

Public Sector Reform: The Example of Kick-Strategy towards Organizational Change

1. Background

The so-called modernization process of the public sector has been around for quite some time now in Latin America. Ecuador or Colombia are no exception. Ecuador's current government wagers the future of the nation on a political and economic plan with one of the priorities being: To change the public sector in such a way that will offer services, hopefully to the ones who most need it, efficiently and effectively in close cooperation with the private sector and the users of research results.

The National Autonomous Agricultural Research Institute (INIAP) is one of the above-mentioned public sector institutions. INIAP's mandate, *research, develop and apply scientific and technological knowledge in order to increase agricultural production and productivity*, has, in the eyes of its clients, not been successfully fulfilled. Most of R&D results didn't respond to the real demand of agricultural producers or were not applicable in real settings outside the research stations. Therefore, the national R&D institution had been asked to change. In that sense, INIAP has to drive down three new avenues:

(1) Strategic planning and demand orientation (in earthly terms this means, that INIAP needs to figure out in what direction it should go and keep in mind for whom it is developing new technologies);

(2) Broaden the base for financial support by finding new funding sources and alternative financing mechanism to confront the diminishing public investment for agricultural research; and

(3) Opening up to the system through new operating modes, that will foster and conceive cooperation and collaboration in research through joint ventures, co-financing, involvement of users of research results, on-farm research, defining user friendly knowledge products, improved communication.

In these three avenues the challenge lies in acquiring new attitudes as well as introducing new processes supported by new partnerships and contracts with the users of research. In short: **Leaving the ivory tower.**

So, nowadays INIAP has a few problems and concerns, one being *opening up to the system* shaped by the public and private stakeholders that are involved in agricultural research. INIAP and its bilateral cooperation partners, its helping hand ISNAR and development banks are all trying to answer the million-dollar question: **How do we promote the process to open up INIAP to the relevant sector stakeholders?**

One partial answer to this question is the Agricultural Services Modernization Project (PROMSA, in its Spanish acronyms), a World Bank and Interamerican Development venture which focuses (in its agricultural research component) on two main issues: Foment the functioning of an agricultural research system and do what it takes to make INIAP an effective service provider. With that in mind PROMSA establishes a funding mechanism for agricultural research that functions on a **competitive basis**. In this funding instrument, private and public research players have to join together in agricultural research projects to get a piece of the pie.

The change of standard operating procedures had to come quick. Despite INIAP's great efforts to enhance its interaction with users and other R&D organisations (e.g., universities, producers' organizations), it was not completely ready for an in-depth change process.

When it comes to bridge over planning and implementation of **organizational change**, there are, basically, **two ways to go**.

The first, routine, is to look at the problems, find solutions, shape a plan and a roadmap leading to gradual change. In the case of INIAP the so-called *Institutional Development Plan* describes this fundamental change process on about 400 pages long. But the document doesn't boil down to concrete, real change projects. Against this overall plan, INIAP criticized some minor points, didn't move, just stayed calm: wait and see. The institutional development plan was not applied and the change idea got stuck in endless discussions about administrative rules and regulations.

The other way of **kicking off** change is through **direct intervention** that are carefully identified. For obvious reasons we will call this strategy a **kick-strategy**. Not surprisingly, one direct intervention was oriented to put R&D activities in a network setting of different partners. The other complementary direct intervention was oriented to the increased capacity to win project funding from competitive agricultural research funds. Both direct interventions were started by forming two task groups, each responsible for one of the interventions. With the explicit support of the executive directors of INIAP the task groups had to plan, monitor and implement their project with great autonomy and guaranteed funding.

To make a long story short: The purpose of this brief paper is first to describe the two kick-strategies that were put in place in INIAP and, second, is to illustrate the procedures as well as the advantages and limitations of these two strategies.

2. Promoting tangible Organizational Change: Two Tails of Kick-Strategy in INIAP

The driving force to change INIAP is twofold: it is still perceived as the good old bureaucracy and INIAP increasingly will have to compete for funding. Accomplishing organizational changes that will cope with the demands of these pressures (or forces) was the goal of two kick-strategies, the implementation of **Integral Projects (IP)** and the access to **Special Funds for research and development (SF)**.

2.1 The Integral Projects: A setting for learning from new practices

Integral Projects (*integral* because they gather researchers, extensionists and users of R&D results around a negotiation table, which by itself is a remarkable accomplishment) have two main goals:

- First, it is to improve the agricultural productivity (and intrinsically hold back the expansion of the agricultural frontier) by offering services and products to the specific needs of its clients. For that many examples can be enumerated, one is the provision of a new coffee clone that increases productivity and lowers production costs, since it is more pest resistant.
- The second, internally aimed goal of Integral Projects was to trigger the much-needed organizational change in relation to INIAPs and its involved partners opening up to the system of different stakeholders, interested in applicable R&D results.

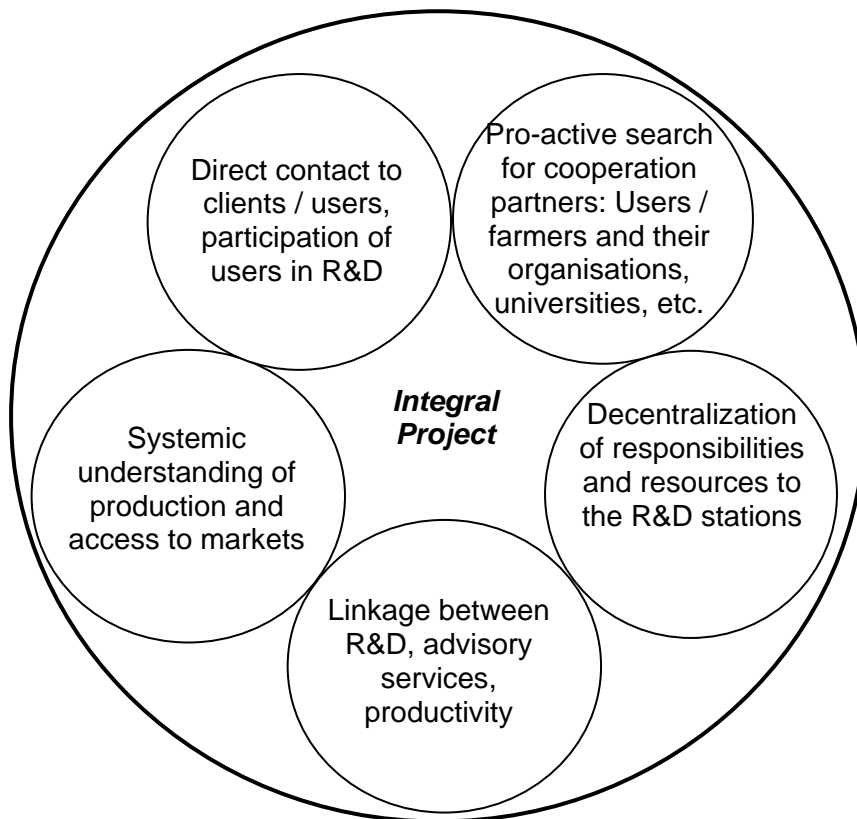
Hence, the kick-strategy also aimed at improving, at least, the following conditions:

- INIAP had almost no linkages with, supposedly its brother in arms, the transfer of technology entities (producer organizations, NGOs, Universities, etc.) and, not to mention, the users / client-farmers.
- Lack of market orientation, inadequate methodological capacity to respond low productivity and to real farmer’s demand, poor knowledge of value chains and clusters.
- Lack of institutional autonomy that didn’t permit to connect research programs and their regional stations to the need of the local farmers.

In that sense, Integral Projects provided a nourishing environment to empower the involved participants to:

- **Learn** to develop and negotiate, especially among technical staff of different areas, on research priorities, R&D programs linked to real needs, on-farm research, building viable research-farmer-networks.
- **Focus** on, and acknowledge the importance of, short-term results of R&D.
- **Acquire** practical skills in interdisciplinary team-working and project management.
- **Develop** adequate administrative skills and methods to manage and monitor R&D programs with stakeholder networks.
- **Manage** arising conflicts among themselves during planning and implementation

The core elements of an Integral Project



Looking at Integral Projects as islands of innovation with a spillover effect, the kick-strategy succeeded in institutionalizing the mode of operation by three means:

1. The IPs provided a broad field of action and learning to gain experience (often in a trial-and-error mode) in R&D projects, strongly linked to farmers and their organizations and focused on immediate tangible results.
2. Through strong periodic horizontal exchange of experiences between different IPs the quality of management in other projects and areas was improved, and,
3. The discussion of periodic evaluation reports with the directorate of the Institute led to an increasing acceptability up to the point where it was approved and adopted as an official R&D operating mode for research and extension.

2.2 The Special Fund: A practical competition pattern

A bilateral development agency concerned about the devastating effects of the floods in the coastal region caused by *El Niño* in 1997 established the Special Fund / SF on the account that INIAP would provide certified seeds and plants to affected small and medium agricultural producers. So far, most of the projects were qualified as successful in accomplishing their goal of providing seed.

The rules and guidelines by which the SF was shaped implied organizational change in the same direction as the IPs, e.g., working closely together with farmers and other stakeholders. But at the initial stage the formal setup of the SF was rigid and did often not allow working in a process-oriented way.

A special committee selected 8 out of 28 production projects proposals submitted by INIAPs research stations. But it is not free money: the resources assigned (which are managed by each project independently) not only have to be refunded, but the utilities generated have to be shared. To resume, SF basically functions under private sector rules and conditions: respond to the demand to provide a product that can be sold at a profit, all of this under a shared risk scheme.

The kick-strategy created a **new operating pattern** by which investment can be injected into productive activities that are managed autonomously generating profits that are channelled back to the institute for research and at same time turning the SF into a sustainable one. The new operating pattern was quickly replicated by other R&D funds with more than quadrupled the amount of money amount of the SF.

4. Lessons Learned

Navigating a Kick-Strategy

Even though, these two kick strategies work in different manners, the essential issues to look upon while manoeuvring and monitoring the procedures of IPs and SF are the same:

- The initial push comes from the outside, but the process itself (decision-making, task group, planning, networking with farmers and other stakeholders, monitoring, knowledge

management and sharing, implementation and evaluation) is directed and monitored through a highly participatory multi-stakeholder process.

- Planning stays on a strategic level: Existing and encountered problems cannot always be foreseen through planning, new opportunities, pitfalls and problems arise along the way. It is sufficient to have a clear idea about the main characteristics of the innovation (e.g., integral project) and a roughly designed roadmap.
- There is a need for positive reinforcement in the process-monitoring of the kick-strategy. In addition, a great deal of trust in the procedure and the participants is a must.
- It is advisable to have a few trials before the kick-strategy is presented as an assured alternative operating mode for organizational change.

Advantages and Limitations

In such a kick-strategy, as in any development venture in the public or private sector, there are advantages and, unfortunately, limitations. The following table illustrates some of the advantages and limitations.

Advantages	Limitations
<ul style="list-style-type: none"> • Rapid organizational change through direct action-learning leads to concrete and measurable results. These results need to become visible and provide the evidence for further change and replication. • An overall institutional change process is a high risk and costly venture. The action-learning process is more costs effective and more suitable to involve stakeholders. • Palpable, real new working modalities are easy to replicate and - if successful - are easy to implement at the institutional level. In this way, the innovation becomes sustainable. • Opportunities and potentials can be exploited in a flexible way and errors are corrected while moving forward. • Kick-strategies foster participation in real tasks and strengthen cooperation instead of isolated action and competition. 	<ul style="list-style-type: none"> • A kick-strategy may have limited acceptability among the stakeholders in the initial stages. They may believe in detailed planning and remain sceptical against action-learning. • In the case of IPs, the effectiveness of the projects depends greatly on the stakeholders. Sound network management is a must. • Even if institutionalized, the effect on the institutional orientation needs to be followed up carefully. The innovation needs to be recognized and mainstreamed. • The capacity to absorb innovation is limited. In most cases a small number of IPs will be sufficient to gain the experience. • Not all staff members are willing, able and prepared to endure the stress and challenge of the strategy. Managing constructively expressions of resistance is paramount.

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