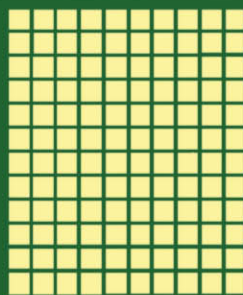


CENTERS
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IN APPLIED ECONOMICS



COMMUNITY ORGANIZATIONS IN LATIN AMERICA

*Edited by
Juan Carlos Navarro*



Inter-American Development Bank



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Community Organizations in Latin America

Juan Carlos Navarro
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FOREWORD

This is the sixth book of a series published under the Centers for Research in Applied Economics Project sponsored by the Inter-American Development Bank. In keeping with the centers' objective of addressing the major economic and social problems affecting Latin America and the Caribbean, this volume examines the role of community organizations (OPCs, or *organizaciones de participación comunitaria*) in the effort to reduce poverty in the region.

This book describes the interaction between OPCs, the local communities, and the public sector in Venezuela, Costa Rica, and Chile. Particular attention is given to the different types of social service programs implemented and the availability of resources for their financing.

The case studies included in this book evaluate the activity of OPCs in each of the three countries and compare their performance with that of the public sector organizations responsible for providing social services. The conclusions show that, despite their smaller size, OPCs are generally more cost-effective than their corresponding state agencies because of the efficiency of their support apparatuses. Also, OPCs have access to social sectors that are geographically and institutionally isolated, allowing them to have a more direct effect in areas where the public service network is less highly developed.

Although the demand for OPC services is growing, this expansion could put a serious strain on both the capacity and the quality of these institutions. To better provide services where the state does not, OPCs require external financing and better trained staff. Given the precarious conditions under which they exist, the challenge facing OPCs is great: they must maintain their high level of effectiveness while at the same time trying to constantly increase their level of technical sophistication.

The results of the study suggest that, although there already exists a relationship between OPCs and governments, the latter need to recognize (perhaps through awareness campaigns) the importance and the potential of OPCs so that they may foster further cooperation between the two. More importantly, a state policy is needed to link the public sector with the nonprofit private sector in order to define the processes of cooperation more concretely.

According to the research, much of the OPCs' effectiveness is due to the participation of women in the organizations—not only as professionals but, more importantly, as service beneficiaries who act as a channel between the organizations and the families. Another benefit offered by OPCs is their proven ability to adapt very easily to the needs of the community in which they work. Further-

more, they have succeeded in developing an organizational capacity among the poor, who are not afraid to come up with innovative solutions and mobilize themselves.

Through their programs, OPCs have contributed to the alleviation of poverty in Latin America by reaching out to isolated groups that otherwise cannot access the public services they so desperately need. As detailed by the authors of this book, the various OPCs differ from one another in many respects, including the unique national contexts in which they work, their widely divergent areas of specialization, and their varying degrees of interaction with the public sector. It was also concluded that they share a common thread in their problems with program evaluation and monitoring systems, as well as a fragile resource basis. As a final service to policymakers, the study offers policy recommendations so that the OPCs' contribution to the alleviation of poverty may suffer fewer constraints in the future.

Nohra Rey de Marulanda, Manager
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CHAPTER ONE

COMMUNITY ORGANIZATIONS AND THE DELIVERY OF SOCIAL SERVICES

Juan Carlos Navarro¹

For decades, numerous grassroots and nongovernmental organizations (NGOs) with close ties to the community have been working throughout Latin America. Many of these organizations view themselves as autonomous and spontaneous community responses to the characteristic problems of poverty. This has led them to launch producer or consumer cooperatives, women's groups, or entities that promote cultural or educational activities at the local level. Some work to combat or alleviate poverty; others, to affirm certain religious, political, or ethical values.

Many of these organizations are more interested in mobilizing resources and delivering services instead of (or sometimes in addition to) fulfilling their objectives through grievance committees, pressure groups, or political parties. Some of them have achieved considerable growth, expanded the scope of their services to very wide-ranging geographical and social areas, and developed relatively complex organizational structures. Others have concentrated on mobilizing the participation and cooperation of the local populace. In many cases, community participation appears to play a key role in the operations and the objectives of these organizations, distinguishing them from other development organizations.

By and large, the role of these community organizations in providing services to alleviate poverty in Latin America has not been systematically studied. While some important contributions have been made to understanding the organizations, the studies generally focus on the political significance or cultural dy-

¹ The author wishes to express his gratitude to María Elisa Bernal of the Inter-American Development Bank, Manuel Argüello of Alternatives for Development, Ignacio Irrarrázaval of the Economics Department of the University of Chile, and Rosa Amelia González of IESA for their valuable contributions to the first version of this comparative study.

namics of the organizations' relationship with the communities they serve (Levine, 1992). Only marginally are they interested in the role of community organizations as social service providers.

More recently, governments and multilateral agencies have begun to collaborate with community organizations both in developing programs to combat poverty and, more generally, in delivering services to disadvantaged individuals, households, and communities. The initial reviews of this experience (Salmen and Eaves, 1989) reveal a large potential for cooperation between the public sector and these organizations. A number of conceptual and practical dilemmas, however, have barely begun to be systematically addressed. With few exceptions, recent experiences involving direct collaboration with national governments have yet to be evaluated.

The research project that gave rise to this book was designed to (i) approximate the scope of activity of community organizations in delivering social services to low-income groups in several Latin American countries; (ii) identify and analyze selected experiences of the organizations as service providers; (iii) and examine the main characteristics of the relationship between community organizations and governments in designing and executing programs. This introduces these main concepts and then presents a comparative review of the results of the three national studies included in the project (Chile, Costa Rica, and Venezuela). The chapter concludes with some policy recommendations.

Types of Organizations

The very definition of a "community organization that contributes to combating poverty" was essential for identifying which organizations were suitable for inclusion in this project's national studies.²

Given the interest of the participating research centers and the Inter-American Development Bank in the "service-provider" aspect and bearing in mind the existing lacunae in the literature, it was decided to focus on organizations that have developed the grassroots capacity to serve as intermediaries between the disadvantaged communities and the government or other national or international organizations.³ More specifically, the project included organizations that meet the following criteria:

² This lack of an adequate taxonomy for nongovernmental organizations, which would enable the research to focus on institutions with characteristics that are at least roughly homogeneous, has been pointed out as one of the weaknesses of the literature on the subject (Carroll, 1992).

³ One of the cases, that of the Sierra Maestra Neighborhood Committee on Mental Health in Maracaibo, Venezuela, can in fact be understood as a study of how a grassroots organization gives rise to an organization oriented toward the administration of health services.

- Their main mission, or at least one of them, is to provide social services to low-income sectors. This includes nutritional services, medical care, education, cultural activities, and production and consumer groups. Organizations whose sole purpose is to conduct economic or social research are excluded, even if their focus is on poverty, as are those whose only mission is to fund the activities of other organizations. Also excluded are organizations whose mission is chiefly political, such as political parties or organizations that represent the interests of specific social groups (such as unions, neighborhood associations, and guilds).
- They can be considered nonprofit organizations. Organizations may charge a fee for the services they provide, but they cannot be profit-making enterprises that distribute gains to shareholders at the close of every business cycle.
- They start out as, or develop into, organizations in which community participation plays a major role. This definition does not exclude community religious groups or those that receive financial backing from foundations or private enterprises; it does exclude programs directly designed and implemented by these foundations.

These definitions of community organizations, or OPCs (the Spanish acronym for “organizations involving community participation”), coincide rather closely with what have been termed “nongovernmental social development organizations.” Carroll (1992) has called these “grassroots support organizations” (GSOs), which he defines as:

... a civic developmental entity that provides services allied support [sic] to local groups of disadvantaged rural or urban households and individuals. In its capacity as an intermediary institution, a GSO forges links between the beneficiaries and the often remote levels of government, donor, and financial institutions...

The main elements that distinguish organizations of this type from other NGOs are: (i) their complexity and their role as intermediaries, in contrast to grassroots organizations; (ii) their service orientation, as opposed to representing the special interests of particular groups, as in the case of neighborhood or town associations and unions; and (iii) the importance of community participation, which sets them apart from the majority of business foundations or traditional charities.

Conceptual Framework

In contrast to the majority of studies that have ventured into this area, it was decided that this project would use as its frame of reference both welfare economies, in which the public sector is viewed as the social response to market failure and the resulting inadequacies in the distribution of wealth, and its contemporary complements in the literature on public choice and the political economy of development. These latter perspectives view the peculiar combinations of public and private sectors as the result of a conjunction of market and government failings and of the distortions that arise in the collective decision-making process. This is not to imply that the literature on participatory methodologies in social development (Ickis, De Jesus, and Rushikesh, 1986; Korten and Alfonso, 1979; Brown and Korten, 1989; Drabek, 1987) have been ignored in the project, but simply that they have been used where pertinent, within the context of a broader conceptual framework.

The richest source of theoretical and methodological orientation was found in the relatively recent explorations into the role and conduct of nonprofit, nongovernmental organizations in market economies both in developed countries and, incipiently, in developing countries (Hansmann, 1987; James, 1987). While the importance of nongovernmental organizations varies widely in different countries, the pattern in the sectors in which nonprofit, nongovernmental organizations operate is very similar. These organizations flourish in sectors such as education, health, natural resource conservation, cultural activities, and social services in general—activities generally associated with the production of significant externalities.

The first question is not so much how NGOs compare with commercial ventures but how they compare with the most common type of organization beside which they work—that is, government organizations. Available literature suggests that nonprofit, nongovernmental organizations tend to appear when one or more of the following factors are present:

- Very high government production costs compared with those of nonprofit, private production.
- Limited government supply of a certain public or quasi-public good, leaving citizens with an excess demand. Supply is determined by policymakers who in theory strive to meet the needs of the average voter but in reality fall short, thus stimulating the appearance of nongovernmental suppliers.
- Demand that is not only in excess but idiosyncratic: demand for a service with very particular characteristics that public production cannot satisfy, such as education guided by certain religious values.
- Problems in production or supply of certain goods or services that prompt consumers to prefer nonprofit organizations—that is, producers with less inclination to exploit their information advantage.

- Disguised distribution of benefits in sectors in which the law prohibits private commercial ventures.
- Religious motivation that leads to initiatives in the absence of significant pre-existing demand.
- Political motivation to build a network of nongovernmental organizations to pursue a particular cultural or ethnic agenda.

The first four of these explanations are generally considered to emanate from “the demand side” and the remainder from “the supply side.” As a group, they can easily explain the renewed and growing interest in exploring the role of nongovernmental organizations in Latin America—that is, the keen interest of governments and multilateral institutions in redesigning social services within the context of economic adjustment and public sector restructuring.

The next question is why governments decide to delegate service delivery to NGOs and OPCs instead of providing them directly, as is customary. The fact that governments have proposed cooperative initiatives and NGOs have responded favorably appears to indicate that both parties find benefit in a relationship that could lead to institutional arrangements for more beneficial social service delivery.

According to the literature, some of the governments’ immediate motives in cooperating with NGOs might be to:

- Gain political support.
- Reduce the governments’ share of the cost of providing the services, since nongovernmental organizations are often subject to fewer legal and political constraints. For example, NGOs might be able to charge user fees, whereas that might be very difficult politically for the government. Also, NGOs are in a better position to elicit voluntary labor from individuals or communities. Finally, NGOs can sometimes provide services without excessive bureaucracy and with greater flexibility and adaptability to the varied demands of diverse groups or areas.
- Utilize the NGOs’ knowledge of the terrain and contact with the potential beneficiaries, particularly in isolated areas. Centralized public services usually translate into limited coverage, little adaptability to local circumstances, and paternalistic or dependent relationships with beneficiaries.

Delegating service delivery to nonprofit groups also represents an alternative to turning to profit-making enterprises which may be inappropriate because the results of social service delivery are difficult to measure or the productive processes difficult to monitor.

On the other hand, organizations with limited access to capital may well view government support as a way to bolster their finances and expand or consolidate their activities. With this in mind, the project decided to focus special

attention on the identification of nongovernmental sources of funding. Are they international philanthropic organizations? National organizations? User fees? Cross-subsidies between the assorted services provided by the same organization? Volunteer work?

A crucial aspect of the collaboration between government and nonprofit NGOs is the extent of controls and regulations on the activities of such groups, either because of the legal obligation to oversee the use of public funds or because of attempts to exercise political control over their activities. Does this element introduce negative changes in the conduct of these organizations? What types of supervision and regulation are employed and why? Do controls generate tensions that seriously undermine collaboration with the government or render it unsustainable over time? Do they nullify the efficiency gains produced in principle by the collaboration?

Case Studies

Given the limited amount of aggregate data on community organizations in the region, the project examined OPCs through three country studies. These include the Chilean study prepared by the Economics Department of the University of Chile, the Costa Rican study under the aegis of Alternatives for Development, and the Venezuelan study performed by the Instituto de Estudios Superiores de Administración (IESA). Thirteen of the OPCs studied were community organizations, and one was a public cooperation program between the government and an OPC. Five of the organizations examined operate primarily in the health sector, two in education, and two in housing. Environmental protection, support to microenterprises, and agricultural development are represented by one organization apiece. There is one more organization that, because of its wide range of activities, resists classification and should instead be characterized as an OPC devoted to social services in general.

The organizations studied were SOINDE (health), FUNCASE (education), TVS (housing), and FINAM (promotion of microenterprises founded by women) in Chile; UPAGRA (miscellaneous services to agricultural producers), ARSC and Vivamos Mejor (health), CECODECE (environment), and FUPROVI (housing) in Costa Rica; and CESAP (miscellaneous social services), Fe y Alegría (formal and informal education), ASCARDIO (health), the Sierra Maestra Neighborhood Committee on Mental Health, and FONCOFIN (government support program for microenterprises) in Venezuela.

National Context

Each national study was required to develop a contextual framework that would provide information on the nature and dimensions of the activities of nongovernmental organizations in the country.

The three countries examined currently have a good number of community organizations and NGOs in general: the Chilean study identified 423 NGOs, the vast majority of which qualify as OPCs; the Venezuelan work listed 427 NGOs, 350 of which could very likely qualify as OPCs; and, while the information is probably less complete, the total for the Costa Rican study is clearly over 320.

As expected, the vast majority of these organizations operate in sectors linked with the production of public goods or services that produce positive externalities, such as related to education, health, and housing. Moreover, since the OPCs are largely devoted to helping disadvantaged populations, their activities usually have a rather clear redistributive function.

It is very difficult to make more detailed comparisons since the information obtained in each country study in terms of the national context is based on highly diverse sources that lack comparability.⁴ Some disparities among the three countries, however, can be seen in the concentration of the organizations by sector. Major examples are the relative absence of organizations that target the environment in Chile or housing in Venezuela. It is hard to discern a pattern that can explain these differences without further study. It is also significant, and a common phenomenon in this case, that the majority of the organizations listed—and certainly those studied in depth—trace their origins to the 1970s and 1980s.

Beyond the characteristics identified or the number of organizations counted in the course of providing a national context for the OPCs, it was clear that conditions varied considerably from country to country.

Beginning with the political context, there was a rise in the number of OPCs and their level of activity under the military dictatorship in Chile, although something similar occurred in both Costa Rica and Venezuela in the 1970s and 1980s under democratic regimes. Added to this is the fact that once democracy was restored in Chile, OPC activity did not disappear nor was it seriously undermined. It would therefore seem that while OPCs tend to view themselves—and this is common to all three countries—as the embodiment of alternative development models, they do not necessarily owe their existence to a reaction against a closed or repressive political model. In fact, democracy can foster and shelter a strong OPC sector.

⁴ This was in fact the outcome, despite the efforts made in the project preparation phase to homogenize at least partially the categories and classification principles to be used in this part of the national studies. One way to contribute to the advancement of knowledge about NGOs and OPCs could be to develop consistent taxonomies and field studies in several countries of the region.

The relationship between the activities of the state and those of OPCs in sectors in which they operate simultaneously is somewhat more complex. This is particularly the case when the capacity of the public sector to attend to the social sector is undermined by growing budgetary constraints—generally, though not exclusively, associated with structural adjustment programs—and the OPC activities subsequently expand and multiply. In the three national studies this relationship is present, although its nature and intensity varies, being stronger in Costa Rica than in the other two countries.

The ability of the governments to provide services in the sectors in which OPCs operate, however, differs radically in the three countries, a contrast depicted in Table 1.1. In the case of Costa Rica, the state has proved itself able to provide social services with high levels of coverage and quality within relatively traditional models of organization.⁵ This may be because OPC education activities appear to be rather limited and because in the area of health they have encountered competition from public organizations—so much so that one of the least successful cases analyzed in the entire project is that of a Costa Rican health OPC. At one point, this organization developed a certain rivalry with public organizations that provided similar services to the same population.

The Venezuelan case offers a sharp contrast because although the service delivery model has been traditional, the activities of the public organizations charged with providing services have deteriorated significantly over the past two decades, with low and declining levels of quality and efficiency and stagnating coverage. Within this context, OPCs are viewed by users as desirable alternatives to government organizations that do not function particularly well or are altogether deficient. The case studies suggest that this could be behind the significant development and relatively large size of Venezuela's OPCs, especially in fields like education and health.

The case of Chile, in turn, contrasts with those above. Government social policy has been reformed to adapt it to a mode of public intervention that emphasizes the financial and regulatory function of the state, relegating to the back burner its role as a provider and direct administrator of services. In the organizations studied in Chile, we can see a preference by disadvantaged users for OPC services over similar services provided by public institutions. Furthermore, the coexistence of public and private nonprofit social services appears neither to have created a destructive dynamic nor displaced OPCs. First, findings indicate that OPCs clearly make a number of distinct contributions as service providers that are perceived and valued by users, despite the existence of reasonably effec-

⁵ This expression refers to a social service delivery system in which the public sector acts simultaneously as the main underwriter and principal direct administrator of the vast majority of the activities in each sector—education, health, etc.

Table 1.1. Disparate Capabilities of the Public Social Sector in Three Countries and Impact on OPCs

Social Services	Service Organization	
	Traditional	Innovative
Inefficient	Venezuela Substitution and problematic cooperation	
Efficient	Costa Rica Mix of cooperation and destructive rivalry	Chile Constructive but insufficient rivalry

tive public counterparts; second, the effectiveness and quality of the public sector where it is present does not necessarily result in the disappearance of all OPC activities. However, an optimal regulatory framework may not be enough for society to take the fullest advantage of OPCs.

The preliminary conclusion would appear to be that a model that emphasizes a well-defined and transparent regulatory framework—something fairly advanced, if not complete, in Chile and hoped for by the Venezuelan and Costa Rican OPCs—leads to constructive rivalry and competition among the organizations of the various sectors. It is far more effective than a more traditional model in which social services are provided publicly and the inclusion of OPCs is potentially more problematic, though not completely impossible. This point would seem to be confirmed by the success of the housing sector in Costa Rica, the only sector in which the involvement of OPCs have taken the form of cooperation within a well-defined regulatory framework, and by the evolution of contractual norms that govern relations between OPCs and Venezuela's public program to promote microenterprises.

Efficiency and Effectiveness

Several of the cases included in the Venezuelan and Chilean studies compare the cost-effectiveness of OPCs with that of public organizations in the delivery of similar social services. The results ranged in general from neutral to highly favorable to the OPCs. Even as preliminary findings—and it would certainly be a leap to extract generalizations from the analysis of a few cases—the results lean clearly in one direction: OPCs as private social service providers compare favorably with the public sector in terms of cost effectiveness.

These advantages may grow out of a greater understanding of the terrain in which these organizations operate. Most OPCs have been cultivating contacts in disadvantaged urban neighborhoods and rural settlements for years. This probably results in lower promotion and implementation costs for a variety of pro-

grams. Another advantage is the development of more efficient and adaptable administrative methods that cut operating costs of the organizations as a group.

In addition, in several cases, OPC workers were found to be more willing to work for lower salaries. Part of their compensation, they believe, comes in the form of their satisfaction in contributing to a cause they believe in, as expressed in the mission of the organization they work for. While this latter aspect can cause problems⁶ and is not universal—SOINDE, for example, pays its medical and paramedical personnel better than its public counterparts do—some, if not all, of the initiatives studied could be classified as part of “the volunteer sector,” even though the workers of these organizations generally receive some type of wage compensation.

Last but not least, there are reasons to believe that the management models and incentive structures of OPCs are sufficiently different from those of the public sector to produce a somewhat better performance.

It is no secret that government administrative models in most Latin American countries contain major distortions that have isolated public employees from competitive pressures, resulting in major failures in performance and accountability (Reid, 1993). The project yields circumstantial evidence that organizational models and management practices are very different in OPCs, which tend to be very cost-conscious and alert to the preferences of the citizens they serve. To cite one example, the teachers of Fe y Alegría and the doctors of ASCARDIO are the same teachers and doctors who labor in government schools or hospitals—because their training allows them to do so, or at times, even because they work another shift in public institutions. Yet their behavior differs according to their place of employment, in line with the incentives they encounter in each place.

Although it is hard to weigh the relative importance of incentives, much of the contemporary literature on agency theory, as well as the research on “effective schools,” indicates in principle that they must be considered an important factor in explaining the performance of OPCs (Milgrom and Roberts, 1992; Hanushek, 1986).

Distinctive Contributions of OPCs

Considering the cost and complexity of public sector schemes to deliver social services, the cost advantage in itself would seem sufficient reason to involve more OPCs. According to the three country studies, the work of these organiza-

⁶ Fe y Alegría teachers tend to be more poorly compensated in terms of salary than teachers employed by the Ministry of Education in Venezuela. This has caused problems in the organization, for it creates incentives for a teacher whose training has been financed by Fe y Alegría to desert the organization for the public sector.

tions produces benefits that are certainly understood and valued by the users.

Thus, several of the OPCs can be said to have passed the market test in the sense that they provide services under conditions or with characteristics that users—that is, users living in poverty—appreciate. This assertion is supported by the direct opinions of users in Chile, the indirect preference for OPCs in Venezuela even in the presence of free public providers, and the heavy pressure on OPCs in all three countries to expand their services.

What are these characteristics of OPC services that are viewed so favorably? To begin with, the theme of comprehensive assistance consistently surfaces. Time and again in the three national studies it becomes evident that the user of a particular social service—health care, formal education, even credit to microenterprises—feels that he is treated like a human being, that the OPC attends to his psychological and social needs in the broadest sense when providing the service, and that it incorporates ethical or humanitarian dimensions that are difficult, if not impossible, to find in public sector organizations that deliver comparable services. Not only does the OPC lend money to the owner of the microenterprise, it trains him, accompanies him, and continually assists him. Not only is the child educated or cared for, but the community is actively involved in the management of the schools. Not only is the sick person examined and medicine prescribed, but he is seen in a warm, pleasant environment with a shorter wait. The user is often consulted directly about his opinion of the services or about community priorities for investment of new resources. All of this is in a context of the OPCs' above-mentioned cost advantages.

Another factor in weighing the benefits of OPCs is that the delivery of services is often viewed by these organizations as a highly important but intermediate objective, for their real goal is to make a vital contribution to the organizational capacity and self-esteem of disadvantaged communities and their ability to articulate demands—capabilities that are important prerequisites for such communities to overcome their situations. The goal, therefore, is “comprehensive social development” or the “empowerment” so often discussed in the literature on development models and grassroots participation (Ickis *et al.*, 1986) as well as on economic and political development (Putnam, 1993).

This goal is achieved—not always nor definitively—but it *is* achieved, especially in places where a maturation process unfolds over a number of years. Through such processes—when the recommendations of grievance committees evolve into organizational schemes for service delivery, for example—the OPCs' work in support of communities and grassroots organizations yields significant results. The Sierra Maestra Neighborhood Committee on Mental Health in Venezuela and UPAGRA in Costa Rica are excellent examples.

One beneficial social effect of OPCs is their introduction of competition into the sectors in which they operate, thus contributing to the formation of quasi-markets for social services traditionally monopolized by public sector provid-

ers;⁷ this is one of the most carefully formulated but least adopted policy recommendations found in the literature on public choice. As we shall see further on, competition among OPCs and between them and the government is not always socially constructive—as is rather evident in several of the cases studied—but at least it puts pressure on public organizations operating in the same sectors. If social service delivery systems are to be reformed to introduce greater competition, OPCs may very well turn out to be in the vanguard in several countries of the region.

No less important, OPCs have introduced organizational and administrative innovations that have been especially difficult, if not impossible, to implant in many public systems—even though multilateral organizations have pushed such public sector changes. In particular, partial cost recovery through user fees is a very widespread practice: CESAP, Fe y Alegría, SOINDE, and ASCARDIO are all examples of organizations that employ this mechanism. This is partly a result of their urgent need for funds and partly, in some specific cases, because of a deliberate intent to turn the user himself into a cost-conscious individual. The fee system distinguishes these organizations from traditional public social programs, which provide services to the poor without demanding some type of contribution in return.

Problems of Replicability and Scale

It must be kept in mind that the case studies operate in extremely particular social contexts and, above all, on very small scales. While these experiences may be interesting, they may be fundamentally inapplicable when mass delivery of the service is an inescapable requisite. If this is true, the cases analyzed would be impossible to replicate without extraordinary combinations of leadership, managerial capacity, and resources.

In principle, this point deserves more lengthy consideration, for it goes to the very validity of the results of this research project and other studies of non-governmental organizations. The evidence gathered in this volume is sufficient at least to enable us to examine the risk of economies of scale.

In several cases—the Fe y Alegría educational network or the comparison within the microenterprise program carried out by the Venezuelan government through FONCOFIN—the scale of OPC services has expanded far beyond the

⁷ The term “quasi-markets” is used because they break the government’s monopoly on the provision of services, replacing it with competition among independent providers faced with a consumer who is beginning to enjoy better selection. At the same time, however, much of the competition occurs among nonprofit entities, demand is not necessarily expressed through the users’ capacity to pay, and, generally speaking, transactions take place in the midst of considerable information asymmetries and significant externalities (Le Grand, 1991).

local area. AUGÉ (CESAP's microenterprise program) has national coverage, and Fe y Alegría schools can be found virtually all over Venezuela and the model educational network has spread to 10 other countries in the region. Thus, the theory that the advantages of cost, quality, or other distinctive OPC characteristics won't work on a larger scale does not appear to be supported by the results of these projects.

Instead, the results suggest that in weighing mass coverage versus the quality of small-scale OPC services, we find ourselves in a false dilemma. On the one hand, some organizations undoubtedly perceive a certain threat to their effectiveness and to their ability to actually carry out their mission amidst rapid growth and mass delivery. (We analyzed at least one case in which an organization—CODECE—ran into problems because it had overextended its coverage, sowing disappointment and distrust among users when it later decided to cut back on its services.) On the other hand, many organizations are under intense pressure to broaden the scope of their services. Viewing the problem in terms of the size of a given OPC, however, is probably not the most appropriate analysis. Consider that if there is a demand for OPC services, we should expect many such organizations to appear that together will be able to satisfy this demand, each operating on the scale that it deems most appropriate.

The real dilemma is not large, inefficient organizations versus small, effective ones but rather centralized monopolistic systems for service delivery versus decentralized competitive ones. In fact, CESAP—probably the largest of the organizations examined—is in the process of decentralizing its services in the various regions of Venezuela, thus enabling its local offices to mobilize and spend their own resources and determine their own programming. ASCARDIO in Venezuela has refused to grow beyond a certain size and has resisted pressures in that direction generated by the precarious state of health services in the country; it has, however, begun to advise independent initiatives with similar goals in other regions.

Consequently, there is no reason to believe that OPCs—as a group, of course, and not any one in particular—cannot satisfactorily respond to the growing demand for social services. The only remaining objection would be what Salamon (1987) has termed “philanthropic insufficiency,” meaning that owing to the limited willingness of citizens to finance the nonprofit sector voluntarily, this sector is unable to grow beyond a certain point, thus justifying public intervention. It should now be clear that this argument is effectively co-opted when several different social service delivery systems, including ones in which OPCs are financed in part with public funds, act as service providers.

Participation of Beneficiaries

Several advantages of the OPCs mentioned up to now are closely linked with the organizations' participatory nature. It would be difficult to imagine far-reaching social progress—that is, improving communities and enhancing their capacity to address and overcome their problems—without community participation.

Community participation in fact takes very different forms: suggestion boxes for user complaints or recommendations, including community members on the OPC's board of directors, developing methodologies for working with the community, and implementing programs that take the viewpoint of the community as their point of departure.

Given the unlikelihood that the desires and needs of disadvantaged populations will translate into demand—since they cannot pay—one way to view participation could be to find a substitute for conventional market signals. This would permit OPCs to target their services more appropriately from the users' standpoint. In several of the cases examined, the organizations report having been subjected to strong pressures from the communities in which they had launched a particular sectoral program (in health, education, or microenterprise, for example) to expand their activities into other sectors. This is easy to understand, given the characteristic deficit of basic services in communities where OPCs prefer to operate.

Yet, community participation has a great deal to do with building an OPC-community relationship that attempts to be—and, judging by the results of the studies, often is—different from the one traditionally fomented by a large part of the public social sector, which frequently involves unconditional and very specific transfers to the poor through political support or paternalism.

This is no less curious when viewed in perspective because, in the development of the richest societies today, the emergence of strong government intervention in the social services sphere had as one of its political goals the possibility of introducing universalist patterns of service delivery. That is, services that were not grounded on political, religious, ethnic, or cultural discrimination or on the idiosyncratic preferences of particular groups in which the special concerns and biases of the nongovernmental organizations that provided the services had reigned. Paradoxically, it appears that the introduction of such universalist patterns into social policy in the region—which for all practical purposes is equivalent to eliminating or at least reducing the undue influence of political parties in administrative decisions—has become one of the OPC's contributions, leaving it to public agencies to follow in the same direction in light of the growing expectations of the populace.

Role of Women

In virtually all of the organizations studied, women are either directors or important members of the organizational hierarchy, including one example linked with support to rural workers in Costa Rica (UPAGRA). Furthermore, in many cases, the bulk of OPC program beneficiaries are women; the Chilean study included one case, FINAM, in which by definition the target group is poor women.

The marked presence of women has not led in each case to the development of programs especially designed to meet women's needs. In many cases, women have risen in the hierarchy or had an effect because of their managerial or leadership abilities, but not because of a deliberate attempt on the part of the organization to incorporate women. (This is not true across the boards, however—some organizations studied established the role of women as a major component from the very outset (CESAP, for example), translating into initiatives specifically designed to attend to the needs of women.)

In fact, an interesting dilemma has surfaced from the case studies which, while difficult to draw conclusions about in the context of this project, probably offers fertile ground for future research efforts. The question is whether to develop sectoral programs within organizations specifically devoted to women as opposed to including women as a component in each specific sectoral program or organization. Although the first alternative appears to grant more explicit recognition to the importance of women in the work of an NGO, it can lead, and in fact has led in one case, to rendering the rest of the organization's initiatives insensitive to women's concerns, with the disclaimer that "women's issues are handled by the women's program, not by us."

Origins, Organization, Financing, and Influence of OPCs

The studies present a rich account of the experiences in social organization that cannot be summarized here without losing a wealth of details about each one. The number of cases included, while significant, is still no doubt insufficient to enable general conclusions to be drawn about the operations of OPCs and NGOs in general. Nevertheless, some patterns can be discerned.

Three different factors typically characterize the start of an OPC. Most frequently, a large group of professionals, or at least individuals with certain skills appropriate for the community organization, decide to put into action a vision or "alternative project" for delivering health or educational services or for organizing the community. This vision is often inspired by religious values but very rapidly tends to garner the support of groups outside the church organization; such is the case for CESAP, Fe y Alegría, and SOINDE. In others, grievance committees or trade associations—unions or perhaps producer or neighborhood associations—are transformed by their experiences and opportunities into ser-

vice organizations; this seems to describe the evolution of UPAGRA, the Sierra Maestra Neighborhood Committee on Mental Health, and CODECE. Yet a third type of organization derives from an initiative originating in the public sector that in time becomes independent and assumes the characteristics of an OPC, either because the government loses interest in its activities or simply because providing services generates a dynamic that transcends the public sector, making government organizations dependent on an OPC for the delivery of certain services. Examples of this could be FUPROVI, ASCARDIO, and ARSC.

It is unclear whether these diverse origins are the root of the striking differences in the subsequent development of the organizations. Generally, a pattern of growth can be discerned from the first very modest and localized efforts toward the expansion of coverage and from the central focus on the organization's relationship with the communities toward the incorporation of broader considerations linked to its influence and its ties to the state and other organizations. This process may take a decade or two, depending on the case. Required for success are, first, the development of a *modus operandi*—of a distinctive, well-defined, and successful methodology for action, recognized by users and assimilated by the organization—followed by the creation of stable and adequate financial support.

Developing a support structure rather than recourse to an almost exclusive source of financing is crucial. Hence, in the majority of cases, OPCs have managed to diversify their sources of funding so that, while the resources themselves are variable, they produce a stable result when combined. In general, three sources of OPC financing were studied: i) foreign contributions, usually from international philanthropic foundations but also increasingly from multilateral organizations; ii) the government; and iii) cost recovery through payment mechanisms targeted toward users. Virtually all of the organizations examined were supported by a combination of these sources, with the first type (which includes dozens of independent contributors) predominating. Those that were not financed by foreign contributions were either concerned about this point, indicating their active interest in searching for financing alternatives, or could be found among the few failures analyzed within the framework of the project.

The generally good reputation of these organizations facilitates voluntary collaboration between users and third parties. It is however significant that, with a few exceptions, these organizations have not attracted donations from the domestic private sector. This may have to do with the ineffectiveness of fiscal incentives to charitable donations or the simple lack of a culture that places importance on charitable donations in the countries of the region. To these factors must also be added the refusal of several OPCs from the outset to forge links with the private sector for ideological reasons. However, some incipient signs of change in these factors that inhibit domestic private sector support to OPCs were visible in several of the cases examined.

OPCs and the Public Sector

Working relationships between OPCs and the public sector are neither new nor exceptional, nor are they limited to cooperation for specific programs. While in recent times this latter phenomenon has been the prevailing tendency, there are several examples in which the public sector has contracted the services of OPCs—generally to provide training for public servants—or helped to finance their activities through direct transfers. These experiences, as well as the most recent examples of incorporating OPCs into the public policy implementation model, are nearly always, however, provisional and occasional. This is because, with some major exceptions, such decisions are not part of any broader policy shift to incorporate OPCs into reformed systems for the delivery of social services. Rather, they tend to be the highly personal initiatives of some public official who, either because of his experiences or resource constraints, decides to resort to OPCs.

OPCs in turn, have made substantial efforts to learn how to play the political game, which implies maintaining government support. This support has made it possible to multiply their service coverage or make up for shortfalls in funding traditionally provided by other sources. Participation in public programs does entail costs for OPCs—generally they must improve administrative procedures and internal controls in order to adapt to the requirements imposed by the use of public funds. This is not necessarily bad, since it could help OPCs improve their nearly always weak systems for evaluating, monitoring, and controlling their own activities. However, it could ultimately impede the implementation of some programs, leading to situations in which the OPCs perceive themselves—and not without grounds, although this topic should be studied in greater detail—as financing a public sector that is not infrequently in arrears with its payments.

The state has made efforts—more advanced in Chile and incipient in Venezuela—to establish agencies to coordinate its relations with the OPCs. This is evident in the Office for Government-NGO Relations and the NGO Consultative Committee in Chile and the Presidential Commissioner on Government-NGO Relations in Venezuela. These agencies, which have been operating for too short a time to produce an effect that can be fairly evaluated, should probably be understood as a first step in the process of raising public sector awareness about the activities and potential of OPCs. However, they do not in themselves represent a substitute for an appropriate regulatory framework for the inclusion of OPCs in the social service delivery system. This second objective—the most important, if the potential of NGOs is to be placed at the service of the beneficiaries of the state's social policy—is partially advanced in Chile. There, a redefinition of the state's role in the social sphere has led to a series of regulations aimed at both stimulating private sector participation—for profit and nonprofit—and channeling it in a socially beneficial manner.

Judging by the content of the Chilean study, that country clearly provides a

more favorable environment for OPC activities than does a country such as Costa Rica, whose public sector intervention in the social sphere is more traditional. This latter model provides clear examples of how certain government agencies, whether because of preconceived notions that the government is the only legitimate provider of a certain type of service, or because of competition for clients in particular areas, can develop patterns of confrontation, rejecting OPC contributions instead of fostering cooperation or constructive competition. The Chilean study, on the other hand, shows that the presence of such a framework may not be sufficient and that, as has actually occurred in the three countries, a lengthy mutual-learning process between governments and OPCs is difficult to avoid. In such processes, gray areas are clarified, mutual trust established, and the rules periodically redefined; this is fairly well exemplified in the case of FONCOFIN, the Venezuelan microenterprise program.

Indeed, the FONCOFIN case suggests that one critical aspect in developing a regulatory framework for government-OPC relations is to establish norms and set limits in handling public funds. Like their counterparts in developed countries (James, 1983), the OPCs analyzed frequently resort to cross-subsidies; some of their activities are sufficiently viable to enable them to subsidize other activities that the organization considers just as important but that are economically unsustainable *per se*. Of course, when dealing with public funds, this becomes a questionable practice that can, moreover, become a source of government mistrust of OPCs.⁸ On the other hand, the fact that the public sector keeps control and directly administers the spending can lead to rigidities in the implementation of certain programs. It can even discourage OPCs from cooperating, since excessive constraints render their participation costly or simply prevent them from putting their own methodology into practice.

All of this leads to the more general problem of the role of the nonprofit, nongovernmental sector in a market economy and the dilemma of complementing versus substituting as the dominant relationship between NGOs and government in the delivery of social services. From the findings of this project, it is clear that OPCs do complement government action in certain areas. However, this complementary relationship must be fostered by deliberate coordination and, above all, by the creation of transparent regulatory frameworks that are well-grounded in the experiences of both parties involved.

The potential for substitution is present, however. Institutional bottlenecks and the inefficiency of public agencies charged with the delivery of social ser-

⁸ The only case study in which it was possible to delve deeply into this problem of eventual excess gains by OPCs through their linkage with the public sector—FONCOFIN—showed no significant evidence that once its commitments with the government had been met, the OPC was left with too much, if anything at all, for other purposes.

vices may be so significant that the cost of redefining the role of the public sector from direct provider to underwriter for the OPCs and NGOs may be lower than that of attempting to restructure an entire public system for the administration and direct delivery of social services. This, of course, is a point that must be clarified empirically. However, there is no doubt that the case of the public sector in the social sphere in Venezuela appears at least to justify the question.

From a more general standpoint, OPCs and the government are both social responses to market failure and distributional inequalities. The relative balance that a society attains between these different institutional forms is linked with institutional traditions and characteristics that vary widely among countries. Thus, at least to some degree, the benefits that accrue to a given society as a result of a move toward private social service delivery systems would be a function of public sector efficiency in areas like education, health, environmental protection, housing, nutrition, or combating poverty. The very different incentive structures that public agencies and OPCs actually face may eventually impose certain limits on the potential institutional combinations. This would explain why the movement toward growing private sector participation in social services (Salamon, 1989) is not confined to Latin America. This, however, is just a hypothesis that should be addressed in future investigations.

Policy Recommendations

The three national studies contain policy recommendations—some of them closely linked with the particular context of each country, and others of a more general nature, in line with the significant similarities found when examining the case studies in depth. Similarities include:

- The relevance of developing and expanding cooperation between the state and OPCs to achieve social policy objectives and continue the fight against poverty. Despite everything we have mentioned, experiences in this direction continue to be the exception, but the evidence amassed by the project on the desirability of fostering this type of cooperation is significant.
- The urgent need to design a clear and flexible regulatory framework to govern the relationship between government and OPCs. This would lead to clearer mutual expectations, reducing potential sources of conflict and permitting both sectors to undertake long-term planning that includes the other party. Viewed properly, this is not unlike the traditional private sector request to the public sector for clear, stable, and transparent rules of the game. In fact, in Chile there are some sectors—education, for example—in which the presence of a very clear policy framework open to

private sector participation has enabled OPCs to establish themselves and operate effectively.

- The need to increase public officials' awareness of the nature and potential of OPCs in cooperating with public programs, since the case studies generally showed that governments had serious difficulties recognizing the distinctive contributions of OPCs.
- The need to address the issue of the financial viability of OPCs. This could be accomplished by joint efforts such as institutional development programs supported by the governments or multilateral institutions. It could also involve encouraging charitable donations from domestic sources—almost insignificant at the present time. This aspect could probably be improved by reforming the tax system to promote clearer and more effective fiscal incentives for charitable donations.
- The need to develop the public sector's learning capacity, taking advantage of the successful organizational experiences launched by OPCs and using them as a source of practical knowledge for the reform of the governments' social service delivery systems.

In addition to these recommendations, the importance of providing continuity for research into the role of community organizations and nongovernmental organizations in general—beyond the exploratory phase completed by this project—cannot be overstated. The redesign of the social service delivery systems underway in much of the region (which very likely will include organizations such as those examined here) makes superfluous any further arguments about the urgency of improving their managerial and economic characteristics.

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CHAPTER TWO

THE ROLE OF COMMUNITY ORGANIZATIONS IN FIGHTING POVERTY IN CHILE

Ignacio Irarrázaval

Sociopolitical Evolution of OPCs¹

Certain political facts govern the operation of Chilean community organizations, the majority of which came into being shortly after the military coup in 1973 and gained strength in the 1980s.

The first community organizations or OPCs that surfaced in the wake of the coup did so chiefly under the aegis of the Catholic church. They mainly targeted human rights issues, attempting mostly to provide assistance and legal advice to political victims of the new military regime. However, as the regime consolidated its power and began to install an economic development model that initially required a profound and difficult economic adjustment process, there was a significant increase in the demand for social services, which the state did not appear disposed to meet. This in turn gave rise to a gradual expansion in the social welfare services provided by the nongovernmental sector.

The perception that the government was incapable or uninterested in meeting the demand for social services became a source of opposition to the military government and led to the emergence of a wide range of OPCs. OPCs offered something that the new authoritarian vision of the state did not: social participation. Thus, the “nongovernmental” nature of these organizations had a dual significance. The term referred to the fact that these institutions not only were created outside the official state apparatus, but also had a definite anti-government bias.

¹ Throughout the book, the acronym OPC is used for the term community organization, a subgroup of nongovernmental organizations (NGOs).

Possibly the most important and far-reaching effect of the development of OPCs in Chile was their decisive impetus toward an autonomous civil society, independent of the state apparatus. This explains why these organizations overwhelmingly describe themselves as “alternative”—that is, representing a form of social organization that is not only different but also counter to that of the state. “Alternative” denotes political rejection of an existing social order perceived as unjust. At the same time, it is an expression of the practical search for innovation in different areas to build a more just society. In general, therefore, the emphasis on the alternative posture of most OPCs can be found in their goal to find practical and immediate solutions to problems using methods based on comprehensive and long-term visions.

The technical and organizational support provided by the OPCs was not merely an expression of a humanitarian solidarity but the product of a certain vision that placed real value on social initiatives to solve socioeconomic problems (Hardy, 1987). In other words, the intent was neither simply nor primarily to assist but to promote. Promotion was embodied in an effort to truly incorporate opinions of project participants. That is, social promotion was grounded in social participation.

This approach was politically important because it resulted in the creation of an environment conducive to democratic participation by the fringes of society. The organizational methods employed by the majority of the OPCs led to the implementation of a practical democratic learning process. This process was based on the active participation of beneficiaries in solving their own problems (Vergara, 1986).

In political terms, the most relevant outcome of the process was the construction of a civil society independent of the state, with the capacity to challenge the authoritarian government—a phenomenon whose repercussions have extended beyond that period.

The change in government in 1990 led to the widespread assumption that radical changes would occur in the orientation of the NGO-state relationship. Certainly, there have been some changes, but they have not been as great as predicted. This has led to frustration not only in the disadvantaged sectors, but also in the OPCs themselves, which have even begun to experience an identity crisis (De la Maza, 1992). Viewed objectively, OPCs have been undermined in at least two important aspects: their external support has dwindled, and many of the more qualified professionals who worked for them have moved on to become part of the new state bureaucracy. Despite this setback, there is virtual consensus within OPCs about not allowing themselves to be controlled by the state.²

² See CIDE *et al.* (1990).

Institutional Status of OPCs

Legal Status

The most appropriate legal status for OPCs in Chile is that of the foundation or corporation;³ this basically means having legal status conferred on the organization by the Ministry of Justice, under Executive Order No. 110 (1979). However, because of the difficulties involved in this process, many OPCs have opted for commercial status as limited or professional companies, which are merely required to report the start-up of activities to Chile's Internal Revenue Service once the organization has been duly constituted in a public instrument and an abstract of its essential features recorded in the Commercial Registry maintained by the Real Estate Registrar of the respective municipality. Limited societies, in addition, must publish an abstract in the *Diario Oficial* (Official Daily).

The greatest limitation of this type of corporation is that the board of directors may not receive remuneration, nor may profits be distributed among its members.

Since there is concern that some OPCs are not governed by an adequate regulatory framework, the present administration has made a major effort to draw up a legal statute for NGOs. Under this statute, the time it takes to formally constitute the organization is cut from 12 months to three, and notary costs fall by one-third.

The Government and the OPCs

Four recent initiatives mark important steps in the relationship between the government and the OPCs. All of them have been launched since the new democratic government was installed.

Office for Government-NGO Cooperation. This office was created in June 1990 as an information agency under the Ministry of Planning and Cooperation that would also serve as a contact between NGOs (including OPCs) and the government. Its main objective has been OPC access and participation in public policy. The office has conducted a census of OPCs operating in the country and brought about the enactment of a model statute for OPCs. It also contributed significantly to the formation of the NGO Consultative Committee.

The various participants in the OPC system have generally had good things to say about the role of the office. However, its lack of real influence on the public sector has been criticized.

³ More specifically, this refers to the Chilean legislative term "corporación de Derecho Privado".

NGO Consultative Committee. This Committee was formed in October 1991 and consists of representatives from 16 OPCs, the Minister of Planning and Coordination and the directors of the Agency for International Cooperation (AGCI) and the Social Solidarity Fund (FOSIS). The function of the committee has been to discuss diverse topics of interest for OPCs. Significant among these are the complementary nature of government and OPCs, the legal status of OPCs, international cooperation, and OPCs and the health sector.

Sectoral Initiatives to Incorporate OPCs. Some ministries have tried to incorporate OPCs as participants in each of the sectors. Some of this interaction has also been promoted by the Office for Government-NGO Cooperation itself.

In October 1990, the Ministry of Health met with representatives from OPCs from the health sector, and with primary care directors. Moreover, a fund to develop primary care projects in marginal urban sectors was created (1991) with financial support from the U.S. Agency for International Development (USAID).

The Ministry of Agriculture also met with agricultural OPCs. One of the most important results was to change the regulations of the technology transfer program to permit the participation of OPCs as program executors.

The Ministry of Housing, in turn, created a pilot project to carry out the Dwellings in Stages program—Phase Two, which for the first time permitted OPC participation in the area of publicly financed housing.

FOSIS has allowed OPCs to compete for contracts for diverse public projects and also has some lines of financing accessible only to OPCs. FOSIS has therefore become the public agency to which the largest number of OPCs resort.

International Cooperation Agency (AGCI). This is an intermediary agency to help administer the international cooperation received by the government. It formulates policy, proposes programs, and coordinates the cooperative programs, serving as a facilitator between donor agencies and funding recipients. When the new government was installed, the AGCI began to concentrate the bulk of resources from multilateral and bilateral cooperation on support for the government's own programs (Egaña, 1992).

Within public agencies, there is generally good will toward OPCs. There is, however, a perception that OPCs are not capable of adjusting to the operational scheme of the public system—a perception that makes public agencies reluctant to work with them. This means that OPCs have no choice but to adapt to the rules of operation imposed by the state if they wish to continue to receive public financing of projects and programs.

Role of OPCs in a Market Economy

It is increasingly evident that a new concept of economic and social development has been emerging in Latin America—a concept that consists of action from the bottom up and direct popular participation. This is also true in Chile, which has launched a model of equitable economic growth coupled with efficient resource allocation based on market decisions (MIDEPLAN, 1990).

Under this scheme, public activity within the economy does not involve direct intervention in the markets. The state concentrates its activities on three types of specific action:

- Regulatory measures in markets affected by monopolies, externalities, and provision of public goods.
- Allocation of domestic funds to meet social goals to redistribute income among the poor and improve their quality of life.
- Adequate budget safeguards to ensure that the proposed goals of macroeconomic stability are met; that is, defining a public sector budget compatible with growth, inflation, employment, and income redistribution.

This type of social development involves decentralization of social policy to incorporate the initiatives of the various public and private entities that mobilize and deliver social services. In close cooperation with the very people affected by social policies (the most disadvantaged), these organizations work toward the achievement of social objectives, competing among themselves for the financing allocated for these purposes. Targeting the poor in social programs and employing market criteria in the allocation of the funding established for these ends are transforming social policy.

OPCs play a critical role in this scheme. They are the only organizations that can coordinate, support, and encourage the poor to seek solutions to their basic social and economic problems and, at the same time, secure the necessary economic means to enable these solutions to become reality. OPCs are thus becoming institutions for social intermediation because they are able to articulate the demands of those whose basic needs are unsatisfied and place those needs on the market in the form of social programs to be financed. They also receive financing for the realization of social programs—funds deriving from domestic budget allocations, international financial institutions, and private donors.

For OPCs to establish themselves as intermediary agencies for social programs, they must capitalize on their greater knowledge of the people with whom they work and their specialization in the social services that they provide. To accomplish this they must:

- Establish local programs designed to meet local needs.
- Seek solutions to the problems of disadvantaged communities that lack the economic means to address them themselves.
- Help train and empower community leaders.
- Channel funding from the government, international sources, and private donors to carry out social programs.
- Foster technical specialization in the efficient design and implementation of social programs to enable them to benefit from economies of scale.

Overview of the OPCs

An overview of the OPCs serves as valuable background for understanding the scope of these institutions in Chile. The authors' research includes not only the number of organizations but their areas of activity, sectors of operation, legal status, and other relevant aspects.

This section draws on several previous works on OPCs operating in Chile. Most important was a census drawn up by the Office of Government-NGO Cooperation.⁴ Data obtained from these sources was processed under the following five categories: type of OPC; area of activity; sectoral category; legal status; and, geographic coverage.⁵

The study revealed 423 OPCs in Chile. To arrive at this figure, it was first necessary to validate the consistency of the data to eliminate any duplication. OPCs with regional or community headquarters were considered a single institution, with their geographical coverage specified. Nevertheless, to carry out the cross-references, 359 OPCs (85 percent of the total) were used, representing the OPCs for which data on the five categories was available.

Data Analysis

Table 2.1 shows that over half of Chile's OPCs are organizations in which community participation plays a decisive role. Moreover, it shows that a significant share of OPCs (nearly 29 percent) were classified as professional or political organizations. In the majority of cases, this means small groups of professionals who meet to provide services and advice to low-income groups. In contrast, traditional social welfare institutions linked with religious or volunteer groups represent almost 16 percent. Finally, social development organization sponsored by corporate philanthropy account for just 4 percent.

⁴ The main sources of information used are Pardo (1990) and Salinas (1989).

⁵ See details of the classification categories in the Appendix.

Table 2.1. Type of OPC and Age, 1992
(Percentages)

Age	Community origin	Philanthropic	Professional-Political	Social welfare	Total
Less than 3 years	17.3	7.1	15.5	10.5	15.3
3 - 8 years	65.4	78.6	72.8	45.6	64.9
Over 18 years	17.3	14.3	11.7	43.9	19.8

Sources: Pardo (1990) and Salinas (1989).

An analysis of the type of OPC versus the age of the organizations reveals that true OPCs are younger than the average for the total, with there being a significant number of organizations created, within the last three years. In the case of OPCs with roots in corporate philanthropy, the vast majority have existed for anywhere from three to 18 years. That is, their most significant growth occurred during the authoritarian regime (1973-89). With regard to professional and political OPCs, these too experienced their greatest proliferation during that time. Finally, social welfare OPCs exhibit a rather different profile because a high percentage of them made their appearance before the military period.

In analyzing the evolution of OPCs, the authors became interested in whether some correlation existed between the emergence of these organizations and the evolution of social expenditures. Figure 2.1 presents the index of social fiscal expenditures and the creation of OPCs.⁶

The figure shows some correlation between the contraction in social expenditures and the creation of OPCs during the 1974-78 oil crisis. However, the greatest growth in OPCs began in 1982, at the onset of the debt crisis. Despite the fact that this was a period of adjustment, however, social expenditures did not decline very sharply, and OPCs experienced explosive growth.

The huge surge in OPCs in the post-1982 period may be connected with the emerging political openness.

Table 2.2 shows the distribution of OPCs by area of activity. Nearly one-third of Chile's OPCs are devoted primarily to training; other relevant activities are carrying out projects and disseminating information.

In processing the data on areas of activity, institutions operating in more than one area were counted in each area where they worked. However, over 60 percent of OPCs operated in just a single area.

⁶ The social expenditure figures refer to fiscal expenditures—that is, only the component financed by taxes, which is not the same as public social expenditures. The figures for the creation of OPCs do not reflect the total evolution of the OPC system, since it is not known how many ceased to operate each year.

Figure 2.1. Growth Indices of Public Social Spending and Community Organizations (OPCs), 1970-91

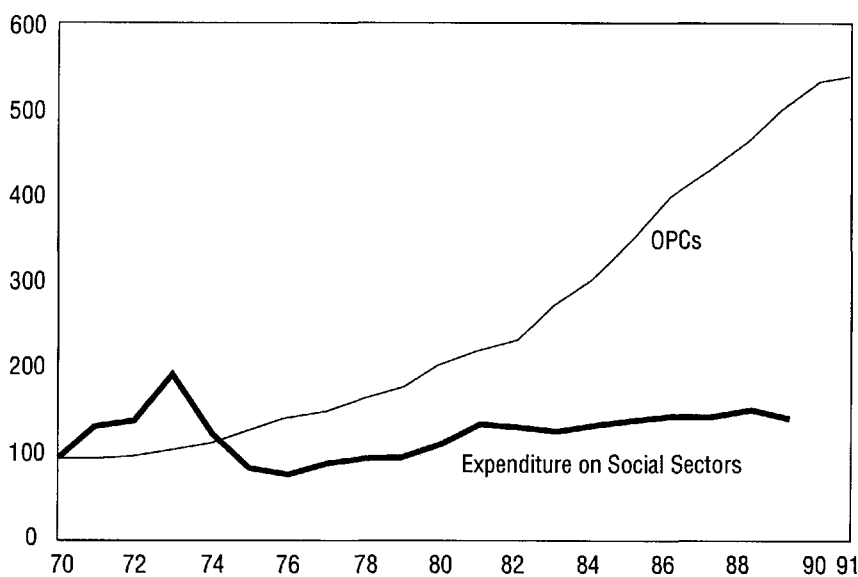


Table 2.2. Type of OPC and Area of Specialization (Percentages)

Area of specialization	Community origin	Philanthropic	Professional-Political	Social Welfare	Total
Research	5.9	0.0	25.3	3.5	10.9
Info. dissemination	20.6	28.6	48.5	10.5	27.5
Training	50.8	21.4	12.6	3.5	31.2
Project execution	18.9	42.9	12.6	80.7	27.9
Financing	3.8	7.1	1.0	1.8	2.8

Sources: Pardo (1990) and Salinas (1989).

Comparing the type of OPC with the areas of activity generally produces the expected correlations. Community OPCs devote themselves fundamentally to training, information dissemination, and project execution—a fact that is directly related to the nature of their goals.

The preferred activity of professional or political OPCs is the dissemination of information or ideas. This involves mass communications, in keeping with the goals of an institution that seeks to influence the public.

Table 2.3. Type of OPC and Sectoral Category
(Percentages)

Sectoral category	Community origin	Philanthropic	Professional-Political	Social Welfare	Total
Education	5.9	50.0	7.8	1.8	7.5
Health	5.4	0.0	8.7	14.0	7.5
Housing/Urb. dev.	3.2	0.0	2.9	5.3	3.3
Labor	7.6	0.0	5.8	0.0	5.6
Small businesses	13.0	14.3	4.9	0.0	8.6
Rural dev.	22.2	0.0	4.9	3.5	13.4
Children	2.2	7.1	0.0	10.5	3.1
Legal aid	0.5	0.0	0.0	0.0	0.3
Art/Culture	2.2	0.0	6.8	0.0	3.1
Environment	0.5	0.0	3.9	0.0	1.4
Social welfare	4.9	14.3	0.0	36.8	8.9
Economic dev.	0.5	0.0	6.8	0.0	2.2
Scientific dev.	7.0	14.3	9.7	0.0	7.0
Local dev.	17.4	0.0	25.1	8.7	17.5
Religious	0.0	0.0	0.0	8.8	1.4
Women	5.4	0.0	4.9	0.0	4.2
Human rights	0.5	0.0	7.8	3.5	3.1
Disabled	1.1	0.0	0.0	1.8	0.8
Volunteers	0.5	0.0	0.0	5.3	1.1

Sources: Pardo (1990) and Salinas (1989).

Table 2.3 lists the main sectors in which the OPCs work. Those of community origin are devoted primarily to rural development, small business, and local development. Philanthropic OPCs, both corporate and family-related, have a clear sectoral specialization in education. Political and professional OPCs, in contrast, specialize chiefly in local development, and have a greater direct contact with the people. Other areas of interest to these institutions are health, scientific development, human rights, and education. Finally, traditional social welfare OPCs are concentrated in the local and rural development.

Table 2.4 shows the legal status of Chile's OPCs. The high level of formal incorporation should be noted. Just 8 percent of OPCs lack formal legal status. The distribution of the types of legal status is interesting: 28 percent of OPCs are limited liability companies, which is not in keeping with the nonprofit identity boasted by the majority of these organizations. Professional companies could also be considered this type of organization, which would bring the total to 41.3 percent of all OPCs. Despite this fact, over 44 percent of OPCs currently operate as foundations or corporations, a status that relates more closely to the work they do.

Table 2.4. Type of OPC and Legal Status
(Percentages)

Legal Status	Community origin	Philanthropic	Professional-Political	Social welfare	Total
Foundation	20.5	57.1	2.9	36.8	19.5
Corporation	23.4	42.9	18.5	36.8	24.8
Professional company	11.9	0.0	22.3	5.3	13.4
Limited company	33.5	0.0	34.0	5.3	27.9
Int'l. organization	1.1	0.0	1.9	3.5	1.7
Joint stock company	3.2	0.0	2.9	0.0	2.5
Others	3.2	0.0	16.5	7.0	7.5
Unique	3.2	0.0	1.0	5.3	2.8

Sources: Pardo (1990) and Salinas (1989).

The results in Table 2.4 confirm the observations made earlier—OPCs of community origin and those of a professional and political nature have a legal status that is not totally in keeping with their nonprofit identity.

Indeed, the table shows that some 45 percent of community OPCs are professional or limited liability companies. This figure rises to 56 percent for professional and political OPCs. In the area of social welfare, by contrast, nearly 74 percent of all OPCs are foundations and corporations, which implies an appropriate legal status.

The geographical coverage of the OPCs appears in Table 2.5. Most striking is the fact that more than a third of these organizations operate at the national level; that is, their activities have a simultaneous impact on more than one of Chile's administrative regions. In contrast, over half of the OPCs have a smaller geographical scope, limited to a locality, city, or region.

Case Studies

The objective of the case studies is to illustrate in greater detail the different kinds of OPCs and how they contribute to alleviating poverty. The studies examine the type of organization, its relationship with the community, its sources of funding, its relationship with the government, the role of women, and how it compares with similar public sector institutions.

The institutions chosen for the case studies were the: Interdisciplinary Society for Development (SOINDE), an OPC that operates a primary care clinic in the health area; the Christian Foundation for Social Action and Education (FUNCASE), a foundation for education and the training of young adults; the Low-Income Housing Workshop (TVS), an OPC that provides support in hous-

Table 2.5. Geographic Coverage of the OPCs

Coverage	Frequency	Percent
Local	18	5.0
Municipal	101	28.1
Regional	99	27.6
National	128	35.7
International	13	3.6

Sources: Pardo (1990) and Salinas (1989).

ing construction; and the Chilean Affiliate of Women's World Banking (FINAM), a foundation that operates in the area of small business.

Interdisciplinary Society for Development (SOINDE)

The Conchalí Clinic of SOINDE is a limited liability company founded in 1983. Its main objective is to provide a comprehensive health program with a high level of community participation in planning and execution. The institution is also interested in strengthening and supporting community organizations to develop health standards in keeping with community needs, desires, and interests.

The health program is participatory. SOINDE conducted a diagnostic study of participation early on; here, the work team defined the geographic sectors that would benefit from this program. Adding health monitors to the clinic team boosted community participation.

The SOINDE clinic has a variety of health programs, which can be grouped into four basic categories:

- **Medical Assistance Program**—Provides physician and nursing care, a pharmacy, and a laboratory. This is the clinic's most important program. In 1991, the medical unit delivered services to the community 5,664 times.
- **Adult Mental Health Program**—Promotes mental health and conducts activities related to the prevention of mental illness, with emphasis on community participation. In 1991, the mental health unit saw 270 patients.
- **Community Health Unit**—Practices the comprehensive concept of health through community participation. This unit incorporates the ideas of disease prevention and health promotion with the multiple factors that play a part in determining an individual's or community's health status.
- **Early Childhood Education Program**—Provides diverse participatory and educational support activities for young children and parents. In 1991, nearly 200 individuals participated in the parent-and-child workshops.

This research project emphasizes the first of these programs. Furthermore,

since the medical program is rather similar to the one conducted by public sector institutions, it was used for the comparison with public agencies—in this case, a municipal clinic. It is difficult to isolate and analyze the repercussions of a single program since, by definition, the institution will always be trying to provide a holistic view of health that includes not only curative but educational and participatory aspects as well.

Staff and Composition by Occupation and Gender

At the institutional level, nearly 72 percent of SOINDE workers are women. The distribution by gender is a little more balanced in the case of professionals, but even here, women are still in the relative majority (eight women to six men). In the less-skilled occupations, women's participation increases considerably. This is also true for the public services in general.

Women play a dominant role in running this OPC. The director of the organization is a woman, which means that hiring and promotion practices do not have the bias habitually found in other types of organizations. Furthermore, clinic users are frequently women.

The clinic has a unique five-tier remuneration system. Benefits include a two percent raise every two years, five weeks of annual vacation, five days of administrative leave, and free lunch. These incentives have resulted in a very low turnover, a major virtue of SOINDE's professional staff.

Geographical Coverage

Unlike other OPCs, SOINDE has a group of potential beneficiaries who have been defined geographically on the basis of an agreement forged with the neighborhood committees. This prevents people who do not reside in these areas from using the services.⁷

Neighborhood unit 12	4,751 residents
Neighborhood unit 34	9,146 residents
Neighborhood unit 58	2,258 residents
Total population assigned	16,155 residents

The SOINDE program's total potential beneficiary population is too large to allow the clinic to respond fully to the health needs of the sector. Community residents also use the municipal clinics.

⁷ It should be noted that only in certain cases does the clinic see persons from outside the area covered or those who have been rejected by the municipal clinic.

Relationship with the Community

SOINDE had its origins in an agreement between its representatives and community leaders, represented first by the Unified Workers' Leadership (Comando Unitario de Trabajadores) and later by the presidents of the neighborhood committees. It is the latter that determines the program's geographical coverage, specifying the neighborhood units with whom SOINDE will sign an agreement. This has a dual impact, since in order to be seen at the clinic, the patient is required to show a certificate of residence within the clinic's coverage radius and be registered with the neighborhood committee. The resident is thus obliged to consult the agencies for community representation in his neighborhood, something that does not always happen spontaneously. Furthermore, residents are incorporated into clinic operations by serving as neighborhood health monitors, field workers, or health aides in the clinic itself. Finally, nearly all of the programs at the SOINDE clinic have a participatory component.

Evaluation by Beneficiaries

A random sample of beneficiaries evaluated the clinic. The sample universe was the number of individuals who had filled out the clinic registration card requesting medical attention during the past two years (1,600), since the possibility of finding users who dated further back was slim. Later, the framework of the sample was defined by employing an assumption of maximum variance with a 95 percent confidence level and an estimated sample error of not more than 10 percent. Using the clinic's registration cards, a numerical interval was established for selecting the families to be surveyed. The sample size was 92 surveys. The questionnaire was made as simple as possible, and an effort was made not to influence the responses; it was presented as a study of clinics in the Conchalí Commune.

The first interesting fact emerged early in the field work: 27 of the surveys (29 percent) had to be discarded and substitutes used because the people slated for interviews could not be found at the addresses indicated on the cards. A check with SOINDE personnel determined that some people had given false addresses in order to fall within the clinic's geographical target area. This reveals the high level of community interest in gaining access to the facility.

Table 2.6 shows the level of recognition of the clinics in one sector of Conchalí Commune, where the SOINDE clinic is located. In the section requiring spontaneous responses, there is a high level of recognition of the SOINDE clinic, followed by the Gonel and Lucas Sierra municipal clinics. The column on users shows the percentage of the population that has actually used the respective clinics within the past two years. In this case, as was to be expected given the directed nature of the sample, SOINDE clearly predominates, followed by the two clinics just mentioned.

Table 2.7 shows the results of a question about quality and preference. First, subjects were asked which clinic they would prefer to use on a regular basis if they had the choice; here, SOINDE garnered almost 70 percent of the responses. The subjects were then asked to grade the quality of the care received. The SOINDE clinic is clearly the winner, with a statistically significant difference compared to its closest competitor, the Gonel clinic. The high marks received by the San Luis and Escroggi clinics cannot be considered in the analysis because only one person admitted to having used them.

Table 2.8 data show why the population prefers SOINDE. By a significant margin, the quality of care provided by the doctors and nurses came first. Another question asked respondents for their opinion of their treatment by the professional staff; in this case, nearly 80 percent of those interviewed considered it good. In second place was the proximity of the clinic, which is logical since it is chiefly a neighborhood service; and in third place was the alternative of a shorter wait.

SOINDE users were also asked about their knowledge of clinic programs and services apart from the health care provided by the medical unit. In this case, the level of knowledge was rather low, indicating that the public is under-using the programs provided by the clinic. Also investigated was the degree of participation in clinic decision making; in this case, only 28 percent of those interviewed responded affirmatively. While this reflects some participatory awareness on the part of users, it does not appear to be very high. This may be attributable, however, to a failure to understand the question.

In sum, the survey results clearly indicate a high level of recognition and approval of this OPC's work among the user population—in some cases even leading to the falsification of residence information to enable the user to gain access to clinic services. It should also be noted that the only municipal clinic with statistically relevant data has an approval rate substantially lower than that of SOINDE.

Sources of Funding

The funding for SOINDE is highly diversified. Over 90 percent of its resources come from international cooperation (Table 2.9), with more than 15 donor agencies of European origin. This diversification of financing, together with good administration, has enabled SOINDE to enjoy a financial stability not readily found in other OPCs. A second source of financing is domestic funds from contract awards for FOSIS projects. Given SOINDE's professional expertise, the organization is likely to continue to secure additional financing from this source. A third source of financing not included in the table was user fees for services rendered. The fee of 80 cents per visit is often waived for people of limited means. In any case, the income from user fees in 1992 probably did not exceed \$5,000.

Table 2.6. Awareness and Use of Neighborhood Clinics
(Percentages)

Clinic	% Aware	% Users
Gonel Clinic (Municipal)	77	48
Conchalí-SOINDE Clinic	85	85
Lucas Sierra Clinic (Municipal)	29	10
Red Cross Polyclinic	1	0
Consalud Clinic	1	0
Simon Ojeda Clinic (Municipal)	0	0
San Luis Huechuraba Clinic	2	1
Escroggi Clinic (Municipal)	8	1
Others	23	15

Source: SOINDE.

Table 2.7. Preference for, and Quality of, Health Care in Clinics
(Percentages)

Clinic	% Population that prefers to receive care here	Quality of health care (scale of 1 to 7)*
Gonel Clinic (Municipal)	20	4.8
Conchalí-SOINDE Clinic	69	6.3
Lucas Sierra Clinic (Municipal)	1	4.2
San Luis Huechuraba Clinic	1	6.0
Escroggi Clinic (Municipal)	1	6.0
Others	8	4.7

Source: Author's estimates.

* Grades in the Chilean school system are awarded on a basis of 1 (worst) to 7 (best); they were used in the same way in this questionnaire.

The high proportion of expenditures that SOINDE allocates to personnel is significant. This is consistent with a social service that provides health care. Operating expenditures represent current operating expenses, such as the cost of basic utilities like drinking water and electricity.

Finally, the clinic devotes roughly 4 percent of its resources to financing pharmacy purchases. The other items of expenditure are virtually unknown in municipal clinics: investment expenditures, staff training, and technical expenditures, which refer to expenditures for all activities that support health, training, wellness promotion, etc.

Table 2.8. Reasons for Preferring Health Care at SOINDE
(Percentages)

	Primary reason	Secondary reason
Near home	20	11
Shorter waiting time	13	13
Better care from doctors and nurses	35	25
Better treatment from aides	1	5
Always have necessary medicines	3	9
Unable to get care at municipal clinic	1	0
Existing agreement with neighborhood association	0	1
No charge (inexpensive)	2	1
Others	9	14
No response	16	21

Source: Author's estimates based on research.

Table 2.9. Conchalí SOINDE Clinic: Receipts and Expenditures, 1992
(In percentages and 1992 U.S. dollars)

	Amount	%
Receipts		
International organizations	271,056	91.1
Domestic sources	26,429	8.9
Total	297,485	100.0
Expenditures		
Personnel	190,216	63.9
Operating expenses	55,356	18.6
Capital expenditures	10,522	3.5
Training	2,699	0.9
Pharmacy	12,947	4.4
Technical expenses	25,745	8.7
Total	297,485	100.0

Source: SOINDE.

Relationship with the Government

SOINDE is critical of its relationship with the government. There is a fair amount of skepticism regarding the funds offered by the ministry and financed with money from the United States Agency for International Development (USAID), given the limited resources handled through this channel.

Furthermore, some initiatives carried out in common through joint projects

have been severely constrained by red tape. With the emergency that arose in the wake of the cholera outbreak, joint community health projects and other projects for communications and information dissemination appeared. However, once the projects were approved, it took five months to sign the agreements and even more time to obtain the resources.

In recent months, the government's Family Health Centers project has sought to strengthen the development of primary care units in marginal urban zones served by OPCs.⁸ The project, moreover, would be used to test a system of per capita financing involving the population voluntarily registered at each OPC. These centers would be obliged to submit to an accreditation process in which they would have to demonstrate their ability to carry out 10 elementary health care activities, from medical care for sick adults to health education programs.⁹ Per capita payment would be \$10 a year for each individual registered, leaving it open to centers to opt for additional financing, both public (specific projects) and private.

SOINDE officials are currently evaluating this proposal, which would have the advantage of providing secure financing—a permanent dream of OPCs—but would impose additional costs and constraints.¹⁰ It should be recalled, moreover, that SOINDE care costs considerably more than the payment that would be provided by the government—which once again would result in an OPC subsidizing the state.

Comparison with the Municipal Clinic

To compare the SOINDE clinic with a similar public institution, the nearest municipal clinic was chosen. The Lucas Sierra Clinic, which provides primary care and care of sick patients in diverse medical specialties, was transferred to the jurisdiction of the Municipality of Conchalí in January 1988. The population assigned to this clinic numbers 88,900. The clinic's geographical coverage overlaps that of SOINDE by roughly 36 percent. This results in a duplication of efforts in terms of coverage and communications. It cannot be assumed that because an OPC clinic is operating in the sector the municipal clinic is any less crowded. Moreover, the municipal clinic has no authority to select its public on the basis of geography.¹¹

⁸ This is a pilot project in which only four agencies in Santiago have been invited to participate.

⁹ This includes infant health care, the provision of milk, and vaccinations.

¹⁰ For example, the clinic was not allowed to see patients outside the sphere of influence defined by the ministry, within the established schedule of eight hours a day.

¹¹ The clinic may not discriminate geographically in the delivery of health services to sick patients, although it may require that chronically ill patients and those involved in prevention programs reside in its geographical work zone.

The level and type of services provided by the Lucas Sierra Clinic are generally more complex than those of SOINDE; this public clinic has a staff of 80, of whom 40 percent are professionals with a university education and the rest are paramedics and others.¹² The staff of Lucas Sierra is more specialized, which enables it to provide more sophisticated care, such as gynecological services and continuing care to patients with noncontagious diseases. It also provides a variety of maternal and child care linked with the delivery of services through state programs; this is the case for nutrition (National Program for Supplemental Nutrition, PNAC), family planning, and others. This has no parallel in SOINDE, obliging people to use the municipal clinic if they wish to have access to these services.¹³

A high percentage of the Lucas Sierra staff are women; among professionals, the figure is 74 percent. It therefore cannot be alleged that the public nature of the institution puts women at an employment disadvantage. The disadvantages in the public sector occur—without sex discrimination—in the rather low wage level, as seen in Table 2.10.

The information on wages provided in Table 2.10 helps explain the high staff turnover at the municipal clinic. However, for doctors, the municipal clinic holds one attraction: the possibility of receiving advanced medical training at a nearby public hospital. This means, in most cases, that the doctor stops working at the clinic to devote himself to study. Unfortunately, once the doctors have acquired their new specialty, they usually withdraw from the clinic entirely to enter highly sophisticated hospitals or private practice. The doctors attracted by the public sector in primary care are basically young medical graduates who have just completed their degree and have no scholarship to continue their education and specialize. Thus, in the majority of cases, the clinics must incur the cost of training them in some specialties (pediatrics, gynecology, etc.), even though afterwards these same doctors wish to get out of primary care rapidly by securing a scholarship to specialize.

Table 2.11 compares SOINDE's expenditure profile with that of the municipal clinic. First, the percentage of funds for staffing is rather similar. There is a major difference, however, with regard to current expenditures; this is explained by SOINDE's higher overhead (e.g., a well-lit, heated waiting room), which results in better care. Another relevant difference is investment, where the municipal clinic's lower budget allocations can be seen. Pharmacy expenditures are significantly higher for the municipal clinic because of its wide variety of programs and the complexity of the treatments, which SOINDE does not provide at present.

¹² The clinic has 17 doctors, four dentists, five nurses, and four midwives.

¹³ The majority of the advantages of the municipal clinic would be matched if SOINDE were to become a family health center.

Table 2.10. List of Health Sector Salaries
(December 1992 estimate)

Professional category	OPC Salary/Municipal Clinic Salary
Senior physician ¹	1.4
New physician ²	1.1
Nurse, midwife, nutritionist, or social worker ³	1.6
Nurse's aide ⁴	2.2
Administrative personnel ⁵	1.7

Source: SOINDE.

Notes:

¹ In the case of the municipal doctor, 4 percent of the basic salary is taken into account because of seniority, plus \$50 for heading the program.

² In the case of the municipal doctor, \$50 is taken into account for heading the program.

³ In the case of the OPC, nurses' salaries are equivalent to those of the new physicians.

⁴ Given that the municipal nursing assistants are permanent employees, it is assumed they have benefitted from 2 bienniums, which signifies a 4 percent increase in salary.

⁵ Including secretaries and support staff.

Table 2.11. Cost Structure Comparison
(Percentages)

	OPC SOINDE	Municipal clinic
Personnel	63.8	64.5
Current operating account	18.5	7.0
Investment	3.4	1.1
Medicine	4.3	26.4
Technical costs	8.6	—
Training	0.8	—
Miscellaneous	0.6	1.0
Total	100.0	100.0

Source: SOINDE.

The other items of expenditure also reveal differences between the two institutions. SOINDE allocates a major share of its budget to disseminate information and attract the public and to conduct educational activities that are not strictly medical; it also allocates part of its budget to training its staff.

The municipal clinic itself admits its excessive operational rigidity; under dual control, it serves as an administrative agency of the municipality while technically part of the Northern Health Service. Both institutions have their own systems of control, surveillance, and standards. Paradoxically, all of this results in the excessive centralization of the clinic, which has very limited authority to act.

A second limitation is the high staff turnover, the product of low wages and the poor outlook for a professional future. Time and again this situation results in not enough staff to deliver a variety of relevant health services. Finally, another important aspect is the clinic staff's limited ability to carry out community health activities.

Christian Foundation for Social and Educational Action (FUNCASE)

FUNCASE is a private nonprofit foundation devoted to educational research. It commenced operations informally in 1977, acquiring legal status in 1981. The methodologies that it develops are applied chiefly at two levels: preschool and basic education, and vocational education and training for the workplace. FUNCASE's basic objective is to develop and promote comprehensive education for children, young adults, and families at risk in cooperation with local Christian communities in poor areas.

FUNCASE's first community initiative was a soup kitchen for street children in Puente Alto. Since then, it has run a variety of educational programs aimed at meeting the needs of disadvantaged children and young adults and has also carried out programs in support of their families. The 1992 program of activities included:

- Training of young adults—Specific courses were offered to provide vocational training to young adults living in extreme poverty. Courses were adapted to meet the requirements of the Ministry of Labor's Vocational Training Program for youth. This has enabled the foundation to gain access to public financing concessions.
- Open day-school centers—Two centers operate throughout the year. The majority of the young people are enrolled in school and also attend the open centers to complement their education.
- Primary schools—Two primary schools, grades 1-8, operate throughout the year in the communities of Puente Alto and Casas Viejas. A total of 585 children attended in 1992.
- Nutritional supplementation—A total of 1,500 children who attend the open centers and primary schools were provided with breakfast and lunch.
- Rehabilitation services for youth—A total of 48 young adults were seen in the alcohol and drug rehabilitation program.
- Binational program—Support to centers in other parts of the country. Through this effort, the needs of 100 individuals were served through FUNCASE.

Institutional Structure

The permanent administrative staff is small, consisting of an administrative director, an accountant, a secretary, and five program directors. In 1992, FUNCASE also had an occasional team of professionals consisting of three foreign volunteers and seven professionals from different fields. The foundation employs 27 full-time teachers for its various courses. The average gross salary in 1992 was \$200 a month. Staff incentives are both monetary and related to an identification with the foundation's objectives.

Relationship with the Community

The foundation qualifies as a community organization because the local community is consulted about its educational needs and because FUNCASE supports the local community in solving educational and vocational training problems.

The foundation's ties to the community take two forms: first, it responds to direct requests for specialized training; and second, it responds to requests for assistance through local religious organizations (Christian churches). Links with the local or municipal governments are few or nonexistent.

Most program users are children and young adults from poor families. Children in the programs of the open centers and the primary schools are under 15 years of age. The adults in the youth training program are 20 years old and must have completed primary school (eight years of education).

Sources of Financing

As seen in Table 2.12, FUNCASE receives most of its funding from two sources. Fifty-one percent of its resources consist of donations from international philanthropic organizations. The foundation also receives major funding from the sale of its services, which essentially means obtaining state subsidies to finance education and training programs.

Relationship to the Government

FUNCASE is linked to the government primarily by providing social projects financed by the government through contracts awarded through competitive bidding, as in the case of the youth training program. The organization also occasionally offers services with preestablished government prices. In this case, it must simply adhere to the ground rules already established by the state to obtain the subsidy for preschool and basic education. FUNCASE's work is generally noted for its high level of independence from both the government and other types of institutions.

The government imposes direct controls on programs carried out by FUNCASE with public funds, using program monitoring and inspection visits by individuals hired for this purpose.

The government sets specific standards that FUNCASE must meet in order to obtain the public funds. These regulatory guidelines affect the way the foundation operates, the available infrastructure, and technical aspects of the social programs offered. By bidding on public contracts, the foundation competes with other public and private organizations that perform identical functions. Since no single entity is exclusively assigned the function and compliance with the norms governing that activity is the only requirement, FUNCASE's work does not substitute for government action but complements it. This is true fundamentally in the preschool and basic education programs.

These aspects of FUNCASE's involvement in government-financed programs do not preclude a duplication of public efforts in certain localities. This was confirmed in a visit to Puente Alto, which also has resources to assist school children living in poverty through similar programs administered entirely by the government. FUNCASE is not known in the municipality. In other words, local authorities act as if there were no other program in the community but their own.

The Role of Women

Women are not assigned a particular task in this organization and they share in its benefits on a par with men. However, FUNCASE takes gender into account in seeking solutions to an individual's problems. For instance, in the youth training programs, some kinds of activities are requested largely by men and others chiefly by women.

Impact of Youth Training Program

One of FUNCASE's major programs for 1992, the youth training program, was reviewed for its effect on the community. A random survey of beneficiaries was conducted. The results of a survey of one of FUNCASE's major programs in 1992—the Youth Training Program—indicate that the scope of the organization's activities is relatively small—programs are carried out basically at the local level. Relations with the municipality and other agencies in the community are limited; contact with potential beneficiaries takes place in noninstitutional environments.

Clearly, the kinds of courses that FUNCASE offers are consistent with the needs and preferences of the beneficiaries (Table 2.13), the majority of whom (88.7 percent) state that their main reason for choosing a course was their preference for that type of work.

The overall approval rate for course content is high, with the technical knowledge acquired receiving somewhat higher approval than the general knowledge

Table 2.12. FUNCASE Budget, 1992
(U.S. dollars and percentages)

	Amount	Percent
Income		
Sale of services	147,156	48.2
Donations	156,486	51.3
Sale of assets	1,006	0.3
Rents	409	0.1
Total income	305,057	100.0
Expenses		
Salaries	167,781	55.0
Basic services	15,253	5.0
Expenses for children's food	61,011	20.0
Other minor expenses	6,101	2.0
Teaching materials	24,405	8.0
Building maintenance and repair	30,506	10.0
Total expenses	305,057	100.0
Total persons receiving benefits	1,263	
Operating expenses per person	242	
Average monthly salary per person	282	

Source: FUNCASE.

acquired. Forty-four percent of interviewees indicated having received the equipment and study materials necessary for the course work. Likewise, nearly 50 percent of the young adults interviewed were highly satisfied with the technical knowledge acquired.

The survey group had a high opinion of the training course, despite their statements that it bore no relation to their current work. In this regard, the training course helped them find work, shortening the job hunt to 6.6 weeks versus the 12 weeks spent in search of employment by the majority of the young adults before enrolling in the training course.

Low-Income Housing Workshop (TVS)

The Low-Income Housing Workshop began its activities informally in 1981, acquiring formal legal status in 1986. Its main objectives are to conduct research, provide technical assistance in housing and urban development, and help formulate proposals for addressing problems. TVS also provides technical support and training to grassroots organizations in the areas of urban habitat and low-income housing.

Table 2.13. Distribution of Beneficiaries by Reason for Selecting Courses

Reasons	Beneficiaries	Percentage
Like line of work	63	88.7
Family recommendation	1	1.4
Registered because of scholarship	1	1.4
No space in other courses	1	1.4
Unaware of other courses	3	4.2
Other	2	2.9
Total	71	100.0

Source: FUNCASE.

The workshop was initially founded to assist a specific group of squatters. The work consisted largely of upgrading housing conditions, basically by constructing latrines and providing other support services. In 1986, the squatters were uprooted to permanent sites in the communities of La Pintana and San Bernardo. At this point, TVS began to advise them on how to gain access to the state housing programs. However, although TVS was registered as a firm devoted to building low-income housing under the Dwellings in Stages Housing Program—Phase 2, the work it actually does in this area is not only construction but also training beneficiaries and running a participatory construction program. TVS has also conducted programs on Women and Local Development, which translate into training courses in diverse fields, including housing.

The Dwellings in Stages Program—Phase 2 consists of the construction of permanent housing, beginning with latrines. It provides complete dwellings, whereas before it involved only the basic services in solid construction. The cost of this second phase is \$1,745, half of which must be covered by the beneficiary through a loan obtained from the ministry housing service. The other 50 percent of the cost is a direct state subsidy to each beneficiary.

Organization

TVS began as a response to a specific demand. As it evolved, the institution began to acknowledge the need to formalize its status, with the object of facilitating external aid and helping the disadvantaged population gain access to state programs.

TVS is the smallest of the OPCs examined. It hires or subcontracts professionals, foremen, and construction workers to carry out its programs. In the program in question, the OPC hired the program beneficiaries themselves to perform some supervisory tasks, using skilled labor for the actual construction work. Women showed the greatest interest in the supervisory activities. They were also

hired to run the warehouses after being trained. This resulted in much closer monitoring of the works and materials because it was not in the interests of the beneficiaries themselves to sacrifice the quality of their housing to external inefficiencies. This same type of organization has been used in successive construction projects executed by TVS. In any case, the organizational strategy of TVS is very attractive, for it introduces a mediator (in this case the OPC) between the producer of the good or social service and the ultimate beneficiaries. It thus ensures better communication between the two levels and probably greater satisfaction.

Relationship with the Community

Perhaps the greatest justification for TVS, from its own point of view, lies in its use of community participation. This is reflected not only in the mechanisms for consultation with the community traditionally found in such cases, but also in the involvement of the beneficiaries themselves in the management of the project.

While the participatory nature of TVS has not changed much, the organization has changed in terms of the types of programs it offers. In the first phase, its programs were markedly support-oriented; they are now oriented toward social promotion. This change in the kinds of programs offered has resulted in lower coverage.

Evaluation by Beneficiaries

Given beneficiaries' geographic dispersion and limited numbers, a random sample was not used. Instead, a session was held with a focus group of project beneficiaries, using qualitative research techniques.

This group interview yielded a number of observations, the first of which was the striking degree of participants' knowledge about the program, particularly of procedural matters. Residents were fully aware of the steps involved in the legalization of property—information that the social workers themselves did not completely understand. This implies that they were not mere spectators but actively involved in the process.

Second, the beneficiaries' autonomy and understanding of their rights were also significant. For example, when TVS offered to value the materials and construction advances already made as a contribution to the project, the beneficiaries argued at length over the proper value that should be assigned to each of these elements. Residents also demanded that the finishings be of good quality before they would take possession of the works.

The group was asked to state the advantages of doing this project with TVS instead of with an ordinary building company, the idea being to identify the costs and benefits of a "TVS project" versus a situation without a project of

this type.¹⁴ After some discussion, the group arrived at the conclusions following:

- **Choice**—TVS offered participants four different models to choose from, which gave beneficiaries the opportunity to select the house most suited to their needs.
- **Assigning a value to individual contributions**—The workshop counted the construction advances that each family had made beforehand as a contribution. This resulted in a better house because the resources liberated by these advances were spent by TVS on building improvements requested by the beneficiary—usually better finishings.
- **Quality control**—Because the beneficiaries were part of the project, they felt free to complain about any phase of the project or individual work that was shoddy.
- **Personal development**—Beyond mere construction, the most recognized benefit was the contribution of TVS to the personal development of the participants.

The most significant negative aspect of TVS projects was the failure to meet deadlines. Compliance with deadlines was lax compared with that of private builders, which caused resentment among the beneficiaries. However, on balance, opinion regarding the work with TVS was very favorable; beneficiaries expressed widespread satisfaction with the achievements.

Funding Sources

Table 2.14 presents the main sources of funding for the Low-Income Housing Workshop. The most striking element is the high proportion of state funds, channeled through the Dwellings in Stages Program; this in itself demonstrates that TVS is a private provider of public services because its ability to execute projects is closely linked to its supply of state funding—that is, the sale of services to the state. To the 70 percent of state housing funds can be added the resources from FOSIS projects, which in this case represent a rather small percentage of the total.¹⁵

International cooperation accounts for one-third of the total resources administered by the organization. The proportion of cooperation funds in the total TVS budget has fallen in recent years, with financing from government programs becoming increasingly important.

¹⁴ Not all of these benefits are possible when an ordinary building company is contracted.

¹⁵ The total amount of resources administered by TVS in 1992 was \$320,000.

Table 2.14. TVS: Financing Sources, 1992
(Percentages)

Progressive Housing Programs	70.0
International cooperation	28.5
FOSIS (in collaboration with CIDE)	1.5
Total	100.0

Source: TVS.

The total cost of the housing solution described above corresponds to cost estimates of state financing. However, in this case, the total cost of the housing is higher because, on average, each beneficiary makes a contribution to the finishings equivalent to \$400. Moreover, a variety of activities related to participation and information dissemination is not covered in the estimates that TVS therefore absorbs.

Relationship with the Government

The government's objectives in inviting OPCs to participate in a pilot construction program under Dwellings in Stages Program—Phase 2, were basically two-fold. First, there was a need to shore up the program because the private sector (construction companies) had not demonstrated much interest in bidding on its works. The main reason for this is the geographical dispersion of the beneficiaries, which increases construction costs. Potential demand is rather large: more than 80,000 sanitary units have been built, which, for these purposes, constitute the first phase in the Dwellings in Stages Program. Second, the government's motives are linked with the political objective of responding to the OPCs' work in the housing sector and offering them some alternatives, in light of the recent cutbacks in their sources of external financing.

The invitation to the OPCs was closed; a high rate of acceptance was therefore anticipated. However, some OPCs declined to participate and others withdrew midstream. TVS had to go through the same red tape with the ministry as well as with the construction companies, which excessively boosted the cost of the project. The three main problems were the following:¹⁶

- Registration as contractors—Like any construction company, the OPCs were required to register as contractors of the Ministry of Housing (MINVU). In some cases, this meant modifying the internal norms of the OPC; in others, it was simply a matter of formalizing their legal status.

¹⁶ Not mentioned here are the problems related to the ministry's technical supervision of the construction itself.

- **Guarantees**—To transfer resources, MINVU by law requires backing for the funds it releases to ensure completion of the works. OPCs must therefore obtain a guarantee from a commercial bank, so that in the event that they fail to complete the projects, the ministry can use this instrument. As a rule, traditional construction companies are not required to do this, for they have their own resources for building and repaying all monies owed on completion of the work. In the case of TVS, the financial cost per dwelling was \$90—almost 5 percent of its total cost, which was absorbed by the OPC itself.
- **Excessive red tape for legalizing ownership and municipal certification of the work**—The experience of the OPCs was concentrated basically in improving housing and constructing waste-removal systems, which involved virtually no legal steps. Therefore, the impact of red tape on the final cost was generally not evaluated.

In conclusion, the ministry is clearly aware that OPCs are not in a position to operate under the same norms as profit-making construction companies. However, the degree of regulation in the public apparatus is so high that, for the present, there is little likelihood of streamlining current norms despite the interest in doing so within the ministry.¹⁷ Furthermore, it is feared that the private companies will continue to show no interest in this type of program.

TVS, however, has little desire to continue a relationship with the ministry because it clearly felt that the organization is subsidizing the ministry's work, for not only is the cost of the housing solution higher than the official estimates would indicate, but access to these resources implies positively prohibitive additional costs for TVS.

The Role of Women

Women play a dominant role in TVS programs. Some 67 percent of program beneficiaries are women, and women are also heavily involved in program activities.

Moreover, TVS shows concern for women's rights, which is not widespread, by having the dwellings legally registered in the women's names.

¹⁷ Interview by the author in 1992 with the director of the Dwellings in Stages pilot program in the Regional Ministerial Secretariat of Housing, Santiago, Chile.

Comparison with a Government Institution

It is impossible to compare the work of TVS with that of a state agency in the same field because there are no state institutions responsible for executing housing projects. Executing the program through OPCs must be compared with executing it strictly through private concerns. It is interesting that the ministry officials consulted mentioned the same costs and benefits for each alternative that the beneficiaries had mentioned, adding only the extra cost to the beneficiary of the savings in materials often realized by construction companies to the detriment of the quality of the work. It should be noted that the benefits listed entail a very low economic cost from the social standpoint because they are related to the mode of delivery of a good and not necessarily to the production of an additional good. For example, offering four different model dwellings did not increase their unit cost much.¹⁸

National and International Finances for Women (FINAM)

An affiliate of Women's World Banking, FINAM is a nonprofit corporation founded as a legally recognized institution on January 31, 1989.

The basic objective of this institution is to incorporate women into the world of production and work, enabling them to achieve greater personal development and thus contribute to the development of their families and society as a whole.

FINAM programs and activities in 1992 include:

- **Small Business Credit Program**—Serves women with low incomes, granting them credit ranging from \$132 to \$2,632. These are loans with terms of less than one year (six months on average) and at market interest rates. During the year, the program handled \$485,000 in loans, involving 1,287 transactions.
- **Training Division**—Oriented toward training in business management, principally for credit recipients of the small business division.
- **Institutional Projects Program**—Carries out specific projects that seek business financing alternatives with banking, financial, public, and other institutions.
- **Events and Public Relations Program**—Organizes events and seminars, in addition to offering services and contacts to members of the FINAM Club and the public at large, FINAM'S customary credit clients. The purpose is to maintain an effective network of businesswomen at both the high- and low-income ends of the spectrum.

¹⁸ Clearly, offering a higher number of alternatives would lead to very great diversity that would affect production costs.

Organization

FINAM responds to the needs of women entrepreneurs with small businesses, providing financing through credit and training in applying for credit. Its activities are oriented basically toward approving the credit applications of women who are ineligible for credit from the formal banking and financial system.

FINAM's professional level is very high; nine of its 14 employees are university graduates with professional degrees. They manage the institution's portfolio of debtors very efficiently. In addition to the regular staff, FINAM has three individuals who work on specific projects. Staff incentives are basically monetary, although interest in the institution's objectives is also promoted.

Project supervision is carried out through a periodic review of program outcomes. Programming is year-by-year, although some goals have a somewhat longer timetable.

Relationship with the Community

FINAM is truly a community organization, for it welcomes, motivates, and supports women who operate small businesses in the search for solutions to their financing needs and financial management problems. Contact with microenterprises served by FINAM begins when proposals and requests are made to the institution. The organization also seeks out beneficiaries in the market and offers the recipients needed support. Television, radio, and newspaper campaigns are used in marketing.

Cost of Financial Services

FINAM charges women entrepreneurs market rates for its services, as do other institutions of this type. The advantages for these women of working with FINAM are its shorter processing time for the loan and lower guarantee requirements. These give access to the credit market to people of limited means who otherwise would normally be rejected by the banking system.

Entrepreneurs served by FINAM are not eligible for credit in the banking system. It is therefore interesting to observe how those who pay off the first loan establish a credit history that will enable them to obtain larger loans, backed by their history as a client and by the capital that their productive activity generates.

FINAM also participates in credit operations with the banking system, using government funds provided through FOSIS. Here, FINAM receives the government subsidy granted to institutions that perform and present the financial analysis of the small business credit application to ensure that the banking system will grant the credit.

The financial services provided directly by FINAM are paid for by the users at market rates. This is not true of its other activities, such as training, which is

financed through scholarships granted by a foundation, and the financial services provided through the banking system, which are financed with a state subsidy.

Evaluation by Beneficiaries

A random survey was made of a representative sample of women who obtained loans during the months of May and June 1992. The sample size is 42, making it possible to obtain, with a five percent margin of error, information on the universe of women who received loans.

The survey results indicate good client targeting by FINAM. These are women with low incomes and an incomplete secondary education—small entrepreneurs with 12 years of experience on average. Over 90 percent of these women are currently married or have been married at one point; 95.2 percent have children; 57.1 percent are heads of household; 33.3 percent claim to be just housewives. This background confirms the hypothesis of women's dual role in society.

In 61.9 percent of the cases interviewed, the small business operates out of the woman's home or at a locale adjacent to it; in 33.3 percent, it operates at a commercial site; and in 4.8 percent in a noncommercial neighborhood locale. This confirms the relationship between domestic activity and productive activity that the women must constantly juggle. It would appear that small business combined with family responsibilities represents a good option for these women.

The survey information also confirms another hypothesis about FINAM, which is that small businesses are marginal to the financial system. Only one of the women interviewed has credit in the financial system, 52.4 percent have perhaps a single connection with the banking system through a fixed-term savings account, 4.8 percent have a checking account, and 38.1 percent have no connection whatsoever with the banking system.

FINAM's credit program has a fairly high approval rating. One hundred percent of the women interviewed indicated that the loans received are useful for their businesses. This is confirmed by the fact that 76.2 percent of them are willing to apply for another FINAM loan, 57 percent would not change the type of credit obtained, and those who would change wanted a larger sum of money and a longer term for repayment (30 percent).

The greater well-being among the women surveyed is also reflected in a high degree of optimism about the future of their businesses. Ninety-five percent expect their businesses to grow during the next two years.

Funding Sources

FINAM's balance sheet for 1992 (Table 2.15), indicates total income of \$179,308 for the institution that year. The largest item of expenditure was staff remunerations, amounting to \$126,132, or 70.3 percent of total income.

Some 40.9 percent of expenditures were financed by income obtained from the sale of FINAM services and 59.1 percent from operational income from donations from the Inter-American Development Bank (IDB) and private citizens (29 percent), capital and reserve losses (27 percent), and financial income from time deposits (3.1 percent).

By 1993, FINAM expects that 65 percent of its expenditures will be financed through its operations (the value of the small business program). It will have to seek additional financing for the other 35 percent. By the end of 1994, this organization expects to be self-financing.

Capital losses in 1992 represent a budgetary maladjustment that FINAM expects to eliminate next year with a higher level of operations. This is likely, given the institution's growth in 1992, which more than doubled the figure for 1991 operations.

Relationship with the Government

There is no formal cooperation with the government. FINAM's relationship with the government is through projects financed by the state through FOSIS as a subsidy to institutions that provide assistance to women when they apply to the banking system for credit to finance their small businesses. FINAM also participates informally in information exchange in its specific area of interest with both the government and other similar private institutions.

FINAM is especially interested in participating in government programs targeted toward small business because they constitute a major source of financing for this activity. The women who run these enterprises are not in a position to pay the entire cost of the financial services charged by the banking system. Furthermore, the amount of direct credit that FINAM is able to grant, which derives basically from international financial cooperation, is small. As these contributions dry up, the government represents the only alternative. FINAM does not believe that participating in arrangements with the government means a loss of institutional autonomy as long as these arrangements are governed by explicit norms for cooperation that recognize the rights and responsibilities of each party.

At the moment, technical cooperation with the government takes place chiefly through the market and in relation to the banking system, providing advice to the small business projects that present themselves.

The Role of Women

The sole priority of FINAM is to promote the development of women and their families through entrepreneurial activity—particularly small businesses.

This OPC is clearly convinced that the current market economy discriminates against women. Part of the explanation lies in women's role as mothers,

Table 2.15. FINAM Budget, 1992
(U. S. dollars and percentages)

	Amount	Percent
Income		
Sale of services	73,274	40.9
Donations	52,044	29.0
Financial income	5,509	3.1
Loss of capital and reserves	48,481	27.0
Total income	179,308	100.0
Expenses		
Wages	126,132	70.3
Basic services	6,489	3.6
Miscellaneous operating expenses	19,399	10.8
Office supplies	6,770	3.8
Office maintenance and upkeep	6,449	3.6
Contingency fund and write-offs	14,069	7.9
Total expenses	179,308	100.0
Total benefits per person	1,287	
Operational expenses per person	139	
Average monthly wage per person	552	

Source: FINAM.

wives, and housewives in society. Because these activities are not directly remunerated and reduce the likelihood of finding paid employment in the market, women find themselves at a significant income disadvantage compared to men. Moreover, women suffer wage discrimination and unequal treatment in hiring and other aspects of the market.

Taking all this into account, FINAM works on behalf of women, making them the beneficiaries of credit programs geared specifically to them. It is helping to correct an existing distortion in the allocation of market resources and thus helping to increase the economic welfare of society as a whole.

Conclusions and Proposals

The objectives of all the OPCs described in this chapter include community participation and social promotion. Obviously, how these objectives are fulfilled may vary considerably from organization to organization. Thus, the relevant factor that distinguishes an OPC from an NGO would not necessarily be the promotion of community participation, but rather, the form it takes and the degree involved.

The majority of the OPCs in Chile have formal legal status. Only 8 percent of the 359 OPCs reviewed are not legally constituted. The legal status most frequently encountered is the foundation or corporation because of the greater facility that these forms of incorporation represent for obtaining domestic and international funds.

The information compiled in this work indicates that the dichotomy between the different concepts of the role of OPCs is still alive. The government basically views these organizations as private providers of public services. The majority of OPCs, in contrast, continue to see themselves as “alternatives”—that is, responding to their own development goals, which do not necessarily coincide with those of the state. This being the case, the most immediate problem that OPCs must resolve is obtaining the financing to carry out their own objectives. It is also notable, however, that despite the proliferation of Chile’s OPCs and their community involvement, their work has been limited in several high priority development areas, such as children at risk and the environment.

Case Studies

The case studies generally reveal a large number of professionals among the employees of these organizations, with figures somewhat higher than in their public sector counterparts. The essential characteristic of OPCs is their basically technical nature, specializing in one key area.

The surveys show a favorable opinion of the OPCs on the part of beneficiaries. Higher levels of preference for the services of these organizations were recorded than for those of the public sector in the cases that could be compared.

The main sources of funding for the OPCs are state financing through contract awards for the sale of services and donations provided by international cooperation. Financial self-sufficiency would be possible only for FINAM in the medium term because it is the only institution that sells its services to beneficiaries. The other OPCs are dependent on contract awards from the state or financing from external cooperation. Since the services delivered are targeted toward persons of limited means, cost recovery is not feasible. Were it attempted, the OPCs would probably have to halt services to this segment of the population. OPCs are therefore dependent on the state.

The case studies indicate that OPCs basically interact with the state in two ways. On the one hand, they serve as a substitute for the public sector in carrying out initiatives and projects; here, the state is clearly limited when it comes to the identification, formulation, and implementation of social projects at the local level. On the other hand, OPCs complement the state in carrying out social projects when public institutions have discovered some shortcoming or have received project proposals from OPCs or grassroots organizations and provide the resources to execute such initiatives through these intermediaries.

Major bureaucratic bottlenecks and red tape have raised doubts about the appropriateness of this substitution. In three of the cases, state financing does not cover the cost of the goods and services provided by the OPCs, who end up financing part of these additional costs themselves. This state of affairs has led OPCs to argue that they are in effect subsidizing state services.

The case studies found that women play an active role in OPCs. This is true not only in the professional sphere, in which women hold a significant share of directorships, but among the beneficiaries. Women generally serve as an access channel or intermediary between the OPC and their families. Nevertheless, the high participation of women in social programs is not limited to OPCs, but is generally applicable to the state programs as well.

In the description of the overall OPC system, some agencies for the global coordination of these institutions were mentioned. Such agencies are basically mechanisms for organization, information dissemination, and exerting influence in the sector.

Little interaction was found among OPCs at the local level, however, despite sporadic efforts to form information and cooperation networks. In practical terms, channels for feedback from the beneficiaries or coordination between programs has simply not materialized. In other words, competition rather than coordination prevails among OPCs at the local level. The competition is not only for obtaining sources of financing but also for attracting the largest number of beneficiaries or “clients” to the OPC; when a new demand for services surfaces, the OPC attempts to keep its clients by creating a new program instead of transferring them to another local OPC. This *modus operandi* is not socially efficient. OPCs are attempting to maximize their income by gaining access to fresh resources for new projects under circumstances in which it would probably be more efficient to transfer their clients to other OPCs that have projects in the required areas.

OPC activities help to reduce a number of market distortions in areas in which the traditional private sector shows no interest. For example, the banking system provides increasing returns to scale—that is, because of the costs of administering debt portfolios, it is more profitable to concentrate on a few large debtors. Competition leads banks to concentrate on large loans. Something similar happens in housing, in which it is manifestly more profitable to focus on large housing projects than on small, isolated ones.

The greatest social benefits of OPC programs lie in their decentralized delivery of social services and their specialization in the products offered. The benefits include:

- **Participation**—Beneficiaries become active in their own personal development through direct participation in a program, internalizing the value of collective and individual effort to pull themselves out of poverty.

- **Decentralization**—Participation makes sense where there is decision-making capacity to put community decisions into action. This way, there is a genuine adaptation of programs to local demands.
- **Localization**—The physical proximity of OPCs to the beneficiaries translates into a significant reduction in the transaction costs involved in accessing the benefits of the programs offered.
- **Comprehensive Approach**—The case studies also showed that at least three out of four of the OPCs analyzed were making efforts to respond to poverty on all fronts. Beyond sectoral specialization, OPCs showed an interest in addressing all the needs of the disadvantaged population.
- **Quality**—In the four OPCs studied, the beneficiaries felt that community organizations provided quality services.
- **Specialization**—Despite the comprehensive solutions offered by the OPCs, there was a strong tendency for the organizations to specialize in their individual areas, in contrast to public programs at the local level.

OPC programs have passed the market test, although admittedly at the local level. Because of their modus operandi, OPCs must be much more attentive to the demands of their beneficiaries than the centralized social programs offered by the state.

However, one of the most important social costs or constraints in the OPC system is its lack of homogeneity. As is logical to expect, greater decentralization runs directly counter to the homogeneity of the solutions offered by these agencies. OPC programs are therefore more difficult to replicate.

This same difficulty implies a limited capacity to evaluate OPC outcomes globally. Despite the presence of similar programs, OPC activities unfold in different contexts and take different forms, which hinders an adequate comparison. This affects how the state views OPCs; the state sees diversity and thus offers financing that is largely earmarked for specific projects as a way to avoid uncertainty.

Proposals

Use OPCs to Complement the State

OPCs cannot be understood simply as a substitute for state action or as a privatization of the public production of social services. OPCs provide most of the benefits described above, which are generally not available through state agencies or profit-making private enterprises. The state should therefore acknowledge and stimulate the production of these benefits, assigning a value to them as a counterpart contribution. Similarly, it should encourage financial contributions from the OPCs themselves in programs initially financed by the state. This way,

the resources potentially available for social development are used most efficiently. The public sector must come to understand the technical and specialized role of OPCs in social policy action and analysis.

Reinforce the Complementary Relationship between OPCs and the State

Cooperation between OPCs and the state in carrying out social projects should be encouraged. This means that the state should concentrate on ensuring compliance with the objectives of the social projects executed by OPCs and not hinder their participation with bureaucratic red tape.

Stimulate Private Participation in the Financing of Social Projects

The study revealed that one of the main problems confronting social policy in the market system is financing. Political action should therefore be taken to create new sources of financing. Chile already has regulations allowing taxpayers in the first category to apply up to 50 percent of donations to universities and cultural institutions against their taxes, subject to certain stipulations and conditions. Extending these benefits to OPCs has been proposed. This would mean additional resources for social development because the net contribution would be greater than the taxes eventually not paid but allocated instead toward social ends.

As previously mentioned, one of the limitations of OPCs is the inability to replicate their programs. The nature and context of the most successful programs should be investigated to enable them to be replicated. This has been done for small business, but similar studies for other areas of activity are needed.

Promoting OPC Cooperation and Coordination

Since the needs of disadvantaged communities are multidimensional, an effort should be made to discourage each OPC from trying to solve all problems in all dimensions, thus losing the benefit of specialization. Coordinating agencies should therefore be established for these activities at the local level. The municipality, as the promoter of local development, should assume this responsibility.

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APPENDIX

**CENSUS OF CHILEAN OPCs
CLASSIFICATION CATEGORIES****Type of OPC**

- Traditional OPCs (and cooperatives)
- Corporate philanthropy—family funds
- Professional and political
- Social welfare and religious

Area of Activity

- Research: Institutions devoted to the study and analysis of a particular area, in both theoretical and practical terms.
Examples: CIEPLAN, CEP.
- Information dissemination, promotion, and extension: Institutions devoted to disseminating their knowledge of specific areas through print or audiovisual media.
Example: ECO.
- Training: Institutions that transfer knowledge in specific subject areas through formal courses.
Example: INFOCAP.
- Project execution in the field: Institutions whose main activity is launching or executing projects and programs.
Examples: Fundación Kast, Fundación Missio.
- Financing: Institutions that finance others for projects, programs, or research.
Example: Andes Foundation.
- Institutions that lend money to individuals or enterprises, principally small businesses.
Example: Cooperativa Liberación, FINAM.

Sectoral Category

- Education: Education at all levels, from preschool to university.
- Health: Health care at all levels, from primary to tertiary care, including special areas (example: child burn victims).

- **Housing and urban development:** Includes the analysis of housing and urban policy and programs to construct housing of all types.
- **Work, employment:** Institutions devoted to the subject of employment and working conditions.
- **Small business:** Institutions that support the creation of and grant credit to small businesses.
- **Rural development, fishing:** Includes the training and organization of campesinos. Support for agricultural production. Development of small-scale fishing.
- **Security:** Institutions or groups of individuals that meet to consolidate or protect their own security.
- **Children in irregular situations:** Basically, institutions that administer children's shelters.
- **Legal aid:** Legal aid to individuals.
- **Art, culture, and communications:** Institutions that promote the arts. Institutions that promote communications.
- **Environment:** Institutions devoted to environmental preservation and protection.
- **Social welfare and development:** Institutions devoted to comprehensive social development. Institutions that promote social welfare activities through the provision of medicine, clothing, or food.
- **Economic development:** Primarily, institutions devoted to research in topics related to economic development.
- **Scientific and technological development:** Promotion of science and technology. Generally includes institutions that promote suitable technologies.
- **Local development, social promotion, and civic action:** Includes institutions that conduct organizational activities that promote local institutions, such as neighborhood groups, committees, and clubs. Also includes the training of neighborhood leaders. Institutions that foment civic action and a knowledge of citizens' rights.
- **Spiritual, religious:** Principally, institutions affiliated with churches whose purpose is to propagate a particular faith.
- **Women's development:** Institutions that promote the integral development of women. Includes psychological aspects, defense of women's rights, communication, and employment.
- **Human rights:** Institutions devoted to promoting human rights and aiding victims of human rights abuses.
- **Disabled:** Institutions that carry out activities with the mentally or physically disabled.
- **Social welfare and development, using volunteers.**

Legal Status

- Foundation
- Corporation
- Religious corporation
- Professional company
- Limited company
- Partnership
- International organization
- Stock company
- Unique
- Others

Geographic Coverage

- Local
- Municipal
- Regional
- National
- International

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CHAPTER THREE

COMMUNITY ORGANIZATIONS COMPLEMENT STATE AID IN COSTA RICA

Manuel Argüello¹

In the Central America of recent years, community organizations in all their diversity have blossomed. The constraints that for one reason or another have hindered state action have created a vacuum that has been progressively filled by countless organizations. Nevertheless, the multiple role of the state and its institutions has not been fully assumed by other organizations, and there is still a wide range of activities in which initiatives by nongovernmental organizations could be introduced.

Despite the vastly different geopolitical events that took place in the various parts of Central America over the past decade, one thing the countries had in common was the proliferation of organizations grounded in local community action—organizations that sought to promote an intervention model that would address collective demands without involving direct state control or absolute dependence on the state. These organizations vary widely in their origins, evolution, and capacity for action. Similarly, their management cuts across the entire professional and political spectrum. Their actual intentions, however, are not al-

¹ The research was conducted by ADD (Alternatives for Development), using a team composed of several guest researchers and a coordinator from ADD. The study on the Union of Small Farmers of the Atlantic (UPAGRA) was done by Alvaro Fernández González, with Ana Felicia Torres Redondo as his assistant and the collaboration of Carlos Quirós Ramírez and Ricardo Quirós Zúñiga. The cases in the area of health, the Regional Association for Community Health and Vivamos Mejor (ARSC and VM, respectively) were prepared by María Cecilia Fernández S., with the assistance of Xinia Gómez. The entire research effort was coordinated by Manuel Argüello Rodríguez, who, moreover, is responsible for the case studies on the Foundation for the Promotion of Housing (FUPROVI) and the Association for the Conservation and Development of the Escazú Mountain/Region (CODECE). Mayela Valverde and María Esther Mejía served as assistants for the FUPROVI study, and Patricia Mauricio for the CODECE study.

ways reflected in their day-to-day activities, particularly with respect to the degree of participation and the relative control granted to community groups or the residents themselves.

In the particular case of Costa Rica, structural adjustment, administrative decentralization, privatization, and labor mobility have served as the recent backdrop for the emergence of these new forms of private organization, which combine professional with community action. The new modifications in state policy were superimposed on the processes of regionalization and sectoralization of state activity promoted since the early 1980s.

The new programs of private organizations joined these processes, leading to diverse types of relationships and interdependence with state institutions in the realization of specific tasks that have often served as complements to public initiatives. However, the development of new mechanisms for cooperation between private and state programs does not always result in clear successes that lead to their replication. Criticism of some of these mechanisms has permitted obstacles to be overcome and improved the coordination between nongovernmental organizations and the community or its grassroots organizations.

In the early 1990s, the names of hundreds of nongovernmental organizations could be found in the public registries or on lists prepared by specialized institutions or agencies. Among these NGOs are dozens that boast close ties to grassroots communities or whose sole purpose is to promote community action and fulfill unsatisfied demand.

In the main areas of traditional social policy, health and housing have been subject to major constraints. Yet, these sectors have had long experience in addressing collective needs with widespread and growing community participation. More recently, agricultural and urban projects targeted toward sustained development and environmental recovery have been evolving toward more complex forms of intervention that involve neighborhood participation, exerting a widespread influence. Programs for investment, training, and the development of the country's own resources, together with the use of public and private external funding are beginning to have a positive impact on the quality of life, sustained production, and protection of the family and community environment.

OPCs Studied

The analysis includes community health, sustainable agricultural development, low-income housing, and environmental development. The organizations selected for each area cover a wide range of activities and a major part of the country since they not only include zones within the San José metropolitan area (the capital), but an extended area located in what is known as the greater metropolitan area, which includes mountainous regions on the outskirts of the Central Valley.

Since the Union of Small Agricultural Producers of the Atlantic Coast (UPAGRA) is a part of this study, the geographical coverage of the research extends to several locations on the Caribbean coast of Costa Rica, to sites like Sarapiquí (northern Heredia Province), Tortuguero (northern Limón Province), Guácimo, and Guápiles—areas of greater influence and where the main centers are located (eastern Puerto Limón)—and to Sixoala (southern Limón Province).

Two examples have been chosen for community health. The first is the Let's Live Better Association (Vivamos Mejor, VM), whose immediate area of influence is the eastern part of the San José metropolitan area in a slum that grew out of squatter settlements that have gradually been legalized. The second is the Regional Association for Community Health (ARSC), whose sphere of influence is the far western end of the greater metropolitan area, especially agricultural areas with little urban development.

The Foundation for the Promotion of Housing (FUPROVI), the fourth case study, has carried out several projects at different sites in the San José greater metropolitan area; it thus includes several cantons of Costa Rica's Central Valley. FUPROVI has also implemented projects in Puerto Limón in the Atlantic zone.

The fifth case study is the Association for the Conservation and Development of the Escazú Mountain Region (CODECE). CODECE has its administrative headquarters in the south of San José, in San Antonio de Escazú, its most immediate area of attention. However, it has also pursued activities in a more extensive area on the southeastern limits of the San José metropolitan area and in the mountainous zone. It has also worked with groups in the agricultural area located in the southern part of the mountains.

The five case studies thus deal with organizations that have contributed in a variety of ways to improving the quality of life of their target populations and have opened up new areas of nongovernmental intervention in collaboration with—or as substitutes for—traditional state action. Nevertheless, while they represent a broad sample of activities, numerous other organizations have surfaced in recent years, with ever-more complex relationships (among themselves, with international agencies, and with the national government), and with various forms of local activity. The current spectrum of community organizations is constantly expanding, not only in terms of quantity and quality but in the depth of the activities and the amount of financial resources that the organizations control.

Organizational Context

There is no single inventory of nongovernmental organizations in Costa Rica, much less an equivalent list of community organizations, as this investigation defines them. Nevertheless, there are partial lists of assorted types of organizations in different fields and scattered information in the private files of individual

organizations; these have made it possible to pull together a summary of the context of the organizations that work in fields relatively similar to those of the case studies.

The comprehensive development associations (ADI), governed by specific legislation since the 1960s, provide the overall context for community participation in Costa Rica. Since 1967, the National Community Development Office (DINADECO) has been the state agency responsible for promoting and supervising the creation of community organizations. Within a few years of its founding, hundreds of comprehensive development associations, specific associations (ADE), and community development committees (CDC) were registered. The creation of these associations did not lead to new demands on the state but, instead, to community action in which local residents contributed resources and labor. Furthermore, bureaucratic procedures and controls were established for communities by "promoters" who worked as salaried employees of the responsible institution. In time, some cantonal unions and regional and national federations of development associations materialized. The first 10 years of activity were essentially devoted to small projects for the construction and repair of community infrastructure and facilities and, on rare occasions, housing. The basic purpose of these projects turned out to be political, for they channeled "specific allocations" obtained by local representatives from the national budget and assigned them to a given ADI, ADE, or CDC for a specific project. The channeling of resources through specific allocations, permanent budget allocations, and the activities of the organizations' "promoters" not only led to control of the organizations by the executive but created a permanent structure for upward mobility, both economic and social. By the late 1970s, DINADECO had about 300 employees, and the organizations registered numbered over 700, with roughly 95,000 members (Mora Agüero, 1989).²

The urban development program of 1977 was placed under DINADECO; its purpose was to coordinate interinstitutional action and prepare the communities that were to participate in the construction of their own housing and in the organization of community enterprises financed by the Interagency Institute for Social Welfare (IMAS). The association registry continued to grow, even though many organizations consisted of no more than two or three individuals who called a small meeting every two years to elect the governing board. Official figures indicate that by the end of the 1978-82 administration in Costa Rica, there were

² "From 1971 to 1975, the associations received C22.2 million in special allocations, approximately C12 million in credits through the insurance fund and C11.4 million through the income tax. Community organizations invested these monies almost entirely in infrastructure and services that are traditionally the province of local government or state institutions. Some 75 percent of the specific allocations were invested in infrastructure of this type (...) Just 1 percent was invested in low-income housing, 3.2 percent in water and sewerage pipes, and 4.1 percent in electricity." (Mora Agüero, 1989).

918 ADIs, 110 ADEs, and over 3,000 CDCs. Moreover, 30 canton- or zone-wide unions had been formed, as well as one federation. Total membership in these organizations numbered over 200,000. By late 1982, DINADECO's figures indicated that in San José alone there were 203 ADIs, 44 ADEs, and 4 cantonal unions; in 1987, DINADECO's records showed over 6,000 grassroots organizations with more than 300,000 members throughout the country. This trend has persisted, but has slowed since the change in administration in 1990, when DINADECO cut back on its activities and new forms of community organization made their appearance.

In the area of public housing specifically, dozens of new organizations known as housing committees, many of them legally registered as ADEs and many others as nonprofit associations, appeared in the 1980s and opened up contacts with NGOs. In this same field, another type of organization that emerged was the cooperative, and, indeed, today there are 110 cooperatives that operate community housing programs based on self-financing and funding from the Banco Hipotecario de la Vivienda (BANHVI, Housing Mortgage Bank). Some of these cooperatives, such as Vivienda Coop, have attained a national scale, and their programs cannot easily be distinguished from those of foundations, or they work directly with NGOs registered as foundations, such as Cooperative Housing. These and others, like the Canadian-Costa Rican Foundation for Rural Housing, use funding from external agencies or donations from foreign governments.

In community health, 11 regional or national organizations have been identified; these are legally registered as associations or foundations, with training programs or programs for direct intervention through health and nutrition projects.

The information taken from directories of organizations is not an exhaustive inventory, but it does reveal some trends. For the environment and related areas, a total of 89 organizations can be found in the Environmental Directory-1992 (*Directorio Ambientalista*), prepared by the Costa Rican Federation for the Preservation of the Environment. This is a clear indication of how relevant this topic has become in recent years. However, the scope of action of these organizations varies, since they have an impact on highly diverse areas, emphasizing their environmental dimension without, however, confining themselves to this area. The tables below show the types of legal status, the objectives, and membership figures for the organizations found in this directory.

Table 3.1 indicates that the preferred legal status is the nonprofit association (Law 218, Legislative Assembly). At the same time, however, a significant number of organizations have chosen a different legal status to facilitate their activities (especially obtaining financial support).

This search for flexibility is also apparent in the sources of financing (Table 3.2), in which the importance of private domestic financing is evident. The number of organizations receiving 100 percent of their funding from this source is four times higher than that of those receiving only public resources. Neverthe-

Table 3.1. NGOs by Legal Status

Type of NGO	Number
Association	39
Foundation	16
Corporation	2
Others	32

Source: Directorio Ambientalista, 1992.

Table 3.2. NGOs by Source of Funds

NGOs	Number
National private	16
National public	4
Foreign	36
Others	33

Source: Directorio Ambientalista, 1992.

less, it is clear that the main funding source is external in origin and is the principal component of the financial resources of the organizations that fall under the heading "other."

Despite the fact that many of these organizations receive financing from external and other sources, the main problem reported continues to be a lack of funding, as the case studies indicate (Table 3.3). Relatively few organizations refer to a lack of government support. Although reported far less often than the lack of resources, the acknowledgement of organizational deficiencies as the main problem by some of these organizations is significant.

Table 3.4 reveals that the main activities of these organizations are education and direct action to protect the environment—activities that normally require large volumes of financing. Although there are fewer organizations that invest in physical infrastructure, which also demands considerable financial support, their number is significant. Approximately one-half of the organizations that supplied information provide activities largely in the areas of education and research, and the other half in investment and environmental protection. This latter aspect is highly significant: the recent, almost uncontrolled investment in tourism, coupled with almost equally uncontrolled urban residential growth in areas on the metropolitan periphery is leading to the destruction of legally protected zones. The state has little possibility of intervening directly with preventive investments or investments to reclaim the areas.

Table 3.3. NGOs by Major Problems

NGOs	Number
Lack of funds	48
Lack of personnel	19
Lack of government support	10
Organizational deficiencies	11

Source: Directorio Ambientalista, 1992.

Table 3.4. NGOs by Primary Focus

NGOs	Number
Education	50
Research	22
Project investment	21
Environmental protection	54

Source: Directorio Ambientalista, 1992.

Table 3.5. OPCs by Purpose

Type of OPC	Number
Environment and sustainable development	8
Training and organization of small and medium-size farming operations	6
Research and financing to increase productivity (including small farming operations)	4
Rural women and families	2
Other needs and age groups (children, young people, tourism)	3
Agricultural production and marketing (grassroots organizations, cooperatives, associations, and informal groups)	197
Total	220

Sources: INFOCOOP inventories (1991), Arias Foundation (1992), and ACCESO Foundation (1992).

Three summary tables have been prepared for organizations that provide services to small farming, forestry, and livestock operations and support sustainable development. The tables are based on the complete list of cooperatives in the country (INFOCOOP, 1991) and partial lists of associations of small producers provided by the Ministry of Agriculture and Livestock (MAG, 1993). The remainder of the information comes from an inventory prepared by the Philanthropy Center of the Arias Foundation for Peace and Human Progress (1992) and another by the ACCESO Foundation (1992).

Table 3.6. Classification of OPCs by Membership

Organizations	Number
OPCs with professional and technical members	23
OPCs with members who are users of the services	197
Total	220

Sources: INFOCOOP inventories (1991), Arias Foundation (1992), and ACCESO Foundation (1992).

Table 3.5 shows the preponderance of activities directly linked with production and marketing—activities that have an immediate impact on the quality of life through their effect on the target population's entry into the labor market and, hence, its income. The growing importance of OPCs that work in nontraditional areas—especially training, education, health, and particularly projects connected with the lower-income population in rural zones—should be noted.

Table 3.6 shows the ample number of OPCs made up of the users of the services, as in the case of UPAGRA. This suggests a significant change from organizations that were once devoted to self-help, such as defending rights or demanding benefits from the government, to institutions that draw up productive proposals or integrate producers into new types of organizations.

Furthermore, the information available indicates that since the 1980s, the number of organizations founded by professionals and technical experts (19 since 1982, in contrast to a single organization before that date) has grown—a new feature in the panorama of the country's social organization.

Although not exhaustive and restricted to the themes related to the case studies, the information summarized shows the wide-ranging development of NGOs, with their tendency to emphasize nontraditional productive sectors. Given the size of the country's population, the total number of organizations found in Costa Rica could be considered high, even without taking the comprehensive associations into account. Even with the partial and rather dissimilar information used, there is clearly a significant financial flow toward these hundreds of organizations, even from domestic savings. This, however, does not keep the NGOs from considering their main problem to be a lack of financing, which suggests an unsatisfied demand that far surpasses the capacity of these organizations to deliver services.

Case Studies

Union of Small Agricultural Producers of the Atlantic Coast (UPAGRA)

UPAGRA began in 1978 as an informal group founded by 1,200 campesinos from the cantons of Pococí, Guácimo, and Siquirres in Limón Province to fight

for their interests in the agricultural sector (land, the promotion of small-scale production, etc.). This occurred in the midst of a national debate between protectionists and promoters of economic openness that still favored the former.

Later, when the political balance had shifted toward openness (1985-93), UPAGRA supported miscellaneous projects in sustainable agriculture, forestry, and livestock production, with processing and marketing components. It also had a growing influence in local, regional, and national politics, providing an alternative outlook that ultimately turned into a grassroots strategy for sustainable development based on a regional approach.

Within this context, the organization's growth strategy changed from an initial search for a quantitative increase in membership to a search for greater qualitative influence through, first, action in the economic, ecological, and social spheres, with beneficiaries participating as partners and co-promoters; and second, through the formation of local, regional, national, and international coalitions among producers and other sectors, both nongovernmental (wage earners, consumers, ecologists) and governmental, to further common political objectives in these geographical areas.

Relationship with the State

UPAGRA was born under a state policy that promoted the return of campesinos to the land and production for the domestic market. The state itself thus created the conditions for the emergence of small producers as a political force. In this first phase of its history (1978-86), the union centered on furthering these policies.

When the debate over protectionism versus economic openness was resolved in favor of the latter, the result was a confrontation with the government and the subsequent formation of an unprecedented coalition of small, medium, and large agricultural producers for the domestic market. However, in the face of the new official line, the movement bore no fruit.

The failure of the coalition, together with the donor agencies' policy of promoting productive projects, moved UPAGRA to alter its organizational strategy to take advantage of the stimulus provided by these types of projects. At this point, there surfaced in Costa Rica a national movement—with roots in some state sectors as well—that favored "sustainable development," with emphasis on fostering grassroots participation in the process. UPAGRA took part in the debate, stressing small-scale sustainable production with a proposal of its own, and participated in joint activities with the Ministry of Natural Resources, Energy, and Mines (MIRENEM). At the same time, the negotiation of a third structural adjustment program with the World Bank, which included a sectoral adjustment component for agriculture that also provided for the channeling of technical assistance to small producers exclusively through organizations in the sector, cre-

ated the conditions for collaboration with the Ministry of Agriculture and Livestock. In both cases, UPAGRA's ability to exert influence was based on its political clout, which the organization sought to boost through its strategy of coalition building.

Local governments have also worked with UPAGRA. After the successful mobilization of the community in 1988, which involved the municipality, businesses, and the Catholic Church, the Agrarian National Party was founded in Guácimo in 1989; in 1990, this party succeeded in having the second secretary general of UPAGRA (1982-87) elected as head of the municipality. Within this context, UPAGRA and the municipality of Guácimo began to collaborate on several specific projects—a collaboration that was later extended to the municipality of Pococí.

UPAGRA's economic interest in these government institutions (MIRENEM, MAG, municipalities) was part of a more general objective: the mobilization of existing resources in line with the organization's strategy for sustainable regional and local development. This strategy seeks to enhance efforts by appropriately channeling voluntary contributions and fostering a greater local knowledge of nongovernmental organizations. In the meantime, the government seeks to integrate the organizations into one of the strategies for privatizing social policy.

UPAGRA works with beneficiaries who have been excluded from the programs of these ministries (small producers economically or geographically on the margin). Hence, it has been impossible to undertake a rigorous comparison of the relative cost of the miscellaneous services delivered by the different parties.

Sustainability

During its 14 years of existence, UPAGRA has managed to survive and grow as an organization with increasingly complex productive and political objectives, despite serious confrontations with government agencies and even with some donor institutions at different points in its history.

The key to UPAGRA's growth has been its relative success in consolidating its productive and political autonomy, thanks to its members' access to the means of production and the conditions that favor this access. Owning land and enjoying state credits, subsidies, and guarantees as well as support from other social sectors have made it possible to maintain a minimum subsistence level for a sector of the organization and the population in its sphere of influence. An important factor is volunteerism, an essential source of the survival and development of UPAGRA. Its policy of promoting productive projects in which the organization participates as a partner builds on this and fosters the consolidation of its own base of support in the future.

Impact on the Quality of Life

In April 1993, the number of immediate beneficiaries served by UPAGRA was approximately 450 families. However, the organization also reached other beneficiaries in its different spheres of operation.

In the first area, which we call "advocacy," UPAGRA's impact does not always result in improving the quality of life but rather in preventing its deterioration. In situations like these, benefits accrue that, while difficult to quantify, have a definite impact on social development. The development of self-esteem, dignity, respect, and solidarity—so important for basic human needs like protection, emotions, identity, or liberty—undoubtedly enhance the quality of life (Max-Neef *et al.*, 1986).

In the second, or "productive" sphere, UPAGRA promotes cooperation that has a positive impact on the quality of life of its beneficiaries, providing better access to land, better nutrition, higher prices for their products, the elimination of intermediaries, and the protection of their own autonomous organizations. This cooperation has also led to a better understanding of the social milieu and a better ability to influence it, a sense of participation, creativity, freedom, and reaching out to others (beginning with family members and neighbors), with the concomitant returns in emotions and in self-esteem. A significant increase in poverty is averted as well, and access is gained to new productive investments—among them local experimentation with appropriate technologies (including processing and marketing).

UPAGRA has also exerted a political influence on national life. Here, the impact consists of replicating its campesino strategy for sustainable development in other peripheral regions of the country, and promoting a national strategy for internal development through this avenue as an alternative to the present strategy of external openness.

Community Participation

The four unsalaried members of the board of directors, plus another seven salaried permanent officers, make up the organizational nucleus of UPAGRA. In this context, the extent of UPAGRA's impact can be explained only in terms of the quantity and quality of the participation of other individuals and agencies. This participation does not involve a consolidation of forces but rather a progressive convergence and cooperation at the local (or community), regional, and national levels through coalition building.

The board of directors, consisting of small local producers, draws up strategic guidelines that are discussed, refined through feedback, and disseminated in the course of the organization's activities. While membership meetings are generally of an informative nature and merely a formality, they have occasionally

been decisive in bringing about changes in strategy, as in the case of the First Campesino Congress of UPAGRA in 1989. As for their design and execution, productive projects are by nature participatory. Their launching pad is generally an initiative by the board of directors, once it knows of the local problem; however, the discussion, refinement of the initiative, and its execution are in the hands of project execution commissions, made up of the beneficiaries who are responsible for carrying out their own solutions. Specific efforts on behalf of particular groups are generally initiated by the groups themselves, who come to UPAGRA for advice and assistance.

Regional Association for Community Health (ARSC)

ARSC began in early 1976 as a private community organization, founded by the Hospital without Walls Program (PHSP). ARSC's headquarters are in San Ramón Canton, Alajuela Province. Its geographical coverage—the same as PHSP's—consists of five cantons of a region that accounts for 2.8 percent of the country's total area.

At the time of its creation, PHSP was in urgent need of an NGO that would efficiently coordinate relations among its grassroots organizations, particularly health committees and associations that were proliferating in its area of activity. Thus, ARSC was conceived as a legitimizing entity for a preexisting community participation structure—an entity that would also serve as a bridge between state institutions and PHSP activities. ARSC evolved in three very important stages. From 1976 to 1985, it was provided with strategic support. It became the agency that received and administered the resources allocated by PHSP to the community organizations. Its status as a nonprofit private organization enabled it to move more efficiently in the economic and financial spheres. It was also essential to take part in the grassroots health organizations' efforts to defend the progress that PHSP had made. These organizations also wanted to prevent the transfer of the San Ramón Hospital to the jurisdiction of the Costa Rican Social Security Administration (CCSS) and the PHSP to that of the Ministry of Health.

The strategy then, while not explicitly stated but certainly openly pursued, was to support efforts to organize the population, carrying out ad hoc activities (workshops, seminars, publications, etc.) to achieve this goal. From its birth until 1985, ARSC helped to educate and train nearly 700 health workers, or "promoters" who were part of the program. Through the community work of the promoters, nearly universal coverage was achieved in primary and preventive health care, providing about 90 percent of the region's families with access to health care.

ARSC's first 10 years were devoted to securing internal growth, developing the capacity to act and attract external and domestic resources to finance its activities, and venturing without success into the design and execution of a number of productive projects.

The second relevant milestone was the transfer of the hospital center and the program to the jurisdiction of the health sector's institutions (the Ministry of Health and the CCSS)—a period that began in 1982 and ended in 1985. Despite efforts by ARSC and the local organizations, the transfer went forward—against the will of the people. In 1984, ARSC held a workshop that had a considerable political and social impact. This workshop served as the launching pad for the creation of a single action council that would lend a joint technical and community orientation to the organization's development in order to raise the level of social consciousness and ensure continuing opposition to the state and its recent health initiatives.

From 1985 to 1987, ARSC passed through a phase characterized by centralized management, exercised by the charismatic figure who had conceived both the PHSP and ARSC itself. There is no doubt that this led the organization to grow highly dependent on its leader and his decisions. Paternalism became the overriding feature in the group's power structure, ideology, and activities.

Up to 1990, the organization still enjoyed a remnant of financial resources from the Principality of Liechtenstein, which enabled it to carry out some training and resource mobilization activities.

Since 1990, ARSC has been redefining its new role as an umbrella organization for regional community participation. Its governing board, today in the hands of a new generation of volunteer professionals, is defining its own goals to enable it to take on the entire process of education and training for community participation, with leadership training the linchpin of its strategy and activities.

Today ARSC is neither financially or technically dependent on the Preventive Health Care Program or on any other organization, public or private, despite the fact that it has encountered serious obstacles to growth and has gone through difficult periods in the course of its development.

Strengths and Weaknesses

At its birth and during its first decade of life, ARSC demonstrated a great potential for stimulating community participation, fostering strong ties among its organizations, and promoting greater communication, both among these institutions themselves and between them and other community development organizations. It showed a great capacity for mobilizing and coordinating forces around specific community objectives, and as a mediator between public health organizations, it reconciled local interests around the common objective of improving the quality of life.

ARSC proved an able umbrella organization, unhindered by limitations of a political nature; it actually enjoyed strong political support from health sector authorities in carrying out its activities. During this same period, it also developed its potential for mobilizing volunteers, materials, and financing—both domestic and foreign—in support of its activities.

From its inception, ARSC's greatest weakness as an NGO was its excessive dependence on the policies, strategies, and financing of other state and local health agencies. It participated little in the design of the specific content of the programs to train and educate leaders that it offered until 1990.

ARSC's structure and organization are very simple. However, its administrative capacity to manage resources efficiently is now weak. To begin with, it lacks the human resources, materials, and financing that an ambitious recovery project demands. One of the greatest limitations that ARSC faces in carrying out its own plans, boosting its technical capacity, becoming self-financing, and enhancing its capabilities and its community presence is a lack of fresh resources to contract the services of a small but efficient technical team.

Relationship with the State

Since the 1960s, the state has supported strengthening NGOs that operate in the health field. During the second half of the 1970s, decentralization policies took concrete form in regional and sectoral planning councils. It was within this context that ARSC was born—with firm backing from the local and national health authorities.

From 1978 to 1982, the state promoted community participation, which became a very important component of its social strategies. Consequently, the PHSP gained respect and further support from the government. The policy of transferring hospitals to state jurisdiction was discontinued. Recently established, ARSC became a showcase for the organizational capabilities of communities and the social and political value of community participation in social development processes. This four-year period was the last of fruitful relations between this NGO and the state.

With the change in administration in 1985, the policy of transferring hospitals once again gathered steam. The social participation model embodied in the PHSP lost the backing of the authorities. The NGO became a social agency independent of the state and began to oppose government health policies and structures, raising the question of its own survival.

Under the next administration (starting in 1987) the situation was at a standstill, characterized by conventional formal relations between members of the ARSC's board of directors and the authorities in charge of the health programs with which its work has been most linked.

Community Participation

The members of ARSC's administration, without exception, belong to other local grassroots organizations, particularly in the health sector and the few experts hired boast the same origins. What is singular about ARSC is that the district and

cantonal organizations that comprise its direct beneficiaries and justify its existence do not participate in its decision making. In the planning and programming of ARSC's activities, the needs of the region's communities, as identified and interpreted by the communities themselves and addressed in their local work plans, are not taken into account. However, community participation manifests itself in ARSC's ability to organize and mobilize forces to support communities in their struggle to hold onto the gains achieved by PHSP.

Sustainability

ARSC was born under the state's budget for rural health programs, which prevented it first from defining itself and later from becoming a self-sustaining proposition—especially during the period that would have most favored its development. ARSC made several fruitless attempts to operate productive projects (1977-83), but it lacked the technical and managerial know-how to succeed in this field. Its only current source of funding produces barely enough resources for it to survive, covering only minimal operating costs.

Impact on the Quality of Life

In quantitative terms, ARSC's contribution to improving the quality of life is expressed in the number of health workers trained (roughly 700 health workers and an average of six workshops and seminars a year) and the number of health clinics constructed during its first 10 years of activity. During the crisis of 1982-87, its emphasis shifted toward the fight to prevent the transfer of PHSP to CCSS jurisdiction, but primary care coverage expanded nonetheless, making it accessible to 90 percent of the families in the region.

The positive changes that began to materialize in the region's economic indicators have been recognized both nationally and internationally—especially the health indicators. In little less than a decade, the region began to exhibit the best comparative health and nutrition indices in virtually the entire country. ARSC's presence has made it possible to hold onto recent advances.

Let's Live Better Association (Vivamos Mejor, VM)

VM was an initiative of transnational Swiss companies (cement enterprises) established in Costa Rica. The project site for this NGO is a poor urban neighborhood located next to the San José metropolitan area garbage dump. The families who inhabit this slum have a long history of social organizing and mobilization linked to their struggle to obtain legal title to the lands they occupy and to have the municipal garbage dump removed from their community. They had an enormous number of unsatisfied basic needs at the time the project was established.

The main goal of this NGO has been to implement a pilot project—a model for the direct delivery of health and educational services—that can be replicated in the short term in other communities. The ultimate goal would be to develop a network of similar NGOs at several locations in the country's Central Valley. The model should put the capacity of NGOs to operate in these fields to the test, both in terms of management and the quality and cost of the services delivered.

Three well-defined stages, characterized by different strategies, mark the implementation of VM's goals. From 1985 to 1988, the project was established, launching programs to respond to the most urgent needs of the majority of families in the community. Despite the presence of a nutrition center (CEN) and a center for comprehensive infant care (CINAI), the NGO founded a project to deliver the same services to the infant population and another general medical clinic that targeted the adult population. These services are provided by the state at the local health post. At the close of the period, the state evaluated the results compared to the objectives pursued.

From 1988 to 1991, VM incorporated a small change into its strategies for action. While continuing to consolidate its programs, which year by year covered a slightly larger share of the real demand, it spread out, establishing an infant center at another site in the same community, far from project headquarters, to serve families who had found it impossible to use VM programs. This project was not successful, but it served as a valuable experience. It was attempted again during the 1992-93 biennium, and consisted of the design, establishment, and execution of a project identical to the one in Río Azul, in a similar community. In a short time, VM has demonstrated an excellent ability to manage the main programs contained in its plan of action, both technically and administratively.

Throughout its existence, VM has backed organized community groups in their struggle to improve their lives and exercised leadership in solving other problems, such as the construction of a potable water system. But because this NGO is now in a period of expansion, it is more interested in developing a network that would be capable of satisfying the current and potential demand of the community for health care and education, than in carrying out a single large-scale project in Río Azul.

Strengths and Weaknesses

From its inception, VM has demonstrated a special ability to identify and target backward communities and groups. Because of its administrative and financial structure, it offers excellent comparative advantages for the delivery of health and educational services to populations formerly attended exclusively to by the state. One of the reasons for this is the fact that although the state offers universal coverage, the NGO is selective, basing its coverage on its financial capacity. It provides a smaller population with high quality services.

VM's private financing is governed by strict internal controls to ensure efficient results. It has sufficient and growing resources that it can flexibly allocate to the programs that it wishes to carry out. Its organization and structure are also very flexible. VM enjoys state subsidies to help meet the needs of some of its programs. It also exhibits a great potential for linking the project with other national and international NGOs, taking advantage of the knowledge and experience gained while implementing its own model.

However, VM is too dependent on the directives and norms of its financial backers. In the first stage of its project, VM's relations with the authorities in charge of state programs in the community were very confrontational because the organization was considered to be engaging in unfair competition.

Relationship with the State

Throughout most of its existence, VM has demonstrated an ability to negotiate well with the various umbrella authorities of the state. It has received cash subsidies and the specialized human resources that it employs to carry out its programs. Its financial capital has been augmented with resources from the state. VM thus enjoys comparative advantages that enhance the quantity, quality, and diversity of the services that it provides compared to those offered by a weakened state. This situation has led to a waste of social investment by the state in communities in which both institutions are operating.

Community Participation

In practice, VM conceives of community participation as the organization of individuals as program and project beneficiaries. The community is represented on its governing board by a single member, who has the right to speak but not to vote. The community is the object but not the agent of VM's activities, having no say in the decision-making process—not even in the planning of activities.

Sustainability

VM's dependence on the resources of its backers has become a serious liability, preventing it from executing programs that will turn it into an organization for sustainable development. This NGO will not even hold onto its gains without economic support from the enterprises that sustain it, whether the organization remains in the community or disappears from the scene. The NGO has made no effort to develop the technical capability necessary for developing self-sustaining programs and projects.

Impact on the Quality of Life

VM maintains extensive coverage for mothers and children under five. However, it also serves adolescents and the elderly. Its services address the needs in health, nutrition, preschool education, and medical and dental care. In disease prevention and wellness promotion, it carries out training and education programs as well as health programs, with the direct participation of the family.

VM has designed and launched a special environmental project in its own geographical area, which is strategic because of the pollution. It also provides technical support to administrative institutions in the health sector to develop the project to establish a CCSS clinic in the community.

Nevertheless, VM's problem is that it substitutes for the state in the delivery of services instead of complementing it. It has the total advantage, faced with a state whose potential and capacity to address a certain type and volume of health needs has been debilitated. Based on this experience, the state could be seen as inefficient. What is clear is that an NGO with VM's characteristics does not meet all needs the way the state must, nor is it affected by a dearth of resources and an inability to transfer them from one program to another in the way that would be most profitable (that is, profitable for the NGO), as experience dictates.

Association for the Conservation and Development of the Escazú Mountain Region (CODECE)

CODECE's main objective has been the protection and sustainable development of a vast land area in the southern part of Costa Rica's Central Valley. This area, on the limits of the San José greater metropolitan area, includes six municipalities and over 200,000 inhabitants. CODECE focuses on the urban expansion into the agricultural and forest lands in its northern and eastern zones and areas devoted to agriculture and mining in the south and west. The region includes dense forest as well as urban and intermediate areas. Within it, a special protected area has been set aside by law since 1976; here, regulations prohibit construction, deforestation, the movement of earth, and the "slash and burn" clearing of land, protecting forestlands and promoting the reforestation of highly degraded areas.

In October 1985, the Escazú Mountains Defense Committee was formed after the destruction of the forest on Cerro San Miguel. The United Hispanic Association had a plan to establish a religious and tourism complex there, taking advantage of the extraordinary vista afforded by the site. The project began with the opening of a new road in the protected area, causing widespread destruction and the pollution of local sources of drinking water. In light of this, residents of the village and the district of San Antonio de Escazú—agricultural producers who were members of a campesino organization (Local 1 of UPANACIONAL)—launched a community drive to halt the illegal destruction. CODECE confined

itself initially to defending community interests; however, it later evolved toward production and development.

CODECE is a nonprofit association. All its programs and projects operate under this legal status and that of the institutions involved or the agencies that finance them. CODECE's organizational structure—based, according to its statutes, on an elected board of directors and administrative and executive teams—has not been modified since the NGO was founded. The board of directors draws up the basic guidelines, but the organization is made up of neighborhood residents and traditional local agricultural producers and professionals with wide-ranging experience in political and labor organizing outside the zone. This dual identity is emphasized by the presence of volunteer professionals and employees with a variety of experience in the environmental field.

The executive structure is controlled by the professionals who have run the board of directors since CODECE was founded. There has been a sustained concentration of decision making that does not necessarily imply an in-depth knowledge of the options by the local membership or even the nonprofessional members of the board of directors, who do not hold salaried executive positions and do not track information daily. In fact, the same individuals wear many different hats and run several projects at a time. Not only are they the principal executives but organizers of a variety of tasks, even though they boast no particular profession—except in areas of legal support and productive projects.

Relationship with the State

From 1985 to 1988, a group of professionals developed a project based on volunteer labor from many local residents, with whom they were able to carry out cantonal and intercantonal activities to address local and regional environmental problems. Numerous workshops, talks, and work days, as well as cultural and reforestation campaigns were involved. Teaching materials were also developed to inform the public about the local and regional environmental situation.

CODECE was formally established as an association in February 1988 because its lack of legal standing had kept it from expanding its activities and obtaining local public and private funds, as well as formalizing programs and receiving support from international organizations. During this second stage, it founded the Office for Environmental Counseling, which launched activities to prevent further environmental degradation and provide legal aid in support of claims. At the same time, it began to train public officials.

CODECE's third stage began in 1990 with the launching of productive projects—a tree nursery and an organic fertilizer project. Training and education were intensified in state institutions. The number of claims brought by local residents rose to 10 cases. Video tapes were produced and an abundance of graphic materials (pamphlets, posters, and books) published.

Although the program of talks and education begun in 1990 had been refurbished in 1991, it was substantially reduced in 1992, when the simultaneous end of several financing programs led to the redesign of the organizational structure toward thematic and regional specialization.

This new structure, in place since mid-1992, divides the programs into three areas related to the handling of the protected zone: the buffer zone for growth, the more peripheral areas, and urban areas and towns where urban environmentally conscious development programs could be established to stimulate environmental recovery and sustainable development.

Nevertheless, this administrative reorganization, which evolved from a very simple structure based on the existing projects and a support mechanism, cannot really take shape without a certain minimum financing and technical, professional, and community support integrated into the organization, its different spheres of activity, and the specific projects envisaged for them. In many ways, the availability of fresh financing for 1993 was to have been decisive for the ultimate establishment of the new structure. The number of salaried employees was cut from 10 in October 1992 to just two in April 1993.

From 1985 to 1990, relations with the state were cordial, although the local municipality did not provide any real room for negotiation or collaboration. Until 1988, CODECE had no legal standing and was not sufficiently consolidated to confront the municipality. The 1988-90 period was marked by strong activism, but without an adequate knowledge of the legislation. Since 1990, CODECE's consolidation as an organization and a change in administration in the local government have coincided to cause a rupture and confrontation with the municipality of Escazú, while the claims and activities led by CODECE have blocked construction projects backed by the municipal council. Nevertheless, in this same period, relations with other political institutions have improved through training courses offered to the employees of these agencies. Participants in these activities have been the Ebert Foundation, the judiciary, ILANUD, the Ministry of Energy and Mines, the Rural Guard, the Ministry of Health, and executives from six municipalities. CODECE offered the courses and educational materials free of charge, while the institutions covered logistical costs.

Sustainability

Since its second stage, CODECE has received external financial support from the Inter-American Foundation (IAF), which financed the Environmental Legal Office. Canada financed the tree nursery and irrigation equipment. The World Wildlife Fund (WWF) financed programs in training, information dissemination, and publishing—including the production of CEDRAL, CODECE's information bulletin. FOMIC financed the organic farming project (part donation and part loan).

This external support marked an operating model that was completely dependent on the continuation of this type of support. However, with the passage of time and the aging of the projects financed, the observable trend was not toward sustaining and refinancing the programs, but rather, ending some of them, with no replacements in sight. In fact, some of the programs are in danger of winding up their scheduled financing terms with no new options in store.

Actually, CODECE's directly productive projects suffer the loss of opportunity over time, without maturing or addressing the basic needs that would allow them to go on. Under these circumstances, sustainable development for the region as a whole is unlikely when the very organization promoting small projects fails to use sustainable procedures. Projects like the tree nursery, for example, run into difficulties at the end of their initial financing periods, without being able to extend the original proposals with the minimum effectiveness necessary to render the process sustainable.

Social Impact

CODECE's initial results were the prevention of a deterioration in local conditions through its lawsuit, a freeze on environmental degradation, and education to protect the programs' target environment. In addition, a recovery process to restore what had been destroyed was begun that involved the reforestation of river basins (7,000 trees in 1991), contact with dozens of producers in the region to alter harmful practices, and the sale of subsidized organic fertilizer.

The information and training programs for children and young people are designed for longer-term impact. The direct influence of CODECE's activities through the formation of local environmental committees and training is seen throughout the region (over 30 events with 2,500 participants in 1992), even though it has been impossible to maintain owing to CODECE's financial constraints during the past year. Residents of the region have expressed their discontent at the organization's subsequent failure to deliver, complaining of suspended projects and the loss of the advice necessary to consolidate their projects.

Community Participation

Volunteer work has been organized around the projects, and its intensity varies widely. While some activities in the protected zone have benefited from ample participation by volunteers, these have been isolated incidents that have not led to local or regional organizing nor spurred community organizing to greater heights. Volunteer labor has not been structured into programs, but depends, rather, on the possibilities of individuals and the personal relationship between the main leaders and the volunteers with a special interest in a particular activity. Ongoing projects occasionally manage to attract new residents or foreign professionals

interested in the field, but the level of volunteer assistance in specific activities is often extremely low, and a stable level of participation has not been attained outside the immediate circle of the organization's permanent collaborators and staff.

The Foundation for the Promotion of Housing (FUPROVI)

FUPROVI is part of the 1986-90 administration's policy to provide housing, with the goal of constructing 80,000 dwellings. In two years, the foundation was able to build roughly one-third the number of dwellings constructed by the Special Housing Commission (CEV), the principal state entity in this field during 1986-90. These dwellings were constructed under a mutual assistance system for low-income sectors.

Public institutions had long been unable to resolve the problem of squatter takeovers of their own farms or of alleviating the conditions of thousands of families who had been transferred to state farms by these same institutions under previous administrations. When it was founded, FUPROVI had to assume responsibility for groups that had initially been assigned to the Interagency Social Welfare Institute (IMAS) and other institutions. These groups were found in urban zones, on lands owned by the Ministry of Housing (MIVAH) and the Urban Development Institute (INVU), or on municipal lands, where the conditions for organizing were difficult.

A new option was needed that would provide a long-term working model. The goal was to address the housing situation through a private organization—a process that would include broad-based participation by the population in construction and the development of building procedures. Information about experiences in other countries (FUNDASAL in El Salvador, for example) led to the selection of the foundation as the appropriate legal status for the organization in June 1987.

A board of directors was named, as well as a small group in charge of administration and the search for resources. Under the provisions of the law governing foundations, FUPROVI started out with three founding members, a representative from the municipality of Tibás (the canton that served as the foundation's legal location) and a representative from the executive branch.³

The organizational structure was designed to grant maximum autonomy in decision making to the financial agencies in order to ensure that technical, building, and structural decisions would be based on criteria developed by the institution's own studies and its own experience and methodologies.

The Office of the Executive Director was made responsible for project administration, organizational structure, and the approval of financial outlays to

³ Law No. 5338, August 28, 1973.

carry out programs. This office was also the effective level of immediate decision making and program development. It included, moreover, the Administrative and Financial Office (which controls accounts, procurement, general services, human resources, credit, collection, and the treasury) and the Projects Office (which manages the technical teams directly involved in construction in the neighborhoods).

The work teams in charge of each project were initially made up of a civil engineer, sociologists, social workers, and technical instructors or foremen. These teams gradually included other professionals, such as attorneys, credit and collection analysts, and procurement specialists. Institutional consolidation made it possible to streamline individual tasks, bolster the work team, and expand professional coverage.

In addition to families, the organization gradually has been able to integrate volunteer groups and students who collaborate in the institution's work as interns, performing professional activities while at the same time completing the community service required to obtain their university degrees and tasks related to their undergraduate thesis.

Relationship with the State

Throughout the initial process, the support of MIVAH was critical in the search for financing. When the first program was launched, FUPROVI's relationship intensified with MIVAH and high-level public officials—particularly from the Special Housing Commission (CEV), INVU, and IMAS. For example, FUPROVI reached immediate agreements with CEV to commence projects on its own lands with families from various zones. This intense contact led to confusion among the families involved, who could not differentiate between the activities of MIVAH and those of the new private foundation. This required a consolidation process to enable FUPROVI to be recognized as an independent organization—a process that continued into the first year and a half of the work.

FUPROVI also coordinated the creation of the "housing bond" with the Banco Hipotecario de la Vivienda (BANHVI) and the general policies for attending to the population with MIVAH. There have been two clear stages during the present administration (1990-94): one of tense negotiations, which has permitted access to new donations through bilateral agreements with ministerial support; and another (during this past year) when these negotiations have borne fruit as a direct result of the closing of the CEV, which up to 1992 was the main executive arm in the housing area. Since 1992, the foundation has obtained considerable financial support from the Family Allotment Fund and BANHVI to begin hundreds of new dwellings.

Community Participation

Instead of maintaining an attitude and methodology centered on housing construction, FUPROVI from its inception sought community development, using housing as a medium for its promotion. Its initial contacts were with community leaders in small groups and later, with residents in large assemblies. In subsequent conversations and meetings, the proposed work methodology was explained, and proceedings were instituted for reaching formal agreements.

FUPROVI's initial negative experiences with difficult community leaders led to the preparation of guidelines to strengthen resident committees (or "boards") that would arrive at the basic agreements necessary to begin the construction projects. FUPROVI developed a direct dialogue with second-level organizations, with the object of facilitating this restructuring of the community group to enable it to assume the role demanded by the self-construction program.

At first, the practice was generally to avoid secondary-level organizations or organizations with interests outside the community in order to work directly with first-level groups organized by families to begin the projects. Of these groups, 13 have obtained their lands through their own efforts, with the support of some religious and political leaders. The committees have specific functions, and members have skills appropriate to their work responsibilities. For balance and to prevent members from taking arbitrary action, FUPROVI's legal department assists in the preparation or refinement of the groups' regulations, so that they serve both the individual who will be applying them and the one who will be subject to the action.

Not until the third year was training designed for community development and not just for the purposes of housing construction. With this comprehensive training program, it becomes possible to upgrade the skills of the traditional leaders, emphasizing their strong points and preventing the development of attitudes that militate against community participation. Women's participation has been a common denominator in all the projects; their contributions of physical labor and administrative and social support represent an estimated 80 percent of the total time invested by communities.

Financial Resources and Programs

FUPROVI's initial financing came from a bilateral agreement between the governments of Costa Rica and Sweden. The funds, a contribution from the Swedish Authority for International Development (SIDA), had several components: credit for construction materials and home improvements; credit for small community infrastructure works; social welfare, training, and advisory services to communities; and the institutional development of FUPROVI. The initial proposal consisted of providing a basic dwelling for 1,600 families and formalizing property

ownership through the establishment of legal status and the legalization of titles. Another goal was to develop at least 10 small community enterprises, preferably associations and cooperatives, devoted to the production of goods and services that would facilitate the construction. To encourage alternative ways of working based on community efforts, it was proposed that at least 20 community training activities be instituted.

In 1989, a new two-year program was created through an agreement with another organization devoted to addressing the demand for housing among refugee groups. However, it was hampered by the low concentration of families in a single location—a circumstance that violated some of the legal criteria for enabling community groups to qualify. The program provided individual assistance to families, who selected a lot and took responsibility for construction, with technical assistance and support from FUPROVI.

The second program approved for SIDA financing enabled FUPROVI to provide continuity for the objectives of the first program and expand the target population. This presupposed the rapid completion of the first programs and the development of new techniques and instruments for evaluation and monitoring. The program proposed to work jointly with the municipalities, broaden and strengthen international relations, and facilitate the dissemination of information about administration, law, construction, and social organizing for community action.

One additional program was started in Limón Province in the Atlantic zone with squatter families to repair the damage caused by the 1990 earthquake. The goal was to provide 148 families with programs for home improvements and to construct 278 new dwellings and 115 infrastructure works. In this case, as in the program for refugees, the program deviated from FUPROVI's usual procedure because it dealt with individual scattered cases in what was definitely an emergency.

In the special housing program for squatter settlements on the institutional lands of GAM, there were 6,397 infrastructure projects, 1,102 new dwellings, and 70 housing improvements by September 30, 1992. The refugee program completed 152 new dwellings, and the program for earthquake victims in Limón repaired 31 homes. On the same date, the first of these programs had 1,237 cases of basic services in execution, plus 1,045 new dwellings, and 755 home improvements. In the Limón program, the repair of 327 homes was underway.

Once the groups conclude work with the foundation, the regulations for selling or renting a property are governed by the laws of the National Home Financing System (SFNV). In most projects, the construction of the dwelling is accomplished through mutual assistance; however, in the final building stages, once families have contributed the required number of man-hours to the project, they may opt to work on their own dwellings. In activities that require specialized labor, workers with the necessary skills are hired. Specialized machinery is leased

when needed. This is important for the safety of the construction and also for efficiency. After the third year, the construction system is reviewed and modified by the beneficiaries; the early projects were constructed in a block to allow greater room for training and facilitate the development of mutual assistance.

Summary and Policy Recommendations

Internal Organization as a Constraint

The influence of the small group of people, or even a single individual, who founded the program has definitely been the key to the internal organization of the NGOs studied. The influence of personality did not necessarily imply quasi-authoritarian attitudes within the organizations, but the cases reveal two obvious trends: one toward a concentration of decision making and a resistance to critical assessment, and the other, openness that welcomes new perspectives and, learning from experience, modifies the organization in order to develop better modes of self-criticism and ways to monitor its impact. Organizations of the latter type are the most successful, achieving continuity and tending to create autonomous and sustainable programs. This is a critical aspect in development policies: organizations require the development of methods for monitoring and evaluating their processes if they are to survive their critical phases and attain a scale and rhythm that will enable them to consolidate.

The presence of professional women at the highest levels of management in all five organizations is especially important, although it has not led to the development of programs centered on women's particular concerns. The high degree of professionalism, dedication, and experience of many directors—not their gender—has put them at the forefront of the decision-making process. The other levels of the organizations exhibit two distinctive features: while neither gender predominates among the staff, women's presence in community groups is once again a crucial factor. Nevertheless, none of the organizations have developed programs with a gender-based perspective. The projects and the delivery of services have not been adapted to address appropriately the needs of families with female heads of household, nor have projects been designed to gather even the minimal information that would serve as the basis for such adaptations. Since women constitute the majority of the participants, and since the nature of this participation, as well as the needs of these families, is objectively different, it is recommended that as part of each proposal OPCs program measures that take gender differences into account.

From the very beginning, the various institutions have established several types of legal status. The foundation has more formal and sophisticated features, which include control of large sums of money and very costly projects (thou-

sands of dwellings). The association, much more flexible and more private as well, permits a variety of structures. In the search for flexibility, some organizations have used several legal forms at a time or have entered into formal or tacit agreements with similar organizations in order to obtain funds or institutional support that will ensure the continuity of their programs.

These NGOs have modified their basic institutional structures to keep pace with their expanding fields of activity. The growth that occurred right after their birth implied the need to make the organization more complex, whether to manage new programs or to adapt to the conditions imposed by financial entities. The structural adaptations were designed to provide more efficient ways of using resources, strengthen the organization, and influence local conditions. Not every organization, however, has been successful in developing more effective structures. In some cases, competition from the state or the very constraints imposed by excessive internal control have impeded functional adaptation to the demands on the organization. It is therefore recommended that several options related to legal status and structure be creatively combined to enable OPCs to respond to the demands from within and without.

The target population of the organizations examined has been covered in only one small dimension. In all cases, both the express and latent demands placed on OPCs far exceed the coverage that they have been able to provide. The programs already developed have remained within the bounds of their relative specialization, although the OPCs are now beginning to experiment with new forms of programming.

The geographical coverage these organizations achieved varies widely. However, their activities always remain within the region in which they are located, addressing national needs only partially. The organizations limit themselves to addressing demands that are more or less obvious. The possibility of contributing to the unearthing of demands as yet unexpressed by communities or groups on the fringes of poverty remains beyond the current reach of OPCs. Notwithstanding their current scale or their relative coverage of demand, it would clearly be almost impossible for the organizations as a group to develop efficiently enough to provide extensive and in-depth coverage of the existing demand; hence, to attempt it could lead to a severe crisis or the emergence of counterproductive administrative practices that would call their own objectives and effectiveness into question. It is therefore recommended that relatively small scales be maintained and that action be combined with that of other similar OPCs. This will enable the organizations to make use of a critical advantage: detailed knowledge of their immediate environment and multiple projects with simple but efficient organizational structures.

Sustainability

The critical element in the relative dependence of these OPCs is the need for access to enough permanent and stable financing to achieve their objectives. Their financing comes from a variety of sources: the state, external agencies, and local contributions. OPCs have also counted on volunteer labor by staff and the financing of activities with the organizations' own resources. Some local groups have maintained minimum levels of activity even without financing, and others have launched new service programs on completion of the programs begun by the OPC (in housing projects, for example). The programs promoted have not turned out to be sustainable, although some of the current productive projects are designed to be self-perpetuating with the income that they expect to receive.

The individual programs of each OPC are not complex enough, nor have they managed to elicit sufficient local support to be considered sustainable in their own right. This may be an indicator of how new the organizations are as a whole, but also of how unstable this type of organization is. This is a major problem for the organizations, the stability of the programs, and especially, the reliability of service delivery to the target population. External support remains indispensable if sustainable programs are to be achieved that will enable the organizations to reach maturity and stability. Sustainability will become a reality, however, only if it is made an express operational objective and part of the organizational structure and managerial styles—a phenomenon that is still absent in several of the organizations studied. In conclusion, it is recommended that OPCs specify how autonomy and sustainability will be achieved in each project and each aspect of their structure and activities.

Improving the Quality of Life

Combating poverty involves preventing a deterioration in income and in other critical factors that determine the quality of life and includes access to basic services and the preservation of the environment. This struggle also requires strengthening the institutional apparatus and shifting toward the search for long-term objectives. OPC activities aimed at protecting the environment and promoting its productive use have a social impact that can be assessed only qualitatively. This impact is far more evident on the local level owing to the direct activities of the OPCs and their educational activities. These programs foster changes in the attitudes of entire populations and other local organizations not institutionally linked with the OPCs under study but influenced, nevertheless, by their activities.

OPC projects also help communities become advocates of their own concerns. This enables large populations to develop channels of communication and acquire the necessary information to defend their rights and obtain the services that are rightfully theirs. Communities have been able to take advantage of local

institutional resources that were not accessible to them before for the simple reason that they did not know of their existence or did not know how to apply for them. By putting the population in touch with appropriate institutions and facilitating access to existing resources through the simplification of procedures, OPCs can wield major impact. To enhance their capabilities OPCs should systematically emphasize and program beneficiary relationships with funding sources, developing specific lines of financing for this type of activity.

Community organizations yield results by designing and carrying out productive projects that mobilize potential local resources to alter living conditions directly and materially. Volunteers are fundamental to this process, but so is the mobilization of external and domestic financial resources, which play a vital role in helping local communities succeed in their efforts.

Training—standard in the projects of the organizations in question—has also borne fruit in all cases. Its impact on production has been crucial for income generation for thousands of families. Also, training generates sustainable long-term development that can be continually replicated. This is essential during a period of rising unemployment and increasing constraints on social action to assist low-income groups. The enormous relative importance of sustainability to the organizations themselves strongly suggests that OPCs should increase income-generating productive activities that lead not only to an improvement in the quality of life of their target populations but also contribute to their own survival.

OPCs have also helped change attitudes and mobilize local resources toward redefining political goals that negatively affect local residents. The presence of dozens of OPCs has been highly influential in stimulating a national debate on how to address the issue of services and institutional reform. OPC activities have generated the critical integration of small-scale goals. The implications of increased coordination of activities among organizations should be studied. This cooperation has either not been sufficiently integrated into OPC activities or else it has been dealt with in a random and rather isolated fashion, without becoming a major concern for the groups that lead and administer the OPCs. Promoting the development of joint programs among various OPCs and between OPCs and similar state institutions would be beneficial. To accomplish this, lines of credit should be opened and formal support granted by the international agencies to develop programs that require OPCs to work together.

Community Participation

Community action by the state and diverse private organizations (including private companies and nonprofit organizations) implies a kind of external intervention that is introduced into local mechanisms for organization in neighborhoods and communities. This has meant not only linking local groups and transforming them, but also establishing new regional organizational structures.

In the cases examined and in the work of the various external agents, the role that these agents play in the remunerated work of the organizations to promote specific objectives is notable. They use their control over public funds, information, and institutional resources toward this end. In some cases, this has had negative consequences in terms of promoting participation and autonomy in the target population. Research in this field and interviews with OPC staff suggest that OPCs must develop internal training programs, standardize criteria, and clarify objectives. More than controls, what is needed are programs carried out by motivated personnel skilled in the specific area of the work involved. The permanent staff and the professional volunteers of the OPCs should have training in keeping with their multidisciplinary work. They should also have wide-ranging experience in community activity aimed at consolidating the processes of sustainable development. OPCs need external support for training their staff and developing procedures for self-evaluation; this will permit the design of new types of training that involve the target communities and their organizations.

Community participation has reached no higher than the intermediate management levels. Communities are generally involved in projects as volunteer workers or consultative groups—but not at the decision-making level. The design of mechanisms that enable the target population to participate more extensively, continuously, and decisively is an objective that has yet to be reached.

There is widespread ignorance in communities and OPCs about access procedures, programs, pertinent authorities, and even the existence of institutions. General perceptions about the municipality derive from the figure of its chief executive, but the extent of his legal authority and limitations is unknown, as is that of the municipal council. This lack of knowledge should be remedied to achieve better coordination between the municipalities and residents.

In all cases, two types of local organizations have participated decisively in the work of the OPCs. First, contacts with clergy and the activities of religious groups have played a central role in the participation of community members. Second, the representative organizations (or front line committees) have mobilized residents, contacting the OPCs and integrating them into the neighborhood program networks. Permanent mechanisms for coordination with these types of organizations are needed to consolidate information and resources toward the development of community participation.

Relationships between OPCs and the State

All of these organizations have entered into formal agreements and obtained support from the central government or specialized autonomous institutions. However, OPCs have had trouble deciphering the workings of municipalities. Even when the organizations in question have had a clear idea of the dimensions of municipal action and its powers within the canton (granting permits, providing

backing for lawsuits, drawing up regulations, protecting infrastructure and resources), the internal structure of the municipality appears to be an obstacle. Their dual nature, with a very powerful municipal executive and a municipal council absorbed in political maneuvering, has been a continuing obstacle to the work of the various OPCs in their local sphere of influence.

To adapt to changing national administrations every four years, OPCs must develop skilled political management, funds of their own, and either programs with long-term financing or a substantial expansion in their grassroots support and community participation to reduce financial dependency on state funds.

None of the organizations studied seem to be totally dependent on the government. Although at certain points in their development they have established close ties with institutions, ministry officials, or local governments, this does not imply total dependence. There has always been room for decision making based on the OPC's own objectives rather than those of the state, even independent of its community support bases.

Flexibility in relations with the state and its national, regional, or local institutions is the most common feature of the organizations examined, whatever their origins and subsequent evolution. However, the influence of the rather unpredictable decisions of the directors and staff of local institutions and governments will continue to be significant as long as the OPCs are not financially mature.

The legal constraints on the organizational status of OPCs are minimal and very flexible, and permit ongoing modifications.

The relative efficiency of OPC activities goes beyond the simple savings recorded in the budgets and even contradicts financial calculations that do not include the outcome of the services provided by the OPCs. The organizations have been successful in mobilizing enormous amounts of volunteer labor from community groups and their own staff and membership. This is not possible in national institutions because of their rigid structure or in the municipalities because of their limited credibility and technical knowledge. The traditional mode of participation among public employees cannot generally be modified in the short term, even if the decision comes from the top. The strengthening of some of the OPCs in question has made increasing levels of efficiency possible. Thus, the more recent projects are better at monitoring the use of materials and financial resources and at incorporating technology and sophisticated technical know-how into their community service programs.

Coordinating with the institutions and avoiding competition or direct conflicts (with the municipality in particular) appear to be essential to the operation of the OPCs. In countries in which the state has delivered broad-based and relatively efficient services to the bulk of the population, and where social policy has been the linchpin of the political regime, OPCs play a crucial role in intermediate-sized and small areas, complementing state action, remedying deficiencies, attempting new forms of integration with the community, and developing pro-

grams of a quality that public institutions have been unable to supply. The development of this particular role for OPCs and other NGOs in countries like Costa Rica requires external support in financing and training, as well as the support of state agencies. To secure this support, OPCs must develop procedures for cooperation in their programs. The case studies suggest the need for OPCs to train their staff to search for compatibility and coordination with the permanent and much larger-scale action of the state. In addition to the benefits of their projects, the role OPCs can play as intermediaries, and in stimulating local resources and permitting access to available unused resources, is critical to their future development.

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CHAPTER FOUR

BUILDING PUBLIC-PRIVATE COOPERATION IN VENEZUELA

Rosa Amelia González and Juan Carlos Navarro¹

This chapter provides both the legal and the political contexts for a better understanding of nonprofit nongovernmental organizations (NGOs) in Venezuela.

It summarizes the work of five NGOs: Centro al Servicio de la Acción Popular (CESAP, Center for Popular Action), a social service delivery organization for poor communities; Fe y Alegría, a network of Catholic schools for children and young people in the poorest areas of Venezuela that has attracted public attention for the quality of its schools; and Asociación Cardiovascular Centro Occidental (ASCARDIO, Central Western Cardiovascular Association), a cardiovascular clinic in a poor district of Barquisimeto, Lara State, that is a model of efficiency in a nation in which public health services are almost paralyzed; a grassroots initiative in Maracaibo, Zulia State, that is developing a psychiatric medical service; and a small business program of the Ministry of the Family, analyzing the cooperation between an OPC and the Venezuelan government.²

The last section of this chapter attempts to extract lessons from the research and to derive some policy recommendations.

The research would have been much more difficult and less informative without the open and often enthusiastic collaboration of the organizations studied. Furthermore, their willingness to participate actively in the research process led various OPCs studied to use the preliminary results for discussion and internal reform.

¹ Matilde Parra was responsible for the first section. In the second section, the summaries of the various cases investigated were prepared by Juan Carlos Navarro, María Gabriela Troconis, Rosa Amelia González, Eduardo Castañeda, José Malavé, Ramón Piñango, Phyllis Levine, and Daniel H. Levine. Juan Carlos Navarro prepared the third section.

² OPC is the Spanish acronym for “organizations involving community participation.”

In all cases the work was done using documentary and statistical sources produced by the organizations and the government, with intensive use of semi-structured interviews and field trips. Although the interviews generally provided very useful information, the same cannot be said for the quality of the figures produced by the OPCs, which did not always pass elementary tests of consistency and reliability, a limitation that is reflected in disparity in the use of quantitative information across cases. In any case, the reader must bear in mind that the case studies have been reduced to proportions that show their most salient features in order to keep this document within reasonable limits.

NGOs and OPCs in Venezuela

Most of the NGOs in Venezuela, regardless of whether or not they are considered to be community organizations (OPCs), were formed and grew in a democratic context: that is, in the period that began in 1958 with the fall of the last military dictatorship. In contrast to the experiences of some other nations of the region, these organizations were not formed in Venezuela as a response to political repression or as an attempt to preserve social action and freedom of thought. They represent attempts to implement particular views of what social development should be or to assist or support specific groups deserving such assistance because of their position in society. They emerged as forms of social organization in opposition to ones that were considered an unlawful partisan invasion of community life. Since the 1930s, the political parties have founded labor and trade unions and neighborhood committees, becoming by process of elimination the sole center of integration of many communities and, frequently, the distribution network for benefits derived from the social policies of the government as well.

The process by which NGOs and OPCs were formed and multiplied in Venezuela is therefore a recent, gradual, and inconclusive one. The neighborhood groups began to be formed at the beginning of the democratic period. During the 1960s social action groups emerged, which concentrated on cultural and educational areas. In the 1970s this type of social organization became involved in the role of women and the environment. Grassroots religious groups were consolidated. From the sixties onward, the cooperative movement, the only one established before 1958, expanded and became increasingly prominent in urban services, agricultural marketing, and community markets (Salamanca, 1992).

Since the first half of 1990, the Venezuelan government has requested the involvement of a group of NGOs in carrying out various social programs. In some programs, the NGOs have functioned as distribution networks for goods and services. In others, they have had the opportunity to participate in the design and general administration of the program.

Number of NGOs and OPCs

Despite their increasing importance, there is very little systematic and composite information concerning these organizations. There are no national lists of NGOs and OPCs. The information currently available in Venezuela comes from private institutions and several government agencies.³ Nevertheless, none of these contain complete quantitative information on these organizations, and they have even less on the OPCs because they do not use the component of community participation as one of their central criteria.⁴

Intermediary NGOs

The information obtained from the various sources consulted indicates that there are approximately 427 NGOs in Venezuela, excluding organizations run by the Catholic Church or by other religions, trade unions, cooperatives, public opinion organizations, and university institutions. As seen in Table 4.1, NGOs are classified according to their origins and purposes in four categories.⁵

Service organizations greatly predominate among the OPCs that can be classified as intermediary NGOS. To the foregoing should be added 25 corporate philanthropy organizations, 20 of family origin,⁶ and 32 connected to religious institutions, but not intended for religious instruction or religious purposes.

³ Institutions such as the *Dividendo Voluntario para la Comunidad* (Voluntary Dividend for the Community), *Pro Calidad de Vida* (Pro Quality of Life), and the *Centro de Investigaciones en Ciencias Sociales* (CISOR, Social Sciences Research Center) have prepared directories and data bases on the NGOs. The Ministry of Environment published a directory of the main environmental groups and the *Consejo Nacional de la Cultura* (National Center for Culture) lists in its *Memoria y Cuenta* (Report and Account), the names of the cultural groups to which it extends financing.

⁴ Because of the scarcity of existing information, making a descriptive table of these organizations using secondary sources of information entails certain limitations. The results obtained, presented in the two following sections, are not exhaustive and simply represent general trends. The conclusions derived therefrom should be evaluated in light of these constraints. Notwithstanding, information has been pooled from the majority of the existing sources in order to achieve the greatest possible coverage. Some consistency tests were run on the information, and care has been taken to include data from the best known and most stable organizations with the greatest social impact.

⁵ The table is based on the classification system developed by (CISOR) in 1988. This classification system contains three additional categories: representatives of interest groups, neighborhood associations at the national level, and federations of service organizations. The 19 organizations that could have been included within these categories were excluded because they have, by definition, a social or political representational role as their central mission.

⁶ Organizations founded by the people or families that wish to expend private financial resources on the welfare of various population groups have been classified under this heading. Their boards of directors are generally composed of members of the founding family.

Table 4.1. Classification of NGOs by Origin and Purpose, 1992

Organizations	No.
Corporate philanthropic organizations	25
Of family origin	20
Affiliated with religious institutions	32
Service organizations	350
Total	427

Source: Author's estimates based on CISOR (1989), CESAP (1988), CECODAP (1992), and FONCOFIN (1992b).

Insofar as the data permit, the main features of some of these types of NGOs were examined quantitatively (Table 1 in Appendix 1). Although it is true that in the 1940s there already were NGOs (connected with religious institutions) in Venezuela, the data show that most of these organizations expanded during the 1980s, with the exception of ones of family origin, which grew more during the 1960s and 1970s.

In general, the intermediary NGOs conduct highly varied activities. In particular, the service organizations are highly varied with respect to their main sector of commitment.

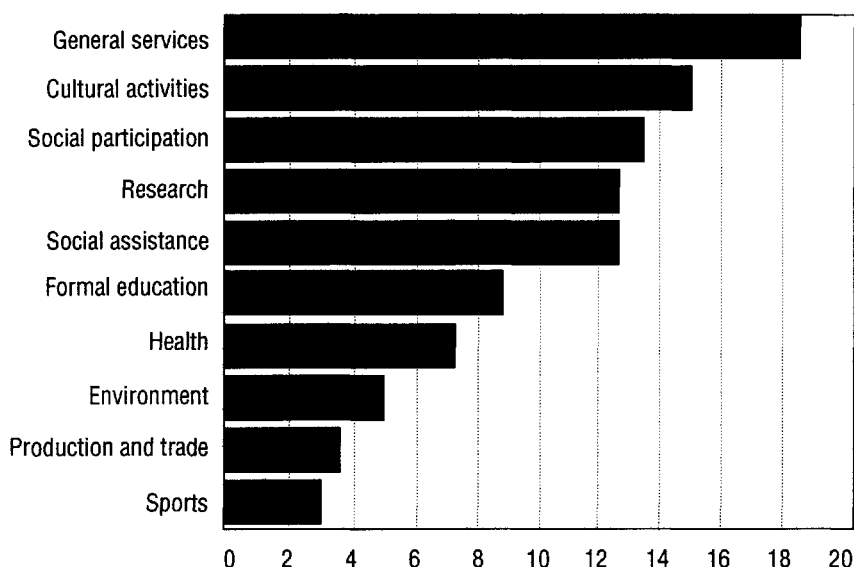
As can be observed in Figure 4.1, organizations that deliver a wide variety of services both to the population in general and to other institutions have been included under the heading "Services in general." Thirty-six percent of them obtain funds in order to contribute to financing other NGOs, and 23.4 percent also offer many services to the population such as health, training, education, and recreation programs. A significant number (18.7 percent) are concerned with abandoned or abused children and youths.

Similarly, there are a good number of organizations involved in cultural activities.⁷ Some 13.4 percent of the service organizations promote social participation as their main mission. Almost half have focused on a particular social group (children, young people, women, campesinos, or the family). The rest prefer a broader definition of their target group: the community in general.

In each category, NGO beneficiaries are not necessarily the poor or exclusively underprivileged. Apparently many organizations prefer to define their mission so that their actions can target the population without taking their financial and social position into account. With varied programs of action, many categories of users benefit, even when most programs are for children and young people.

⁷ Although there are many cultural associations, cultural centers, and museums in Venezuela, only a small group (14) has been counted for purposes of the description, which meets the standards set to define the NGOs and specifically the service organizations.

Figure 4.1. Venezuela: Service Organizations by Type of Activity
(Percentages)



Source: Author's estimates based on diverse sources.

The geographic location of the headquarters or main offices of the intermediary NGOs reflects the pattern of centralized administrative management predominant in Venezuela. The great majority have their headquarters in the metropolitan area of Caracas and in the central-western region.

Grassroots NGOs

As difficult as it is to learn about intermediary NGOs in Venezuela, attempting to study grassroots NGOs is even more difficult, primarily because the information must be constructed from various sources. According to the inventory made by CESAP (Center at the Service of Popular Action) in 1988, there were 1,432 grassroots organizations, not including cooperatives or neighborhood associations.⁸

⁸ There are approximately 10,000-12,000 neighborhood associations in Venezuela, according to information furnished by the Oficina Central de Estadísticas e Informática (Central Office for Statistics and Computer Technology). In Caracas, the number of associations is estimated at more than 200. Many of these associations, in addition to monitoring and working for the general administration of their communities, have developed cultural, educational, and health activities, among others, with which they advocate their rights and encourage social participation.

These organizations are concentrated in the metropolitan area of Caracas and in the neighboring states, but, unlike the intermediary NGOs, a significant percentage are located in the Andean and central-western regions. Most of these NGOs are involved in cultural, recreational and sports activities, advocacy, and religious and training activities. Some of them are involved in the arts, others in education for low-income groups and public libraries. Cultural, youth, neighborhood, sports, and religious organizations are more numerous.

The most recent data (1991) indicate that there are 55 grassroots NGOs delivering services to the infant and child population, at least 47 health committees in marginal areas, and 213 environmental NGOs. It is difficult to establish how many cultural NGOs exist, but the Consejo Nacional de la Cultura financed 692 cultural groups in 1991.⁹ It is also difficult to determine whether all of them promote community participation, although it may be presumed from their proximity to the communities in which they work that participation must be a common feature of their work.

Other Organizations

In addition to the NGOs described above, in 1991 in Venezuela there were 790 cooperatives distributed throughout the nation.¹⁰ Most were multiple-services and transportation cooperatives located in the central-western region and the capital.

The Catholic Church also supports OPC and NGO training. According to the Venezuelan Episcopal Conference, in the country in 1991 there were 347 charitable institutes directly dependent on the Catholic Church.

Legal Status of the NGOs

Both intermediary and grassroots NGOs have generally assumed one of two types of legal status: the foundation and the civil association (bodies legally incorporated for other than commercial purposes). Foundations predominate among the intermediary NGOs, and civil associations among the grassroots NGOs. The state exempts foundations and civil associations with charitable or social purposes from income tax. These institutions are also exempt from paying other taxes, and do not have to pay the industry and trade license. Moreover, Venezuelan tax law allows generous deductions for donations to nonprofit institutions. The exact effect of these provisions on contributions are difficult to assess given the low level of taxation and poor organization of the tax system in Venezuela.

⁹ This figure excludes cultural organizations classified as intermediate NGOs.

¹⁰ Figure provided by the Superintendencia Nacional de Cooperativas (National Authority for Cooperatives, 1992) a government agency responsible for registering this type of organization.

NGOs and the Government

The Venezuelan public sector acts as an important donor for a good number of NGOs. Just how much money it provides to the organizations is unknown because public institutions generally include these amounts with other expenses in their accounting categories. Agencies that have budgetary categories for groups or organizations of this kind include the Consejo Nacional de la Cultura, the National Congress, and particularly the Ministry of the Family.

In addition to financial support, a few other examples of cooperation between government and NGOs have appeared in recent years to achieve political objectives. Most notable in scope have been childcare, formal education, and small business promotion programs, especially in the last three years. The first general NGO initiative by the government was the creation in 1992 of the Presidential Commissioner for Government Relations with the NGOs. Although the office of the commissioner works without significant resources of its own and is still defining its involvement in formulation and implementation of government policies, its creation alone is a positive sign for cooperation with the NGOs.

Conclusions

The framework described above is evidence of strong social organizational activity in the nonprofit, nongovernmental sector. As could be expected, this activity occurs in sectors linked to the production of positive externalities in which the main institutional alternative is the government and not profit-making private enterprise.

Dividing the NGOs into intermediary and grassroots organizations made them easier to study. Without better and more detailed information, it is virtually impossible to know whether other criteria such as community participation are especially relevant. Probably only a field study of significant dimensions could be expected to yield significant data.

Case Studies

Centro al Servicio de la Acción Popular (CESAP)

CESAP is a nonprofit civil association founded in 1972. It is a NGO dedicated to promoting grassroots organizational activities and training for social development. Through its programs, it reaches an estimated 35,000 people in 1,400 poor communities in Venezuela each year.

CESAP carries out promotion and social development programs in urban and rural areas throughout Venezuela in six sectors: social action, campesino

action, support for microenterprises, social research, regional centers, and administration and finance (see organizational chart in Appendix 2).

CESAP administers lending programs and day care centers, provides informal training and education to young people, campesinos, the poor, women and social activists, and delivers organizational support services to many communities. A formal institutional assessment by the Inter-American Foundation mentions education as CESAP's foundation:

"What best identifies and gives cohesiveness to CESAP is the educational character of this agency. We think that its educational activities, undertaken with a perspective that is comprehensive and promotes social change, will become the fundamental basis for the actions of CESAP. Only in this way is it possible to grasp the diversity of the programs, courses of action, and social groups with which it is working..." (Tapia and Valbuena, 1986).

In its work in all the sectors, CESAP uses an "inductive" methodology, involving the people or communities served in project planning and finding with them a way to respond to their needs, with support from CESAP's resources. The understanding people develop of both their personal situation and social position and their commitment to organize themselves and work to overcome it grows out of this kind of project planning.

Accordingly, CESAP does not consider itself an organization that "delivers services" to poor communities but an organization for social development, for strengthening the capacities of the most disadvantaged groups to manage their own problems and to cooperate with other groups and social institutions that are part of their milieu. Delivering services, although considered essential to meeting the basic needs of populations in poverty, is understood mainly as a vehicle for development and consolidation of such capacities.

Evolution

From the time CESAP was established in 1972 until 1978, the organization was defining its mission and work methodology, developing its first programs, and establishing the relationships and ambiance that were essential to the viable work of the group.¹¹ Most of the dozen founders have kept working with CESAP up until today.

¹¹ In the initial period of the organization, there was clear use of the experiences and networks of contacts with individuals and groups that had been brought together through the work of Jóvenes de Acción (Young People in Action), an organization with a religious affiliation in which the people who would become the founders of CESAP were participating.

The initial capital for the organization came from the Catholic Church, which provided the land for the headquarters in Caracas, and from international donors, in particular European private foundations. The organization decided early on to diversify its target group to include young people, campesinos and workers, poor districts of the cities, and women. In fact, the first formally organized CESAP programs were the youth program and the program for women, known by the name of *Círculos Femeninos Populares* (Grassroots Women's Groups).

In attempting to expand its work with young people, the first groups that CESAP succeeded in gathering and organizing in the districts were almost exclusively composed of women. In the words of one of the CESAP promoters at the time:

"We rapidly realized that...the ones who were actually meeting and participating were women. They were the ones who were suffering every day from the shortage of services in the places in which we were working."

CESAP began a systematic effort to find out the needs and viewpoints of the women. The organization developed a program adapted to women's needs, the *Círculos*, which gave them a place to exchange experiences while providing them with support for their skills and knowledge that made it possible for them to improve their lives. Activities included courses on motivation and leadership, placing greater value on the role of women, and study groups. To benefit the communities in which they live, CESAP promoted consumer cooperatives, nutrition services, and maternity and health care, among other programs.

Women have played a very important role in the activity of CESAP; three of the six general coordinators have been women. CESAP's approach to participation by women has evolved:

"At one point, we decided that everything related to women should be referred to or included in this program, and accordingly the other programs did not have to be concerned with women. In time we realized that this criterion was a mistaken one. Nowadays, there is no women's program, but every program must deal with women's problems in its own area."

Women beneficiaries have predominated in CESAP's small businesses, literacy, and health programs, and will probably do so in child care. In identifying the low participation by men in the *Centros de Educación Popular*, Armando Janssens writes:

"The participation of men varies from one region to another. In the Andes, the men participate actively. In the other regions, the *Centros de Educación Popular* are made up exclusively of women. In general the men are little or absolutely not interested in the CEP, which is in keeping with a very wide-

spread idea that education and neighborly relations are women's business." (Janssens, 1984).

In 1978, CESAP assumed important responsibilities in the execution of an agreement signed between the Catholic Church and Instituto Nacional de Cooperación Educativa (INCE, National Institute of Cooperative Education), the division of the Ministry of Education responsible for providing vocational training to young people and adults, to launch a literacy program throughout the country.¹² Participating in this program enabled CESAP to consolidate and expand its network of contacts with poor communities in many parts of the country. In two years, more than 2,000 literacy courses were organized for approximately 24,000 adults, and 1,350 "monitors" were trained for this purpose. Once the literacy program ended, CESAP formed what were called Centros de Educación Popular (CEP, Public Education Centers) in communities that had taken part in the literacy program.¹³ This experience shows the capacity CESAP possesses to be supported by a public sector initiative with limited objectives and use it as a platform to develop a program within its own mission.

In 1978, CESAP began a systematic practice of evaluation and institutional planning through "studies week," an activity in which the staff members who are most involved with the work of the organization meet to evaluate and plan activities.

As its activities grew and became increasingly sophisticated, CESAP moved to improve professionalization by promoting training of its original staff members and hiring new staff with professional credentials. Until the 1980s the organization had lacked professionally accredited staff.¹⁴ To enable the professional staff without experience in community work to begin to share the values and mission of CESAP, every new member of the organization must attend the "Commitment and Life Week" during his first year of work.¹⁵

¹² Meanwhile, relations with the government were not limited to literacy. Also around 1978, various government institutions that needed to train personnel for social work in poor communities turned to CESAP to hire training services.

¹³ These centers, which numbered over 100 in 1983 and were found in all rural communities and poor districts of cities in the Andean region and other states in the west of the country, are coordinated by a "grassroots educator," a member of the community who has received training as a facilitator of community organization and literacy from CESAP. Members of the community participate flexibly in community health and literacy courses, advocacy regarding community problems, promotion of local culture, protection of the environment, and vocational training.

¹⁴ This trend toward professionalization proceeded unevenly within the organization, with some sectors and programs far more advanced than others.

¹⁵ The manual prepared by CESAP for training new staff members emphasizes the following values and attitudes as the ones CESAP wishes to encourage: faith in people and in their communities, a sense of responsibility and mutual effort, realism and balance in order to know the value of opportunities, and effectiveness and efficiency in the work.

Expansion, Influence, Decentralization

From 1988 through 1992, CESAP expanded coverage, and its programs initiated earlier matured. Ties with international donors were strengthened, and the internal planning process became more formal.

The organization has been launching new programs. There are various publicity campaigns for social policy and political reforms. A monthly magazine, *Juntos*, is published and distributed nationally to publicize the activities and views of the organization; and an office entitled *Presencia* has been established to channel requests and positions to the executive branch and the congress.

CESAP has also been one of the OPCs most directly involved in carrying out social programs of the Venezuelan government. Examples are the *multihogares* program, directed toward day care for preschool children in poor districts, and promotion of small businesses.¹⁶ The government acts as regulator and source of funding, and the organizations act as administrators and direct implementers. In 1991, the combined budget of these programs under the administration of CESAP amounted to a figure close to the total nongovernment-provided budget of the organization for that same year (\$1,850,000).

These new responsibilities have contributed to the expansion and the professionalization of CESAP, which in 1992 had 202 people working in its programs, 88 of whom were professionals.

Relationship with the Public Sector

CESAP counts among the benefits of its relationship with the government the possibility of meeting heavy demands for services for the poor, who suffer the social consequences of adjustment programs. Also, and this point is considered as important as the preceding one, the programs in which they participate enable the beneficiary communities to organize and progress socially. CESAP staff believe that the *multihogares* program has great potential for achieving community involvement. The small business program, however, has moved away from direct community involvement. One CESAP executive says:

"...I believe that we have gone, without entirely realizing it, from working street by street and house by house to becoming one more ticket office. This

¹⁶ In *multihogares*, the communities combine resources with the state to ensure care and adequate nutrition for low-income children of a specific locale. CESAP staff have noted a strong inclination on the part of the community to participate so that the *multihogar* can function, thereby adding local resources to the public initiative, which does not occur as commonly in the case of a *multihogar* that is the direct responsibility of a government organization.

situation must be reviewed. The NGOs must maintain their specificity. We are not the implementing arm of the state, we are the hands that create society.”

Other benefits of cooperation with the government include the prestige of being an organization that carries out agreements with the public sector when it comes time to request financing from other sources, and the strengthened capacity of the organization to render accounts and perform administrative processes. The standardized administrative procedures of the government services, however, are in some cases sufficiently sizeable obstacles that some programs run the risk of paralysis or have had financial and organizational problems. CESAP executives concur, nonetheless, that they have never clearly felt pressured by the government to accept a certain type of administrative procedure or to make special changes in their work.

CESAP as a Participatory Organization

CESAP considers it essential for the communities and individuals it serves to develop their capacities for organization and planning. By involving the community, the organization also promotes individual self-esteem, personal growth and growth of the community, social solidarity, and an ability to view problems in context and work together.

Nonetheless, CESAP's participatory principles have evolved over time. During the 1970s, CESAP encountered opposition in many communities which were seeking a paternalistic client relationship, in keeping with their characteristic social and political experiences. Today the members of CESAP say that although these attitudes still appear, they do so with less strength and frequency than they did 20 years ago. Instead of the organizational vacuum that CESAP used to find when it arrived in a community, today staff usually find a preexisting network of various types of grassroots organizations, with which they must establish dialogue and cooperation.

CESAP staff share decision-making responsibilities, emphasizing collegiality and dialogue among members of the organization at all levels.¹⁷

But perhaps the clearest indication that there really is a practice of comprehensive community development linked to delivery of services to poor communities is the fact that CESAP has been leaving clearly identifiable capacities in

¹⁷ The presence of about 10 people who exercise visible and influential leadership, for the most part members of the founding group, has not created openly authoritarian or vertical decision-making patterns. Elections are held at regular intervals for the office of general coordinator and for positions on the board of directors, the planning processes are structured from the bottom up, and the regions and programs retain considerable autonomy within the basic definitions CESAP uses to plan its activities.

groups and communities that have been under its influence. For example, some leading OPCs, such as PROVEA in human rights and CECODAP in child care, are spin-offs of former CESAP programs. UVECEP and Círculos Femeninos Populares have been independent organizations for several years.

Viability and Sustainability

Throughout the history of CESAP foreign philanthropic organizations have been the main source of both capital and operating costs. CESAP reports that it works with 22 international philanthropic institutions or institutions that promote development. Relations with some of them are as old as the organization itself.

The public sector has been the second source of income in importance, although its support has been much more irregular. If indirect subsidies through tax exemptions derived from its nonprofit nature are set aside, small subsidies from the Ministry of Education date back to the very beginning of the organization. Government participation also includes subsidies from the Congress of the Republic, becomes especially significant (approximately 40 percent of total income) at the peak of 1978-83, and then falls drastically until the period of increase in 1990-92. More recently, the organization has established connections with the multilateral banking system, specifically with the Inter-American Development Bank.

From the beginning, CESAP decided to charge for services to distinguish itself from other client and welfare types of social programs and to strengthen the sense of responsibility among users. Although the amounts paid usually do not represent anything close to the full recovery of costs, it has always been a minor source of income for the organization. With the passage of time and its growth, CESAP has resorted on occasion to cross-subsidization, a practice common to nonprofit organizations in all parts of the world (James, 1983; Nielsen, 1986).¹⁸ Volunteer work, although difficult to measure with precision, has always represented a substantial contribution to the organization, as has the willingness of many members of CESAP to accept low salaries.

¹⁸ Undertaking activities that make it possible to obtain sufficient funds to finance other money-losing activities causes serious dilemmas in allocating scarce funds among different types of activities and raises questions among various analysts, especially when public funds are involved. Thus, it can be argued that if the money the government contributes to the implementation of a program is more than needed to achieve the objectives previously stipulated for the NGO, the money should be returned instead of being used to finance other activities. It all depends on the type of contract and the hiring procedure, however, since the same objection should be raised for the execution of public works and programs by profit-making companies, which is rarely questioned.

Conclusions

If the criteria that define the success or effectiveness of an OPC are survival, longevity, or growth, CESAP qualifies as a successful community organization. These criteria are significant for several reasons (Aldrich, 1979). If an OPC has survived, it has done so because it has succeeded in winning the confidence or retaining the support of significant donors who believe it is effective over time.

Nonetheless, CESAP has also proved itself in other ways including effectiveness in delivery of services, promotion of participation and self-sustainability in the communities in which it works, and more extensive social and political influence (Carroll, 1992). Although it is difficult to judge with clarity the cost-effectiveness of the CESAP programs without systematic information concerning costs and volumes of output, the few indicators available are favorable to CESAP. The organization is not just delivering services; it perceives each service delivered to poor communities as an opportunity to encourage the growth of their capacities for action in their own processes. CESAP has also succeeded in influencing the broader social and political milieu in which it operates.

Fe y Alegría School Network

Fe y Alegría (FyA, Faith and Happiness) is an institution of religious origins designed to deliver educational services to low-income sectors. Its activities began in Venezuela in 1955 at the initiative of the Jesuit priest José María Vélaz and a group of students at the Universidad Católica Andrés Bello (UCAB). FyA is a nonprofit civil association affiliated with the Asociación Venezolana de Educación Católica (AVEC, Venezuelan Association for Catholic Education), the Federación Internacional de Fe y Alegría, and UNESCO.

The institution has three organizational levels: the dirección general (general directorate), the direcciones zonales (area directorates) and the centros educativos (educational centers). The general directorate is responsible for the strategic aspects of planning, financing, and supervising the activities of the network. The area directorates advise the educational centers of the plans and goals to be achieved in a specific period and advise on formulating educational projects, planning funding strategies, and hiring. The educational centers are the operative units of the system. They have autonomy to interpret the guidelines and policies from the higher levels and adapt them to an individual educational project, as well as to administer their staffs and decide how to allocate the financial resources (see the organizational charts in Appendix 2).

FyA's social programs include formal educational programs, specific educational programs, and training and public assistance programs. During the 1992-93 school year, enrollment in formal educational programs of FyA exceeded 64,000 students throughout the country, distributed as shown in Table 4.2.

Table 4.2. Enrollment in FyA Formal Education Programs and Other Training Programs, 1992-93

	Formal Ed.	IRFA ¹	Others	Total
Illiteracy	—	828	108	936
Preschool	6,954	—	—	6,954
Basic (1st - 6th grades)	41,608	2,698	—	44,306
Basic (7th - 9th grades)	14,166	8,232	—	22,398
Diversified middle school	1,576	—	—	1,576
Vocational training	—	316	3,038	3,354
Special education	—	—	128	128
Teacher education	—	—	2,649	2,649
Training	—	—	2,650	2,650
Total	64,304	12,074	8,573	84,951

Source: Fe y Alegría Institutional Report (1993).

¹ Instituto Radiofónico Fe y Alegría.

Table 4.3. FyA Social Program Beneficiaries, 1992-93

	No. of beneficiaries
Health	8,010
Nutrition	15,558
Cooperatives	5,636
Development	130
Pensions and group housing	24,410
Total	53,744

Source: Fe y Alegría Institutional Report (1993).

The organization's training and public assistance programs benefit approximately 53,000 people (Table 4.3).

FyA staff number 4,340 workers, and, although it is a religious organization, more than 90 percent of the staff are lay persons. Members of religious orders usually hold leadership positions in the offices and schools, and more than 85 percent are women. The majority of the lay staff are also women, as is usually the case in education. In Fe y Alegría, laywomen hold leadership positions at the highest level of the organization, and they occupy four of the seven positions for area directors.

In 1991, the FyA budget was Bs572 million (approximately \$10 million at the average exchange rate for that year).¹⁹ Approximately 80 percent of the funds

¹⁹ The average exchange rate for 1991 was Bs56.94 per U.S. dollar.

were provided by the national government through an agreement signed between the Ministry of Education (ME) and AVEC; 7 percent came from registration and tuition fees; 4 percent came from an annual raffle organized nationally; and the remaining 9 percent came from donations by various public and private organizations.

Organization and Operation

Fe y Alegría's organizational structure, unique in the Venezuelan educational sector, achieves a balance between centralization and decentralization and encourages an exchange of information. Although each organizational level is relatively autonomous in its functions, the higher levels ensure that certain common guidelines that give unity and coherence to the institution are respected and followed.

FyA achieves a close link between the communities and the educational centers not only by the participation of the parents and representatives in decisions concerning the education of their children but also by the existence in the schools of social programs separate from the educational ones. In addition to triggering many important processes for social change in the communities, this relationship with the community makes it possible for the FyA schools to influence not only their students but also the family group and other organized groups functioning in their vicinity. Another advantage is that the communities are becoming the main guardians of these schools, which are rarely vandalized or looted.

Public funds constitute the main element in FyA's financing system, which operates in the following way: (i) Each school prepares a proposed budget of income and expenditures for the school year and sends it to AVEC;²⁰ (ii) AVEC reviews the requests, consolidates them, and requests the ME to furnish the amount needed to meet the budgetary requirements of all the schools; and (iii) the ME provides the total amount to AVEC, which transfers the funds monthly to the schools. This mechanism has a number of advantages over the general system of financing the public schools, in which even the personnel roster is managed directly from the ME offices in Caracas. For example, each school can request funds according to its individual program of activities; the information concerning the costs per school is available, which is not possible for schools under the ME; and the existence of AVEC as an intermediary agency makes it possible to compare the requirements of similar schools and establish some standards among them.

²⁰ AVEC is the organization that signs the contract which makes it possible to receive and channel funds from the Ministry of Education, and as an association works with many other schools affiliated with Catholic institutions and not solely with the Fe y Alegría network.

Streamlined staffing patterns help keep FyA's costs lower than those of the public sector (see the calculations in Appendix 2). At the same time, FyA has the disadvantage of offering professional teachers (with a B.A. in education) salaries lower than those in the public sector and does not have retirement plans for teachers; these two factors have in practice resulted in staff flight toward the public schools after FyA has made a sizeable investment in their training.

A permanent interest in the improvement and professionalization of the teachers has led the organization to take on this function because public sector services tend in practice not to be very satisfactory to the FyA board of directors. Moving in this direction, in 1991 FyA created the Centro de Formación Padre Joaquín, with its headquarters in Maracaibo, Zulia State. Through an agreement with Universidad Simón Rodríguez, this center offers a program for a B.A. in education especially designed to meet the needs of FyA teacher training. The participants receive much support and follow-up during their studies. The program accepts not individual applicants but school teams to which a facilitator is assigned. Each team, with the support and participation of its school, is responsible for a project that is the final requirement for applying for the bachelor's degree.

Perhaps one of the most attractive features of the FyA model is the possibility of duplicating it as an alternative for delivering educational services to impoverished sectors in many other Latin American countries. Inspired by the Venezuelan experience, FyA began to operate in Ecuador in 1964, and since that date FyA networks have been founded in 10 other countries of the region. At present there are plans for an initiative on the African continent.

Conclusions

Although FyA originated in Venezuela because of religious motivation and social awareness on the part of Father Vélaz and a group of students from Universidad Católica Andrés Bello, as the organization gained prestige and recognition from all sectors of Venezuelan society, including the government, it grew because it offered features that public production cannot provide. For some of the users, the transmission of moral and religious values makes FyA education desirable over public education; for others, certain features that FyA offers, such as the guarantee of uninterrupted activities throughout the year and the existence of a safe and comfortable physical environment for the students, are highly valued.

Pressure from the communities on the organization for service with greater coverage has intensified in recent years as the public educational system has been deteriorating. The response on the part of FyA has been an attempt to satisfy these demands by incorporating new centers into the activities of the network. In fact, since the agreement between the ME and AVEC for funding the schools was signed, the rate of incorporation of new centers has reached unprec-

edented levels (during the 1991-92 period, 13 new centers were put into operation, and a similar number was estimated for 1992-93).

This situation presents perhaps the most complex challenge that FyA has had to confront since its foundation: growth with quality. The organization has many advantages in this area, but also serious constraints. Advantages include a flexible and decentralized organizational structure; the well-defined identity and strength of the network, determined by the existence of a collective social action project; and the ME-AVEC agreement that guarantees stable funds for a good proportion of current expenses.

Disadvantages include the risks inherent in a decentralized model, such as the isolation of the schools, some inequity in the distribution of funds, and differences in quality among schools. (A more detailed investigation should concentrate on evaluating more precisely the magnitude of these problems.); the vexation caused by heavy dependency on public funds in comparison with the time and effort required to raise alternative funding; the scarcity of human resources, particularly good-quality teachers; and the nonexistence of mechanisms for systematically evaluating the results of the network.

Asociación Cardiovascular Centro Occidental (ASCARDIO)

ASCARDIO is an institutional alternative to government and private sector solutions used to deliver health services. It is a nonprofit private association that charges for its services according to an estimate of the user's ability to pay. Its operation is based on the establishment of networks of cooperation between the government, the private sector, and the community. ASCARDIO was founded on March 25, 1976, in Barquisimeto, a city of 750,000 inhabitants that is the capital of Lara State in the central-western region of Venezuela.

According to its bylaws, the objective of the association is "formation, promotion, and administration of an economic fund to be invested in study, research, and supportive medical treatment of cardiovascular ailments." Its purpose is to support the Programa Cardiovascular (PC) of the Ministerio de Sanidad y Asistencia Social (MSAS, Ministry of Health and Social Welfare). PC was designed in the 1950s to develop cardiological service networks in different regions of the country, each with the support of an association, providing primary, secondary, and tertiary care. This objective has not been achieved even at the national level. Implementation of this "health doctrine" was made ineffective in practice by "distributions" of public offices and the action of unions created by the political parties. The ASCARDIO network of medical care in the central-western region is the only example that is close to the original design (Barrios, Alvarez, and Finizola, 1976). According to its leader and founder, an attempt was made with the creation of ASCARDIO to "rescue the good features of the initial model."

By legal status, ASCARDIO is an entity under private law and, by objective, a public service institution. It operates at the headquarters of the Centro Cardiovascular Regional (CCR) of the MSAS, adjacent to Luis Gómez López Hospital in Barquisimeto, and it lends support of various kinds (institutional, technical, scientific, and financial) to both institutions. It is difficult to make a clear separation between ASCARDIO and CCR, although they have different legal capacities and organizational structures. ASCARDIO conducts the following activities:

- Programs to promote health and prevent illnesses;
- Outpatient cardiological care and hospitalization;
- Teaching and research in its area of specialization;
- Maintenance and design of medical equipment;
- Emergency medical care through Ambulancias ASCARDIO;
- Medical care in various specialized fields of cardiology;
- Development of a health information system;
- Development of an integrated system of cardiological care through interaction with official and private institutions.

Organization

As it grew, ASCARDIO kept incorporating new units and services: administration, systems, a library, bioengineering, orientation service, a clinical unit, coordination of volunteers, ambulance service, and a pharmacy. The ASCARDIO-CCR staff currently numbers 202, including 36 specialists in cardiology, 24 physicians in different specialized fields, 24 registered nurses, and seven aides.

Formally, ASCARDIO is shown as an advisory body of the CCR (see the organizational charts of CCR and ASCARDIO in Appendix 2), but in practice ASCARDIO is responsible for the operation of the CCR. The regional coordinator of the CCR is part of the ASCARDIO medical board (its “leader-founder,” in effect). Thirty percent of the ASCARDIO-CCR staff are on the MSAS roster, whereas the rest are paid by ASCARDIO. Although ASCARDIO does not have its own facilities to deliver hospitalization service, it has 26 beds at the Luis Gómez López Hospital. Moreover, the cardiological unit of the hospital functions in practice as an ASCARDIO appendage. According to Barrios (1987) and Figueroa (1991), ASCARDIO’s organizational structure includes:

- Participatory administration based on communication mechanisms that include both the staff and the community;
- Change of approach from medicine obtained by the individual to medicine based on work groups;
- “Meritocracy” system for selection, training, motivation, and discipline of staff;

- Research applied to continuous improvement of the system;
- Maintenance of an information and control system;
- Universal access to the system (possibility of free treatment combined with payment by users based on their socioeconomic status); and,
- Application of basic rules of administration combined with a high content of community involvement.

Financing and Fees

Eighty percent of the organization's income is generated by delivering services. Apart from the portion of personnel expenditures financed by the MSAS, ASCARDIO receives donations from public institutions (regional and local governments, the local electrical company, etc.) and private institutions such as banks and foundations, in addition to the contributions that are obtained by ASCARDIO volunteers. Figure 4.2 shows the nominal income corresponding to the last three years. Although the heading "other income" continues to be relevant, it loses its importance in the make-up of the total income.

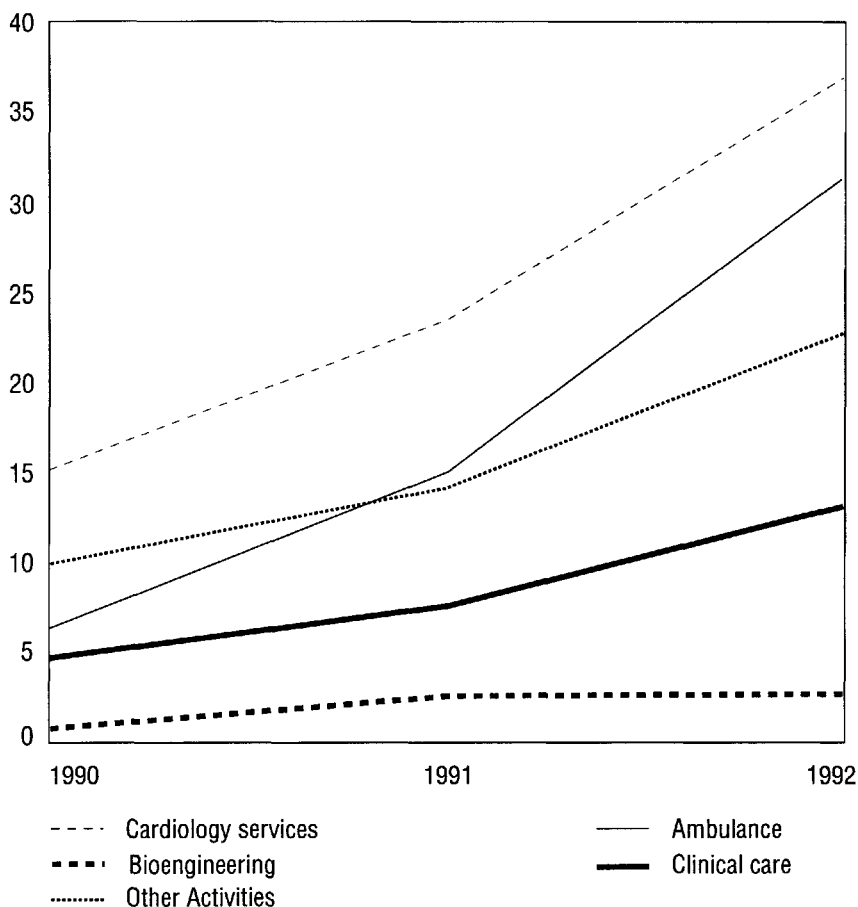
In the beginning, ASCARDIO was not paid for its services. Subsequently it became evident that this policy was threatening the survival of the institution. After a time of operating under a system of "volunteer collaboration," the current system of "social fees" was designed. The patients are classified by income levels and size of the family group. When it is determined that a patient cannot pay, he is exempted from payment. Background checks ascertain a patient's ability to pay. The behavior of the fees paid is analyzed monthly by calculating percentiles. As an example, Figure 4.3 shows the behavior of the nominal fees charged for initial visits.

Implementation of the social fee policy can be seen in the difference between the price levels defined by the upper limit and the 75th percentile, the price below which fall the fees paid by 75 percent of the patients. The majority of these patients have incomes below Bs8,000 (in the case of family groups with fewer than four members), Bs9,000 (family groups with between four and eight members) or Bs12,000 (family groups with more than eight members). In addition, the upper limits themselves are below the prices paid in private clinics. For example, in December 1992, Bs900 (approximately \$11) was charged for an initial visit, whereas for the same service a private clinic charged between Bs3,000 and Bs4,000.

Relationship with the Community

ASCARDIO has developed networks of relationships among various sectors—public, private, and community—through which it mobilizes the resources and support required for the delivery of services. ASCARDIO can be considered a

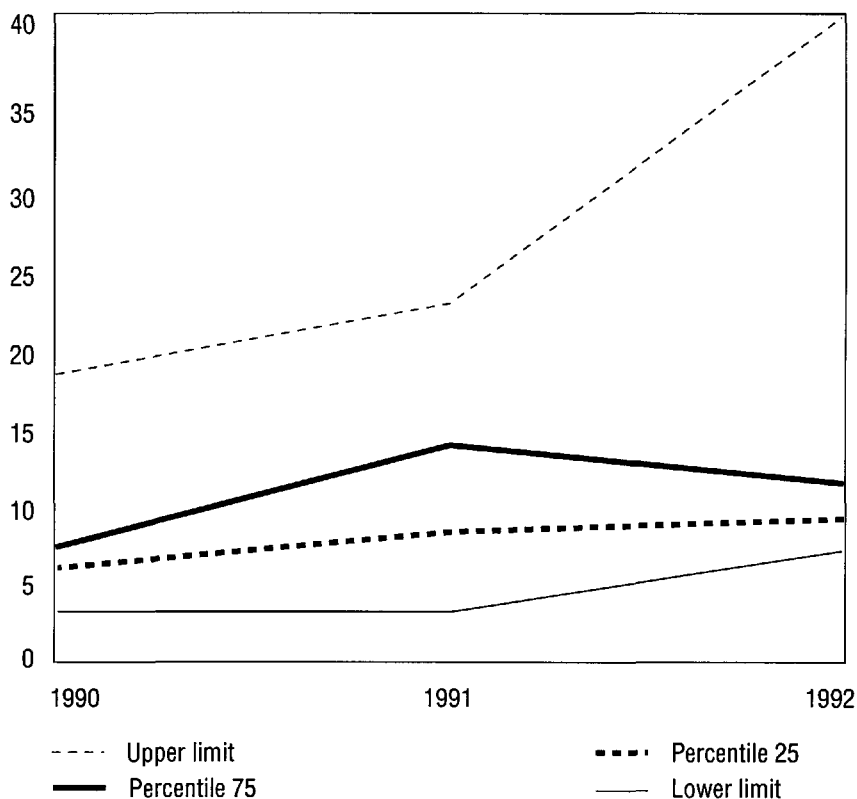
Figure 4.2. Venezuela: ASCARDIO's Income by Areas of Activities
(Millions of bolivares)



social movement (Piñango, Palumbo, and Gómez, 1992), which explains the feeling of belonging to “something valuable” shared by persons who are connected to the association.

ASCARDIO has been accepted in the community because it offers a reliable and timely service that is delivered without interruptions. The number of patients treated in its various areas of activity is growing, in absolute terms, as fast or faster than the services of larger size with greater resources in the public and private sectors. The patient receives a high-quality service from a trained staff with facilities, instruments, and equipment in good condition. The ASCARDIO Clinical Unit is open from 7:30 a.m. until 9 p.m., reflecting the heavy use of the

Figure 4.3. Venezuela: Nominal Fee for First Visit at ASCARDIO* (Bollvares)



facilities in contrast with the idle capacity represented by the average of four hours per day in which the majority of the Venezuelan medical care centers are open. Between 1977 and 1991, the number of annual visits to ASCARDIO rose from slightly over 1,200 to almost 34,000, and the number of cardiological tests (with noninvasive methods) rose from 750 to over 50,000.

Relationship with the Government

ASCARDIO could be considered a case of privatizing a government institution in order to deliver a public service more efficiently. Because of its character as a private association and its close connections with the MSAS agencies, ASCARDIO is also an example of public-private mix (Palumbo and Piñango, 1991). In addition to managing the CCR, the association lends technical support

to the MSAS Department of Cardiovascular Ailments at the national level.

Financially, ASCARDIO still requires state support: a considerable percentage of its personnel expenditures are covered by the MSAS, which leads to uncertainty. For example, the association could be attacked by someone who short-sightedly calls for strict compliance with the regulations and requires a clear distinction between public and private at the Regional Cardiovascular Center. The Organic Law of the National Health System (enacted in 1987) grants the MSAS the power to centralize resources and functions in the field of health, and it might be invoked to point out "irregularities" in the functioning of ASCARDIO-CCR. Moreover, the operational characteristics of ASCARDIO, the increasing number of its activities, and its unquestionable signs of success are in striking contrast to the traditional deficiencies of the public sector, and they generate not only favorable opinions but also resistance and rejection.

Conclusions

ASCARDIO combines public and private components in implementing a project for innovative organization in delivering health services. It has successfully established a work team based on trust and mutual support with effective leadership. It has configured an effective and flexible administrative structure, based on participatory processes in decision making and intensive use of information systems (Palumbo, 1991).

Administering an agency of the Ministry of Health through a private association can be considered an experiment, a trial that shows the possibilities and problems in undertaking the decentralization of state health services. The experience of over 15 years since the creation of ASCARDIO serves as an example of the training period and trial required for decentralization. The question, which cannot easily be answered, is how long this period should be; when has an experiment been supported or a learning process firmly established? While taking into account the obvious signs that the ASCARDIO experiment is headed in the right direction and even may be considered successful from various viewpoints, it is best to continue considering it an experiment, an initiative that requires attention and above all support to strengthen its positive features and its unquestionable advantages as an institutional alternative. Moreover, ASCARDIO's possible "vulnerabilities" should be considered. Apart from the risks derived from its relationship with the government, as was noted above, its very "success" could become a weakening factor. Although such success can be explained, in large part, by the possibility of developing an extensive network of relationships, or a "social movement," the already visible trend toward committing ASCARDIO funds to support the tasks of other organizations could threaten its very cohesion.

Comité de Ayuda al Enfermo Mental, Zulia State

On June 7, 1991, approximately 70 mental patients appeared in the Plaza Bolívar of Maracaibo, occupying the steps of the Legislative Assembly of Zulia State. Accompanied by José Palmar, a local priest, they conducted a peaceful but effective demonstration about the urgent need to improve the living conditions of the mental patients in the state. The event effectively attracted the attention of the legislators and government officials to the status of the mental patients and the institutions supposedly dedicated to curing them. It also introduced the Comité de Ayuda al Enfermo Mental (Committee for Assisting the Mentally Ill) of Zulia State to the public. This group, which had emerged from the community organizations in the Sierra Maestra district of Maracaibo, had been dedicated for some time to a campaign for increasing public awareness of the problems of the mentally ill.

At first sight, mental health may seem to be an overly complicated cause for a community group. In this case, the commitment to assist the mentally ill emerged naturally from a desire to work with the neediest: the dispossessed, the disadvantaged, the forgotten. The initial goal was simply to improve the conditions of the mentally ill in Zulia State. But, once the members became involved, circumstances led to a rapid change and a broader focus of attention. Responding to the corruption and lack of efficiency in the psychiatric institutions, facing sometimes open opposition from the medical community, and taking advantage of the new political opportunities opened up by decentralization of national programs (including health) in favor of the state governments (De la Cruz, 1992; Tironi and Lagos, 1991), the committee moved from mere assistance (for example, obtaining funds or collecting clothing) to developing a project of its own. The course that the committee has followed shows the requirements for an effective community organization and serves as an example of how concerns that emerge from the grassroots can intersect with and enrich policies that are established by national and international institutions. The combination contributes to combating poverty, not only by the creation of new services, but also because it engenders in the same community new skills and resources for active participation.

Evolution of Policies

Historically, the mentally ill have been cared for in large institutions isolated from the community. In these institutions, patients suffering from mental illness are mixed in with persons with different problems: alcoholism, epilepsy, mental retardation, and "social undesirables." Treatment was limited and mainly custodial in nature. Problems of all kinds were evident in this type of institution, including lack of basic medical care, inefficiency and administrative corruption, and abuse of the human rights of the patients. At the beginning of the 1970s, a movement began at the international level to restructure psychiatric care. A Latin

American regional conference, held in Caracas in 1990, and organized by the Pan American Health Organization, produced the Caracas Declaration, 1990. By August 1992, the Mental Health Division of the Ministry of Health had developed a national plan for decentralization and delivery of services at the local level, with extensive control by the community. The goal was to integrate the patients into the community and to integrate mental health services with primary medical care.

Mental Health Committee and Its Project

When the committee was formed in 1992, its members and leaders were not aware of the significance of their efforts. Their initiative was deeply rooted in local activism, which began with the very origins of the Sierra Maestra district, which was formed when the lands were settled by squatters at the end of the 1950s. Community activism in Sierra Maestra was nurtured over 20 years by Jesuit priests and also by the continuous efforts of a grassroots church community, founded in 1980. The grassroots community has made organization a part of daily life by accustoming the people of the district to meeting and working together for a wide range of purposes. Collective action and teamwork are thus the norm and not the exception.

The general concern of the community with social action has taken a variety of forms over the years, and each time the projects have become larger in scale and more ambitious. With the arrival of José Palmar, all the pieces fell into place for achieving effective action. Palmar brought various critical elements to the community: he is energetic, dedicated to social apostolic duties, and very skillful in using the media, including two radio programs in which he comments on the news and promotes activities. When he came to the parish, the community organized an assembly and gave him an agenda for social action, including transportation, health, and working with prisoners. The successful transportation project was a learning process for the community in how to play the political and budgetary game and how not to be intimidated by the requirements of "professional experts."

The general desire to help the sick evolved toward helping the mentally ill. It began with a campaign to help the farms where the mentally ill were treated, but after a series of scandals (including an outbreak of cholera) the decision was made to launch an alternative health program. Drawing on other local experiences, and with the support of a local psychiatrist, the committee began to put its project into concrete form. It was not long before an attempt was made to work with the restructuring initiatives already under way at the national level. The current design of the project combines components of primary care, prevention, and rehabilitation, including efforts to reintegrate the patients into the community through vocational programs. As an integral part of this strategy, a public

education campaign will be organized to lessen the stigma of mental illness and to change public perception of the sufferer as beyond recovery to that of a person with the potential to participate in his own recovery.

The committee leaders have obtained government funding to organize their alternative service, the Complejo Comunitario Nuestra Señora de Guadalupe (Our Lady of Guadalupe Community Complex). A site was purchased, and currently they are in the stage of construction, administrative planning, and staff training. The committee has organized itself into civil associations and is aiming for a public-private foundation (between church, state government, and members of the community) that will manage psychiatric care throughout Zulia State.

The committee's plans are extensive and ambitious. In the beginning it was hoping to combine walk-in clinic programs, an employment bureau, educational and media services, and recreation, housing, and research programs. With time, the committee has focused on vocational and social matters, in which the committee members have more experience. The very complexity of the project, in addition to the sizeable amounts of money at stake, are a cause for concern. In any case, until the program really begins to function (at the time of this study, the complex was to open in December 1993), it is impossible to evaluate the capacity of the committee and the community for managing a project on this scale.

The committee leaders perceive the complex and its series of related projects as not only a solution to a mental health problem but also as an area for development for the Sierra Maestra district and this entire sector of Maracaibo. The complex will create jobs, energize local institutions and local groups, and strengthen further the participation by the people in solving their problems. In the long term, the group hopes to establish a political presence by organizing groups of voters based in the community, which will present candidates for municipal posts.

Conclusions

Although it is still early for a final evaluation of the committee and its efforts, some preliminary opinions can be given. The struggles of the committee and its difficult relationship with the local psychiatric community have much in common with the experiences of the psychosocial rehabilitation movement in other parts of the world. Replacing a medical-institutional model with a psycho-social and community model creates tensions insofar as it challenges established power relationships between physicians, patients, community, and state (Anthony and Lieberman, 1986; Rutman, 1991).

The committee seems to have resolved a problem that frequently is harmful to community initiatives. Anyone with experience in community organization hears repeatedly how the local groups and their members have realized their potential, grown, or become empowered in the process by learning new skills and assuming new and challenging responsibilities. Nonetheless, the great ma-

jority remain poor and powerless because they lack strong and reliable political spokesmen. There is no lasting political correlation to their efforts, and the groups are vulnerable to manipulation and abandonment (Ballon, 1986; Pasara *et al.*, 1991; Tironi and Lagos, 1991). This lapse is overcome by making a conscious effort to see beyond the limits of any need or specific project to the administrative and political context in which the projects are situated. By acting in this manner, the committee has created its own political vehicle, availing itself of multiple alliances and using the media to gain access to new areas within the political and administrative system.

Small Business Program of the Ministry of the Family

The first large-scale effort at cooperation between OPCs and the Venezuelan government began in 1989 with the launching of the small business program of the Ministry of the Family through an entity attached to this ministry, the Fondo de Cooperación y Financiamiento de Empresas Asociativas (FONCOFIN, Fund for Cooperation and Financing of Associative Enterprises). FONCOFIN is a government foundation that promotes development of organized forms of production and marketing of goods and delivery of services to small-scale economic units, carried out by low-income groups to improve their income level and the productivity of their jobs (FONCOFIN, 1991a).

Between 1987 and 1988, the mechanism for extending loans to people with scarce resources for strengthening small businesses entailed coordination of many activities (promotion, preselection of beneficiaries, and technical and legal advisory services) among at least a dozen government organizations. The responsibility for the program fell entirely on the Ministry of the Family and FONCOFIN, which lacked the managerial and technical capacity for moving ahead with the program without the collaboration of all the institutions called on for this purpose. As a result, FONCOFIN extended only 45 loans during those years, a sum that did not amount to even half the available budget, which was Bs17 million (Ministry of the Family, 1991).

Under a new government, the small business program in 1989 became part of the plan to compensate for the social impact of the structural adjustment process. The political-administrative decentralization process that was initiated in 1989 in Venezuela (De la Cruz, 1992) created the opportunity to recur to the recently elected state and municipal governments to combine efforts to implement the small business program. The program's budget was considerably increased and its strategy redesigned under a new board of directors. The new design was based on decentralization of the program, using the availability and capacity of the NGOs and the state and municipal governments (GOs). The role of FONCOFIN as a direct executing agency became secondary and would disappear completely in a few years.

Recognition of the NGOs as the appropriate entities to implement the program grew out of two successful small business support programs, one with the Centro al Servicio de la Acción Popular (CESAP) and the other with the Fundación Mendoza. CESAP's Unidades de Gestión Económica (AUGE) program and the Fundación Mendoza's ACAM program date back to 1987 and by 1989 had earned an excellent reputation because of their successes. Nonetheless, the participation of the NGOs followed a year during which the program was promoted among the organizations concerned, mutual trust was built, and agreements were designed that would be the regulatory instruments for cooperation with the government. Crucial factors in the creation of trust were the presence of individuals with prior experience as directors in some NGOs and the openness with which the government approached the definition of the contractual terms that would govern participation of the NGO in the program.

When they were called on to carry out the program, many organizations had never before worked with the government in the establishment of a large-scale social program. It is interesting to note that the organizations that responded favorably to the invitation to carry out the program were OPCs, with the single exception of the foundation of corporate origin that had prior experience in support programs for small businesses, although many NGOs of other kinds were initially contacted.

Development of the Regulatory Framework

Formal agreements regulate cooperation between the NGO and the government. The agreements typically specify time, amount, frequency, and terms of recovery of FONCOFIN disbursements to the organization and conditions of eligibility for access to a loan by a beneficiary of the program. The basic mechanism initially contained in the agreements was a revolving fund consisting of a deposit in bolivars in the name of the contracting organization for extending loans or its equivalent in holdings of commercial paper. These funds were repayable to FONCOFIN once the agreement was concluded and the loans were recovered. In addition, the agreements initially stipulated that FONCOFIN would transfer to the organizations an additional amount for operating funds, to be used for promotion, training, technical assistance, and legal counsel to small business owners, and that these funds were not repayable to FONCOFIN.²¹ The administrative expenses for follow-up and recovery of the loans and the rendering of accounts at regular intervals and according to the accounting practices of the public sector were to be covered by the organization through interest accrued on the deposits made by FONCOFIN and through interest charged to small business owners.

²¹ Very early in the development of the program, it was established that nonrepayable funds would never exceed 20 percent of the revolving fund granted to an organization.

This form of financing program operations was changed beginning in 1991. It was established that 50 percent of the interest accrued by transfers made by FONCOFIN to the organizations and of the interest charged by the organizations to the small business owners should be incorporated into the revolving fund for the extension of new loans, thereby acquiring the status of repayable funds. The remaining 50 percent would be left to be used by the organizations to pay the administrative costs of the program. In addition, each organization would pay FONCOFIN 5 percent annually of the interest on the total repayable expenses. For 1991 the maximum interest rate to be used by the organizations was stipulated as equivalent to the average commercial rate of the six leading banks of the country minus seven points.²²

During 1992, the entity of the revolving fund was completely eliminated and replaced by a trust fund from which the organizations made withdrawals as the loans were extended and through which FONCOFIN acted as a direct recipient of capital, the interest accrued by the trust fund, and the interest derived from the payment of the loans extended.

The successive redefinitions of the regulatory framework that shaped the relationships between the organizations and the government can be understood as a learning process in which the public sector was acquiring an understanding of the behavior of the organizations and forming an idea of their capacity to respond to incentives of various kinds and intensity. The organizations seem to have had the capacity to adapt to the evolution of the program, from being redistributive and compensatory at the beginning to being self-sustainable and profitable after less than three years. However attached the OPCs involved may have been to the initial distributive nature of the program, it does not seem to have blocked their participation in a policy that ended with different objectives, although it maintained its target population of individuals with very low incomes.

Nevertheless, the changes in the agreements and in the rules issued by FONCOFIN have undoubtedly reduced the discretionary power of the organizations in the use of the funds by limiting first what use is to be made of the interest and subsequently by replacing the revolving fund with the trust fund. These changes have been resisted in part by the organizations, inasmuch as they potentially limit the use of their own methods of supporting the small businesses. The organizations would like to incorporate their methods into the agreements, a change that is still being negotiated. Even though the intention of the public sector to ensure that government funds are being used in the most cost-effective and best-

²² Until that time there was great variability in the interest rates charged by the various organizations, both governmental and nongovernmental, that were working with FONCOFIN. Some NGOs charged positive real interest rates from the start. In 1992, a change in the rules stipulated that subsequently the rates charged to small business owners must be positive in real terms.

suited manner for public policy purposes is completely reasonable, these organizations have made available their own capacities and natural advantages for the implementation of a public program which could certainly be remunerated within certain limits. Some advantages include knowledge of the field, reputation among potential beneficiaries, and network for delivery of services in places the government cannot reach directly. Nonetheless, the lack of transparency of the mechanism used to remunerate the organizations—the interest accrued by the funds transferred—could have engendered mistrust on the part of the persons responsible for the program in the government, resulting in rules of implementation that are excessively rigid in certain aspects. Notwithstanding, the available evidence seems to dispel conclusively any doubt in this respect.²³

Contribution and the Limitations of the OPCs

To take stock of contribution of the OPCs in the small business support program, it is necessary, first, to compare the direct implementation with the delegated-decentralized implementation as a whole and, second, to compare implementation of the OPCs versus the GOs participating in the program.

Table 4.4 shows the substantial change that occurred in the program beginning in 1990. The delegated execution thereof began that year through agreements with NGOs and GOs, and although the budget allocated to the program substantially increased, the speed and magnitude of the expansion would have been impossible with the limited administrative and technical capacities of the Ministry of the Family at the time.²⁴

Table 4.5, in turn, points out the differences between GO and OPC projects. OPCs had lower overall operating expenses.

The training and assistance costs per small-business owner are lower in the OPCs, showing their advantages in terms of cost-effectiveness.²⁵ Given the fact that the last two columns reflect direct expenses in training and technical assistance

²³ By simulating the behavior of the OPCs as investors in the capital market and as lending institutions, it was calculated that the NGO funds for the administration of the program, including any remuneration for its participation therein, amount to 9 percent of the total funds transferred by FONCOFIN to the OPCs, and at a time when the rules were more flexible and “favorable” to the organizations. It is difficult to deem that excessive if we recall that it is a widespread practice of financing institutions to reserve between 12 and 20 percent for administrative costs.

²⁴ By 1989 the FONCOFIN budget was Bs146,690,882, representing an increase of 68 percent over the preceding year (Ministry of the Family, 1989). Nonetheless before it had the cooperation of the NGOs, 67 fewer loans than in the preceding year were extended, which eloquently shows the limitations of FONCOFIN in implementing the program directly.

²⁵ The calculations refer solely to the OPCs, since the performance of the ACAM program, the only corporate foundation that signed an agreement with FONCOFIN, is excluded for purposes of the analysis.

Table 4.4. Small Business Program: Direct Execution vs. Delegated Execution, 1988-91

Year	Direct Execution			Delegated Execution		
	No. of loans	Persons trained	Small bus. assisted	No. of loans	Persons trained	Small bus. assisted
1988	95	0	0	-	-	-
1989	28	0	0	-	-	-
1990	44	0	0	2,958	7,137	5,657
1991	140	0	0	8,136	12,233	7,456

Source: Annual Reports of the Ministry of the Family from 1988-92.

Table 4.5. Small Business Program: GOs vs. OPCs as Executors, 1990-91

Year	Type of organization	Operating exps. as % of rev. fund	Operating exps./ persons trained	Operating exps./ small bus. assisted
1990	GOs	14	266.47	447.74
	OPC	36	247.94	266.13
1991	GOs	39	451.08	579.48
	OPC	19	199.61	292.27

Source: Author's estimates based on several sources.

Note: The figures in the last two columns are expressed in 1991 dollars.

and not the expenses of administering the program, these figures show with all probability the strengths of the OPCs in knowledge of and contact with the poor communities, the beneficiaries of the program. This relationship could have advantages in terms of their access to the small business owners and the follow-up on their activities. These advantages are probably the most important contribution that the OPCs can make to implementation of a public program, especially since the governmental network for delivering social services is in a precarious state. However, their importance should not overshadow the other distinctive contributions of the OPCs in quality of services—contributions more difficult for the government to assess but undoubtedly perceived many times by the users.

Conclusions and Policy Recommendations

The preceding section presented a set of successful, effective, and fairly strong OPCs that have succeeded in winning a reputation for excellence in Venezuela in

various social services, primarily to poor sectors. They have proved to be innovative and consistent over a good number of years. This does not mean that they have no problems. Rather they were chosen because they could be expected to be successful and to provide examples of the potential of the OPCs as organizations for delivering services and for community participation.

Contrasting Weakness of the Government in Social Services

A constant pattern in the studies is the contrast between the relative strength of the organizations and the institutional weakness of the government. The Ministries of Education and Health are delivering services of very low quality. The Ministry of the Family does not have a network for implementing programs to contend with poverty at a time when such a network seems most important. In sum, government social institutions do not seem to have sufficient capacities to deal with the problems they face. Recourse to the OPCs, both by the population and by the public sector itself, is therefore understandable and to be expected, but it makes the question of the potential of organizations of this type more difficult. At least in the case of Venezuela, they seem more to be filling a vacuum left by the public sector than to have shown themselves clearly superior in efficiency or effectiveness. At times their services do not seem to be requested because they function well but simply because they function at all.²⁶

This weakness of the public sector should not be overlooked, however, for it remains a constant in all the cases studied. Even in the grassroots organization in Maracaibo, a connection can be observed between the actions of the community organization and the government, whether the latter acts as source of funds, a regulator, or a target of influence activities. It is also common that this NGO-government relationship does not seem to be as predictable, well structured, or free of practical or fundamental problems as would be desirable. From the uncertainty created in Fe y Alegría because of its extreme dependency on the Ministry of Education, to the accusations brought against ASCARDIO because of the lack of clarity of the role of public financing in its activities, to the problems of potential cross-subsidization practices that the agreements between the NGOs and the Ministry of the Family, vagueness, lack of definition, and desire for greater clarity in the public sector's dealings with the nonprofit nongovernmental sector may well be a reflection of a relatively recent process of learning and mutual acceptance.

²⁶ Although this may be considered an institutional peculiarity of Venezuela, it is worth noting that implicit in the increasing orientation toward what has been called "third party government" in developed societies and more particularly in the United States is disappointment over the government's inefficiency in social programs. An increasing concern over the costs of government activity in this field and the distorted incentives generated in the public sector (Salamon, 1989) also play a part.

In any case, the weakness of government programs raises the possibility of designing different strategies for the implementation of programs in Venezuela in the near future. One strategy would be to invest great effort in strengthening weak government social services by significantly increasing its technical and managerial capacities. The other would be to move in the direction of more decentralized social services, in which the public sector would be strengthened much more selectively as a regulatory and policy-making body but would rely to a good extent on the nonprofit private sector for carrying out social policies. This would take advantage of, and deliberately strengthen, the advantages of the OPCs and other NGOs.

If the second course is chosen, a better definition of the various possibilities of institutional interconnection between the government and the NGOs would be needed. The desirable or permissible limits of control and the discretionary power of private entities with respect to public resources should be established, a process not yet well established in Venezuela or other countries (Salamon, 1989).

Effectiveness of OPCs

The acute weakness of the Venezuelan public sector in the social area is not the main reason OPCs deserve support.

The organizations studied have in fact rendered valuable services, in some case on a large scale, to impoverished populations, however difficult it may be to establish with precision their global impact on poverty levels in Venezuela. To judge by the partial but consistent evidence that has been collected, they do so with considerable effectiveness and generally by adding to social services dimensions that are psychosocial, increase the capacities of the communities, and are positively valued by the users. Increasing demand for the services of these organizations is evidence of this. Their programs may be said to have passed the market test: substantial quantities of users are also prepared to pay modest amounts to attend the Fe y Alegría schools, to participate in the small business programs of CESAP, or to receive care at ASCARDIO, although there are completely free public alternatives. The growth of the OPCs in Venezuela is being impelled by expanding demand that undoubtedly poses large-scale challenges and risks of deterioration in quality as a result of the expansion.

Participation plays a very important role in all the organizations. They qualify as participatory organizations both because of their relationship with the users and because of their internal patterns of decision making.

The participation of the communities served does not always take the same form: from the direct involvement of CESAP with communities which themselves define their needs and put forward solutions, to the ASCARDIO suggestion box, to the involvement of the educational communities in the Fe y Alegría schools, and to the community work tradition that made the establishment of the

Mental Health Committee possible. Building networks of support and dialogue is important not only with the poor communities they serve, but with other relevant sectors and social institutions.

The Sierra Maestra neighborhood shows how the practice of community participation during prolonged periods can generate leadership capable of consolidating solid institutions for delivering services, even in milieus characterized by poverty and needs of every kind. Social development is achieved, at least in cases like this one, when the capacities for social organization built by participation crystallize into permanent structures that become not only efficient servants of their communities but also decision makers and policy designers at levels that extend beyond the community of origin of the organization, an experience that can also be found in cases like CESAP and ASCARDIO.

In many cases, the organizations studied have innovated and used approaches that are considered anathema, such as decentralization in the decision-making process, participatory administration, and cost recovery through user fees within the Venezuelan public sector. Not only do various organizations understand that some degree of cost recovery is indispensable to their own self-sustainability, but they also see this feature of their programs as a clear educational component in their relationships with the communities they serve. Although the success of some organizations owes much to the entrepreneurship of especially inspired and skillful leaders, some have already shown that their organizational model can be duplicated by other organizations, and even other countries, as in the case of Fe y Alegría.

Limitations

Despite the valuable services they render, these organizations still have very significant weaknesses. CESAP has been dependent for 20 years on the generosity of foreign foundations to cover four-fifths of its operational budget. Fe y Alegría finds itself in the same position with the state, an entity that, with all its weaknesses, plays a role in the financial underpinnings of the organizations studied. If international philanthropic assistance begins to revolve around Africa and Eastern Europe, it is the definition of a state policy for NGOs, and their eventual support by multilateral institutions, which will probably become a crucial factor in their potential survival.

Another weakness is the inability to effectively follow up properly on their own activities and evaluate them. In this area the OPCs have a great deal of ground to cover, although ASCARDIO is something of an exception that shows that it is indeed possible to develop these capacities in organizations like the ones studied.

It also remains to be seen whether the OPCs can resist the demands on them to implement very large programs or to expand their scale of operation. To date, the autonomy given by Fe y Alegría to each school, the recent decentralization

process of CESAP, and the refusal by ASCARDIO to go beyond its mission and its natural geographic sphere of influence seem to indicate that the organizations are aware of this risk and are designing various responses. It is too soon, however, to pass final judgment on how successful these responses will be.

Policy Recommendations

Applying some specific suggestions gathered from what has been learned should lead to a more efficient delivery of social services to the poor.

First of all, the public sector should collaborate more frequently and in more sectors with OPCs and NGOs in general. In Venezuela, this kind of collaboration is recent and still very much confined to certain sectors such as the promotion of small businesses and child care. But the low cost and the effectiveness demonstrated in projects and the quality of the services delivered, as well as the gains for the organizations through a program network, make such NGO-government cooperation advisable for the future. Venezuelan public sector programs for decentralizing and restructuring the agencies of the central government responsible for providing social services should consider the possibilities offered by the more frequent incorporation of the OPCs in the new procedures for delivering social services.

An awareness campaign for government leaders and public organizations about the role and potential of NGOs and OPCs could help establish trust in these organizations' abilities and increase knowledge of the benefits they bring to the poor. The Office of the Presidential Commissioner for Government Relations with NGOs created last year by the Venezuelan government could take on that function.

In the medium term, a state policy for linking the public sector with the nonprofit private sector is needed. The lack of policy definitions of this type is felt by the OPCs. Such a policy might include:

- Consistency—developing a policy that is stable over time and formulated in good faith, allowing the organizations to include it in their internal planning processes.
- Flexibility—incorporating the organizations into projects but allowing each organization to carry out its own mission and apply its own methodological approaches, which is the basis of all its other advantages.
- Simplification of administrative procedures—designing hiring mechanisms and mechanisms for supervision, follow-up, and auditing to make it possible to render accounts without hindering the implementation of certain programs.
- Clarification—defining procedures for private use of public funds, such as the legitimacy of cross-subsidization practices on the part of these or-

ganizations. Questions about use of public funds have already appeared in the small business program in Venezuela, and they will be increasingly more frequent and disturbing as government-NGO cooperation proliferates unless definitions are established at the beginning.

These are the desirable features of any regulatory framework, so the OPCs are seeking what the rest of the private sector expects from the public sector. Thus, the fate of government-NGO cooperation is linked to the redefinition of the role of the public sector in the economy.

Successful organizations could contribute actively to improving or better designing other organizations with similar purposes. This suggestion should not be viewed as an invitation to "copy models," with the problems that this type of practice generally entails, but to encourage organizations that are successful in delivering certain social services to provide administrative consulting or teaching, which could benefit both public organizations and other NGOs. Activities of this type are already being conducted by some OPCs on a very limited scale.

If they are to endure and improve as organizations, OPCs must confront and resolve various challenges, some of which have been reviewed extensively throughout this chapter. They must improve their current capacities in formulation, follow-up, and evaluation of their activities and of their impact. In general these capacities are now very low. The OPCs' successes have been achieved, for the most part, with major limitations in resources and by working in areas where social conditions are extremely precarious, where few government services are provided, and where people with the lowest levels of education, nutrition, and health reside. Notwithstanding, if these OPCs are to succeed in the long term and maintain their various contributions to combating poverty, they must be prepared to become professional and to achieve still higher levels of technical sophistication, all without losing touch with their original purpose.

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APPENDIX 1

Table 1. Major Characteristics of Intermediate NGOs

Major characteristics	Type of NGO			
	Corporate philanthropic N = 25	Of family origin N = 20	Affiliated with religious institutions N = 32	Service N = 350
Increase in the founding of new organizations	1980s	1960s 1970s	1980s	1960s 1980s
Activities in which the organizations misc. most frequently become involved	General services (financing, misc.) Education	General services (financing, misc.) Research Culture	General services (misc., infants and youth, indigents) Education Social involvement and civic education	General services (financing, services, infancy and youth) Culture Social involvement and civic education
Principal beneficiaries: • General public • Low-income groups • Other organizations	60% 20% 20%	75% 10% 15%	53% 47%	64% 27% 9%
Principal population groups benefitted by NGO activities	Students Researchers	Young people Researchers	Children Women Disabled	Children Young people Women
Geographic regions with the largest number of NGO headquarters or main offices	Metropolitan Caracas	Metropolitan Caracas	Metropolitan Caracas West Central Region	Metropolitan Caracas West Central Region Central Region
Most common legal status	Foundations	Foundations	Foundation and associations	Foundations

APPENDIX 2

Table 1. Budget per Student Calculation in Ministry of Education Educational Institutions, 1990

Programs	Budget (Bs)
Support, planning and administrative programs	5,289,972,338
Central services (40%)	2,560,213,573
Teacher program support services	467,502,843
Education planning	293,375,470
Socioeducational matters	1,838,179,589
Programs coordinated with federal entities	130,700,863
Teacher programs	16,063,423,661
Preschool education	1,917,724,320
Elementary education	11,566,579,872
Diversified middle school and vocational education	2,579,119,469
Total	21,353,395,999
Enrollment in national educational institutions	2,830,158
Budget/Student	7,544.95

Source: Ministry of Education Annual Report, 1990.

Table 2. Budget per Student Calculation in Fe y Alegría Educational Institutions, 1990

	Budget (Bs)
General management	8,854,026.71
Regional management	15,398,050.93
Education centers	338,100,258.73
Total	362,352,366.37
Fe y Alegría enrollment*	62,178
Budget/Student	5,827.66

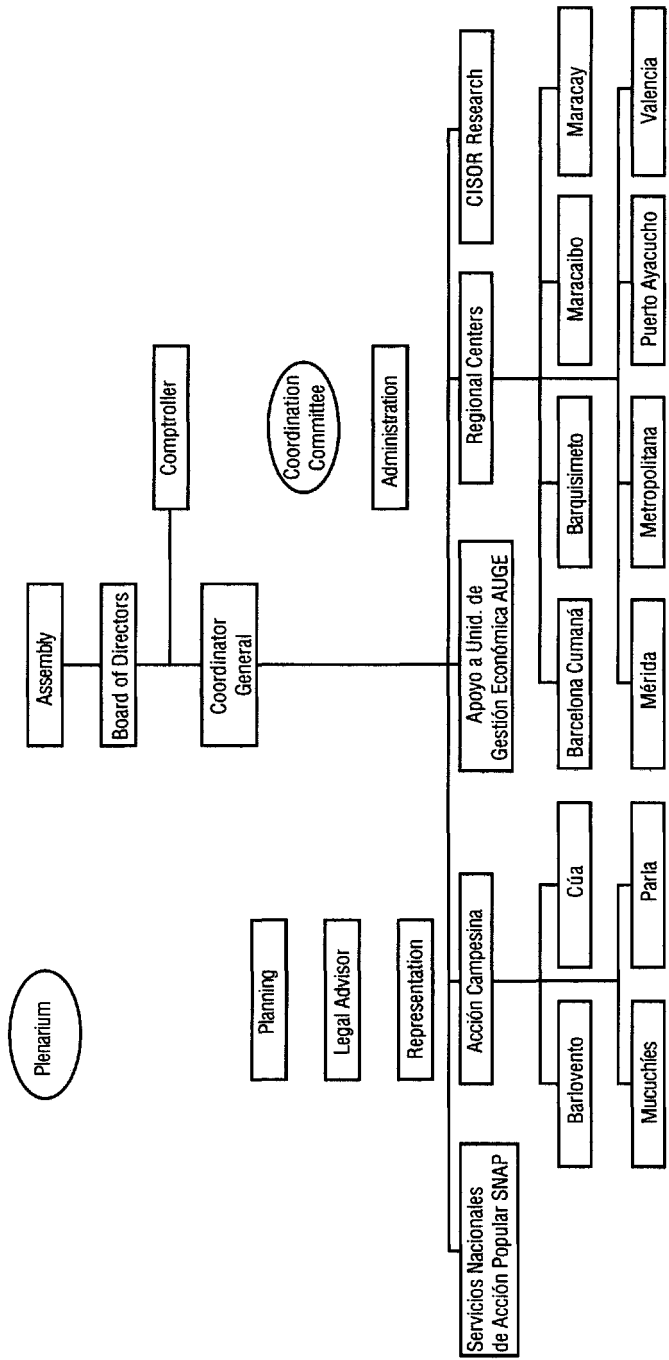
Source: Ministry of Education. Annual Report. 1991.

* Includes enrollment in other specific education programs.

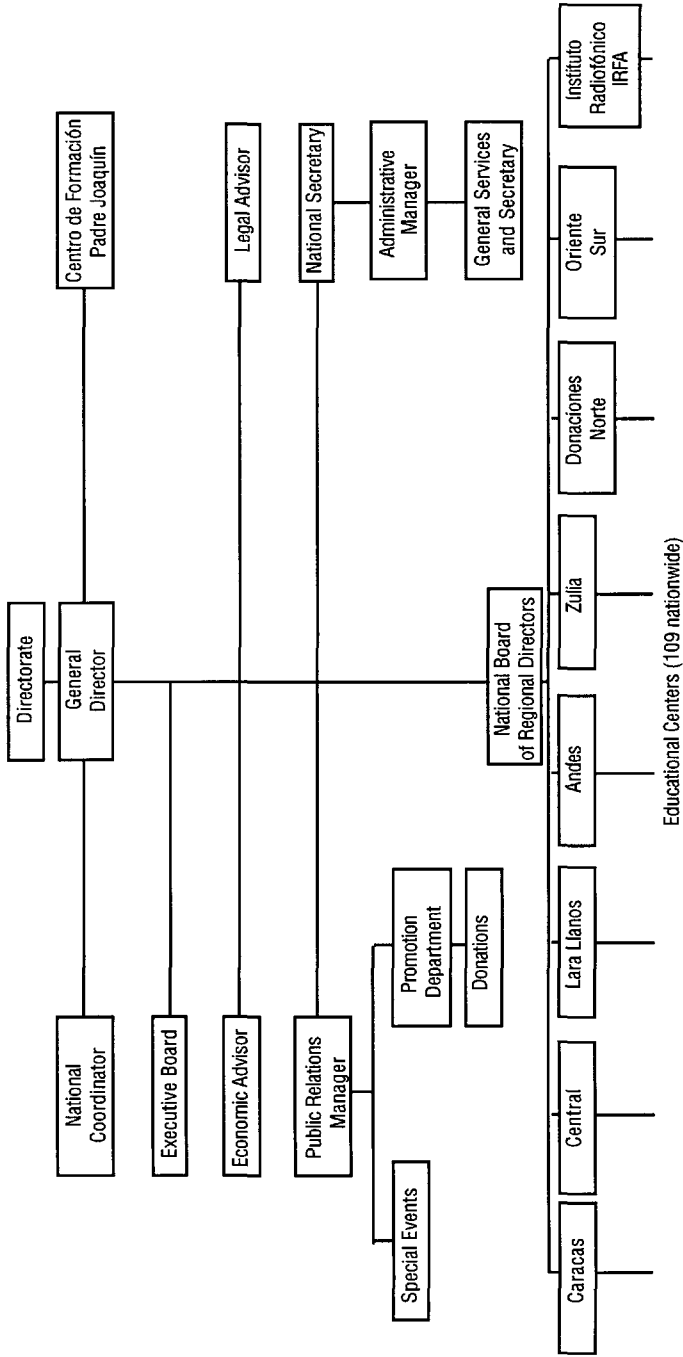
Costs of the Fe y Alegría School Network

The results obtained by comparing the costs of the Fe y Alegría network and the costs of the public education system show a difference of approximately Bs 1,700 in favor of Fe y Alegría, which could be even greater if the amount corresponding to the welfare and training services were subtracted from the budget. Nonetheless, this figure should be interpreted cautiously: although the possibility cannot be ruled out that the network could effectively have certain savings compared with the costs of the Ministry of Education, especially with respect to the supervisory and general-support work, there is a fundamental difference in teachers' pay between Fe y Alegría and the Ministry, which can at least partially explain this result. Fe y Alegría does not presently guarantee retirement for the teachers or extend the bonus of a 50 percent increase in base pay for acquiring professional credentials; without these two expenditures the share of salaries and social security contributions for the teaching staff must necessarily be less in proportion to the share for the Ministry of Education. Nonetheless, it must be borne in mind that the ratio of number of students/employee is very favorable for Fe y Alegría, which probably indicates advantages through fewer needs for central administrative support staff in a decentralized model.

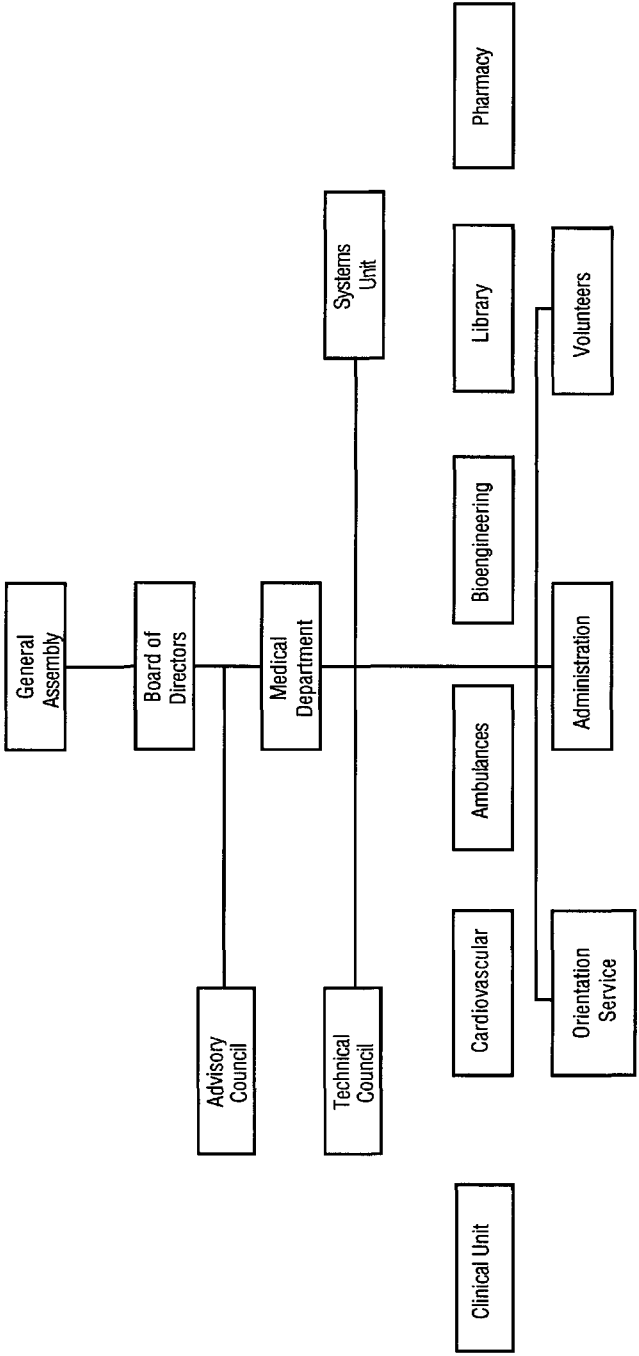
CESAP Organizational Chart



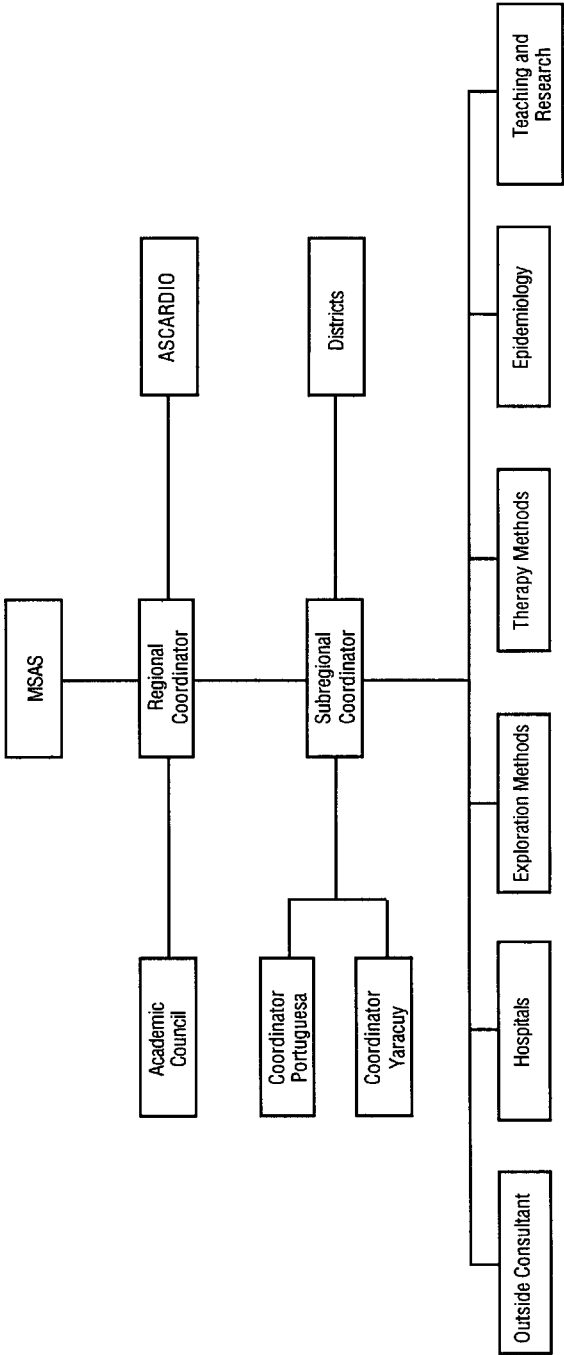
Fe y Alegría Organizational Chart



ARCADIO Organizational Chart



Regional Cardiovascular Center Organizational Chart



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By reaching out to isolated groups without access to social services, community organizations help alleviate poverty throughout Latin America. Adapting themselves to the needs of the communities, these organizations have succeeded in mobilizing the poor to find solutions to their own problems. Despite being smaller than corresponding state agencies, community organizations are generally more cost effective and efficient.

Community Organizations in Latin America suggests that governments need to recognize the potential of these organizations and encourage cooperation between the state and local groups. This book describes how these organizations interact with local communities and the public sector in Venezuela, Costa Rica, and Chile.

Policy recommendations include increasing cooperation between the state and community organizations to strengthen the fight against poverty, devising regulations to guide that cooperation, and expanding sources of financing for the organizations.

Although demand for community organizations is growing, expansion could endanger both their capacity and their quality. To provide services where the state does not, these organizations need external financing and better-trained staff. Community organizations must maintain their high level of professionalism while trying to increase their technical sophistication.

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