteers (UNV)" in the late seventies in Africa, who already made use of the same basic idea in his own work. Unfortunately, the UNV system, which is part of the "United Nations' Development Program (UNDP)", did not continue to use this instrument after this specialist had departed. In a visit to the UNV head office in Bonn, Germany, I had tried to convince the very busy leader of this organization to re-activate her good program. This suggestion was verbally well accepted, but without much enthusiasm and with no follow-up action at all (due to a heavy workload, as I was told). It might, however, become a future global vision to add a world-wide scale to our nice German micro-finance model. For the time being, this model serves as an example or even proof that visions can work – and it really serves its purpose: to alleviate poverty in reality.

The following text in italics was part of the "three suggestions" for the World Summit for Social Development in 1995. In this text, I still used the word "help" instead of "heal" which I prefer now. Today, I would also be more careful in speaking or writing about "the poor". I feel today that we need to make a distinction between "poor" and "misfortunate". "Poor" as an attribute is too radical and it is incorrect. Even the most disadvantaged misfortunate people are often rich in other than material views. We in the west or north can learn a lot from many materially poor: in cultural or spiritual domains, for example. My learning process took a while to fully grasp such differences – and will hopefully continue becoming more refined. Anyway, the following English version, written in 1994 for the Copenhagen UN summit, is still valid in content. It was an early attempt to bring the working vision into an international context.

### ***The Problem***

*Funding from outside a developing country to alleviate poverty mostly passes through governments and/or government related central agencies of the developing country, and does very often not – or at least not sufficiently – reach the target groups of the poor. Corruption and/or mismanagement on all levels are frequent reasons for this problem. But even well-intended, honest help projects are often conceived on levels too remote from the truly needy people. The poor are rarely in a position to formulate and articulate their needs in a way that enable public funding from outside their country. Even with best intentions of those "higher levels", who formulate projects for international funding, there is too much diversion and administrative cost involved for effective and direct alleviation of poverty. International funding is rarely direct enough.*

*An additional problem can be over-funding which kills local self-help initiatives. International funding strategies are usually "demand-driven" – but by whose demand? The only area, where the usual system may work, is for larger infrastructure projects, but not for multiple micro-projects to alleviate poverty through small bottleneck-opening contributions directly for those needy people who try to help themselves. "Trickle-down" rarely works; "trickle-up" is effective. At least for funding, which is intended to alleviate poverty directly by strengthening the productive capacity of the poor, we need a strategy through which the true needs of the poor are established locally in the true partnership with trustworthy facilitators. Only where trustworthy self-help organizations of the poor exist, facilitators do not need to work predominantly and directly with the poor themselves or their immediate self-elected local representatives, but also with the "higher" level of those self-help organizations.*

*To reach the suffering people directly (or at least their immediate representatives), experienced helpers – facilitators – are needed who are trustworthy, capable and willing to work directly with the poor and their immediate representatives to find out in true partnership where and how self-help initiatives can be supported without damaging local self-help motivation. To bridge cultural and language gaps, partnership facilitators from donating countries or international organizations may have to cooperate with trustworthy local partners, which could be called partnership agents.*

The purpose of the partnership facilitator model is direct bottleneck-opening help for self-help initiatives. The final goal of all assistance should be to enable sustainable holistic self-development in peace, freedom and dignity.

### ***"Facilitators in Partnership" – a micro-grant model***

*Facilitators in partnership should be morally reliable citizens of the donating countries or from member states, if multinational organizations are the donators. They should be mature people who have gained experience with the poor target group, preferably speak their language and respect their culture and value systems. They should be willing and able to locally work as partners with the poor.*

*They may either be part-time facilitators in partnership, if they mainly work in specific projects with and for a target group or they may be full-time facilitators in partnership if they return to the target groups with no other specific assignment, but after having gained experience there in previous projects.*

*In the original German model, it was foreseen to install facilitators in partnership through accreditation by the minister responsible for development assistance. This was supposed to be an honor and to be granted in recognition for successful work in former projects with the poor. The state agency or private organizations, who send help workers to developing countries, were supposed to suggest such qualified help workers to the minister. In reality, this accreditation does not (yet?) work, but the responsible minister has delegated the task of selecting and sending out facilitators in partnership to a semi-private organization (German Development Service – ded), who receives funding mainly from the ministry for this task.*

*The selection process may be structured to be an "honorable distinction" of qualified experienced practitioners or in any other suitable way. It is, however, essential that facilitators in partnership truly accept these guidelines for their work:*

## ***Guidelines for facilitators in partnership***

- *The priority group to receive development assistance should be people who are deprived of their basic needs like clean air and water, food, basic health care and clothing, shelter and learning opportunities for a life in dignity, but who cannot fulfill those basic needs, even though they try.*
- *It is equally important to strengthen the will, the skills and opportunities for self-help as well as for helping others (charity).*
- *Help must be directed to the smallest possible self-help structure.*
- *Working partners of the facilitators in partnership are predominantly the local natural traditional leaders of the poor, as long as they are truly recognized by the poor and do in no way exploit or suppress them.*
- *Groups, including informal groupings and specially neglected segments of the population – often women – should receive priority. It should, however, be possible to help individuals too, provided this is not unjust to the individuals' environment.*
- *All help must be given, consciously observing that it does not create any undesirable side-effects like social injustice towards those, who do not receive help, environmental damage, a passive recipient mentality or new human, technological and financial dependencies.*
- *Help may only be given where those responsible are personally reliable and honestly engaged, live in adequate modesty and possess a minimum of problem-solving capability in the respective value system.*
- *Self-help structures in traditional rural and village environments should receive priority.*
- *Self-help organizations which are not only created to obtain foreign aid are to be supported. Motivation, skills and opportunities to create honest self-help organizations should be furthered.*
- *Development goals must not be decided without those who need help. They must participate as partners in all planning and implementation.*
- *Problem-solving paths of those who want to help themselves have priority. To avoid pseudo-modernistic erring, problem-solving paths must, however, be checked through dialogue.*
- *Peoples' dignity, value systems and culture, their spiritual and religious beliefs as well as their human relationships must always be respected.*
- *Logic and rational thinking should only be used predominantly as long as they do not damage local cultural value systems.*
- *Where traditional values block harmonious holistic development because of changes in framework conditions, peoples' attitudes may only be addressed with the utmost care and responsibility.*
- *Those who are being helped must at least contribute their own engagement and must make – whenever possible – some adequate contribution.*
- *All help must lead to lasting improvements and must therefore be reflected beyond its duration.*
- *All help must be limited in time. The recipients' self-help capacity must grow to be self-sufficient.*
- *All technical assistance must be adapted to the future local maintenance capacity and energy resources of the recipients.*
- *Where training is involved, skills and problem-solving capacities have priority over a mere transfer of knowledge.*
- *Problem-solving experience must be shared.*

*The key idea of the partnership facilitator model is to enable smallest financial bottleneck-opening contributions directly where they are needed most – along with help to connect people who could better help themselves by cooperating in a given local situation. Facilitators in partnership should also link knowledge on basic needs of the poor with their sending state or multinational organization and be a transmitter for problem-solving know-how.*

### ***Financial aspects of the model***

*Facilitators in partnership shall be given a budget for direct financial bottleneck-opening contributions to the poor. This budget shall allow unbureaucratic fast small-scale help without administrative burdens. The partnership facilitator should have the right to decide himself/herself (or after local consultation with his/her sending organization), who should receive how much help for what purpose. The total amount to be allowed for each needy situation should be limited to 10 % of the budget of a part-time facilitator, respectively to 3 – 5 % of a full-time facilitator. There should be no minimum. Full-time facilitators should receive a budget of 2 – 3 times the amount of the part-time facilitator. Part-time facilitators receive no remuneration for this task outside of their regular pay for their specific main project assignment. Full-time facilitators are paid like development personnel assigned to projects.*

*Local partnership agents may receive contributions for their relevant expenses, but no salary. Full-time partnership facilitators may also receive some contributions for their relevant expenses, but part-time facilitators only as much as they are active outside of their project areas.*

*The size of the budgets for the part-time and full-time facilitators in partnership depend on the spending capacity of those help workers. Guided by field experience, it was originally suggested in 1988 that German part-time facilitators shall receive DM 50,000 ) and full-time facilitators DM 150,000 (plus expenses). Since bottleneck-opening mostly needs very small amounts and since overspending is dangerous, even full-time facilitators mostly need less than DM 100,000 per year to be effective. Their own "cost" is, of course, relatively high compared to their budget, but it is more important to spend small amounts well to truly alleviate poverty than to save on the cost of facilitating and waste large amounts of project money as in many conventional big projects.*

*Facilitators in partnership have given proof of very careful small-scale spending, effectively supporting development self-help initiatives. Of course, it is most important to select the right people for this facilitating task.*

*The model implies a strong component of voluntary engagement by the facilitators. "Partnership facilitator" should never be considered a financially interesting "job". More important is the privilege to spend public money in a limited way and according to the above "guidelines" with a minimum of bureaucratic procedure and being "officially" trusted to do so.*

*Of course, there will be more or less administrative necessities remaining according to the sending states or multinational organizations' laws and regulations. But in this framework, there should be as much freedom and trust and the least possible bureaucracy.*

## *Limits of the model*

*The partnership facilitator model is limited in quantity to the number of suitable and willing applicants. It also needs to be accepted by the respective developing country and it cannot replace larger integrated state projects. But it can be a tool for effective alleviation of poverty with public money from outside through a decentralized, flexible decision structure. It does not pretend to be totally new or sensationally different. But it was certainly new in Germany, when it was inaugurated in 1988 (first as a test in four countries) after four years of conceptual and political preparation. And, most important: It works.*

*Trusting experienced people to spend public money for effective help to fight poverty without damaging self-help initiatives by over-funding and without loss of funds through corruption, is worth trying.*

During the initial two-year testing phase in the Dominican Republic and in Africa, I had visited those four countries for one week each to further "refine" the concept and see for myself, how it worked. The implementing agency, "*Deutscher Entwicklungsdienst – ded*" (German Development Service) did not really like my idea to check and evaluate on my own, how the system worked in practice in those four testing countries. However, since I was ready to pay all expenses myself and since – after all – the concept was written and got to be accepted in politics through my "pushing", they had no real choice, but to agree. I was given all relevant information and was introduced to the four selected personalities. They were consciously mixed from very diverse professional backgrounds to make the test even more significant. They all proved to be most cooperative and gentle to this strange private person, who visited them for one week each. We toured many projects and I noticed that the system basically worked very well – as expected. As also expected, the field experience allowed the integration of some additional recommendations in the final model.

In September 1989, almost six years after the initial formulation of the vision, the model was formally integrated into the "regular instruments" of the German Ministry for Development, as proclaimed by the ministry's State Secretary during a small internal celebration. The extended use – beyond the four initial testing countries – started in the beginning of 1990.

Later, the "*Partnerschafts-Helfer-Modell*" was gradually adjusted during the years and extensively put to use in the development reality, which – after all – was the purpose of the vision. Maybe because the acronym "P.H. Model" sounded too much like "Peter-Hesse-Model" (what I certainly liked, although it was not intended), the name was changed to a more formal and more complicated compound name: "*Programm zur Förderung einheimischer Organisationen und Selbsthilfeinitiativen*" (Program for the support of local organizations and self-help initiatives). As the German Development Service reported in 2007, a total of 70 development workers were then being active in 43 countries in using this micro-grant model.

To sum it up once again: The initial problem, which had to be solved in this case, was clearly learned in Haiti. It only needed open-minded observation of the reality. The resulting vision serves as an example in proving the basic statement in the title of this book: VISION WORKS – even though it sometimes may need some more effort and persistence than originally expected.