

The Myth of Exit Strategies

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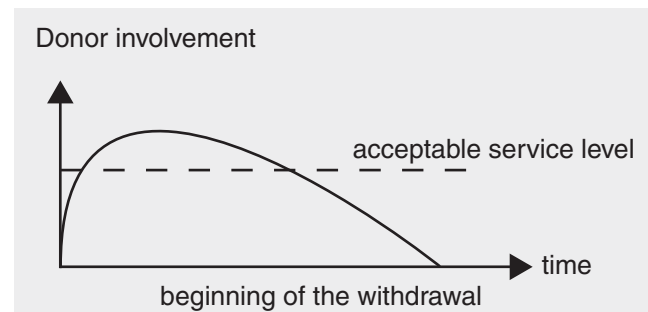
In a recent workshop I was asked to tell the participants something about exit strategies. They probably didn't expect my answer as straightforward as it was: There aren't any! or at least not in the direction the participants were looking for them. So let me explain in more detail why I continue adhering to this opinion.

To make my explanations more explicit lets take a concrete example: the installation of a rural water supply. It is just a practical example, the principles, however, are the same whatever other external support you might choose.

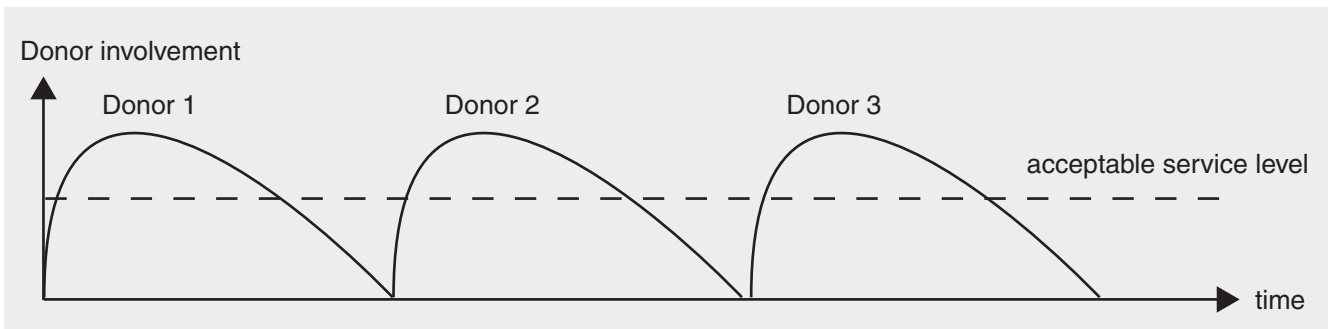
Let's assume we are in a remote area, people are poor and they struggle to survive, an area where external support agencies intervene. After a preparatory needs assessment a donor steps in, be it directly or through a local NGO, and decides to finance the water supply of a village. Based on the lessons learnt over the past decades financial and technical support are given of course combined with the necessary empowerment and capacity building. A demand responsive, gender sensitive and other essential approaches, including a local contribution in kind or labour, are applied, to make sure that future local users and managers develop ownership towards the project. Appropriate operation and maintenance concepts are developed considering public private partnerships, which are tailored to the existing context. I am sure you noticed that every measure known to the "Development Community" is taken, so as to guarantee the sustainability of the installations.

The project is successful, people enjoy the new water supply and a water committee is put in place. But there comes the moment when the implementing donor or its mandated NGO pulls out and hands the installations definitely over to local responsible people or organisations. Unfortunately, sooner or later and despite all the above mentioned precautions taken, the installations become unreliable and/or break down. Based on this repeated experience donors are desperately looking for exit strategies. In fact they are asking themselves: **how can we withdraw our support in a way that local people will assume full control and responsibility for the installations or the service we gave them.**

The "normal" course of a development project looks as shown in the graph below.



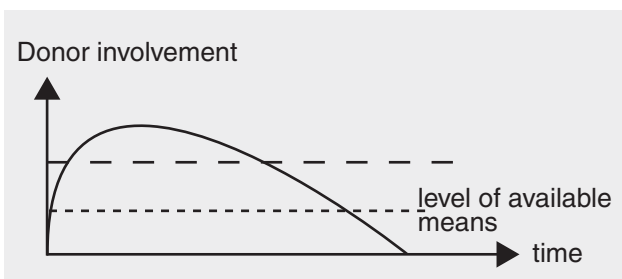
You can imagine the headache of donors when they observe that, as soon as their contribution is reduced, the service level isn't maintained any longer. They try hard with training efforts, with awareness building, by involving the private sector, by hiring consultants to find out what the heck could be done to overcome this deceiving situation. After some time a new donor steps in and the cycle starts at its initial step. The following graph shows the repetition clearly.



As long as donors are present and keep an eye on reliable service provision and maintenance an acceptable level is maintained. With the withdrawal of donor expertise and funding the level drops.

What is commonly overlooked is the fact that donors are replacing or substituting the local public sector and inject a considerable amount of funds and know-how in a clearly defined project area. However, the public sector of these poorest countries, where development efforts are most frequent, will in a foreseeable future not be able to take over the responsibility for replacing the infrastructure or take care of major repairs. Being aware of this fact, the hope of donors is placed on the local initiative. They overlook that what holds true at national level is valid also at regional or at village level.

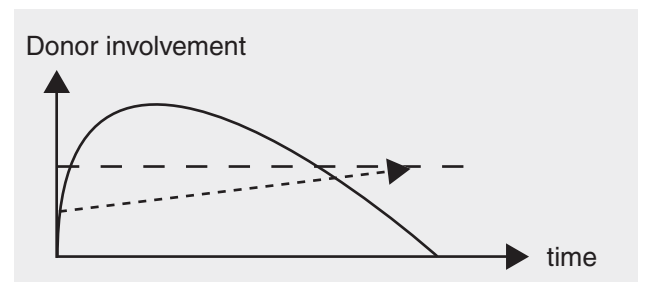
To make this clear, I shall introduce another term of current development discussions: the livelihood system. Besides others, an important aspect of a livelihood system are the economic means available beyond the mere survival of the families. At the outset of the project and before the donors start their involvement, the available means reach a certain level.



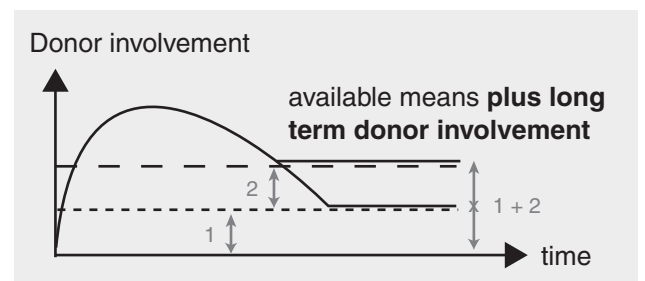
If at the end of the donor involvement the local means haven't been increased, it is clear that the community

doesn't have a chance to maintain the installation at the donors' acceptable service level, regardless how much training and awareness building has been imparted. The donor, as well, could invest and provide the service only because they had the necessary means. Withdrawing the means inevitably entails a drop in service delivery, in maintenance etc.

Now what are the consequences of this fact?



Either the donor involvement permits the community to increase its own means, normally by producing more or by getting a better price for their produce, so they can afford the maintenance and the care of the provided additional infrastructure, or ...



....the donor decides to keep up his involvement, so as to raise the available means to a level which allows for the extra expenses required to maintain the new service.

Providing the necessary infrastructure to its population is a public task. Most poor countries won't be able to do that, since they lack the required funds both for installation and in many cases also for the necessary maintenance (in particular if depreciation costs are included). If donors take over a public task, they can't pull out as they do in most cases, unless a substantial increase in the local (national, regional or family) budget allows this step.

Considering the overall costs, there is even an economic advantage in a long term presence. With **little but continuous support** the acceptable service level could be maintained and a repeated heavy input to replace the old installations could be avoided. However, I admit, this proposal is much less sexy, be it for project implementers as well as for the sponsoring community, than a repeated inauguration of a new installation.

My conclusion therefore is, there are only two viable "exit strategies":

1. Direct your support to activities that increase the local income, so the local population has the means to continue or maintain the service.
2. Extend the limits of the local livelihood system by becoming part of it and, as a donor, think of a long lasting subsidy.

Of course there are arguments going against this simple answer, especially the second one.

- We can't stay indefinitely. "They" have to become self reliant, independent from donors support.

(It is a fact that donors think in projects and in project phases of a limited time. The mere thought of "unlimited", "never ending" gives them the creeps. They forget that many communities in Europe haven't become self reliant for several decades and nobody even expects them to become self reliant and financially independent, because they live in an area, where local production is low or the geographical conditions unfavourable. Hence they get a continuous, long lasting subsidy to their local budget.)

- We can't place our funds only in one place, we have to be just and help other poor people, too. (You'll never be able to help everybody. So why

don't you, donors, modestly admit, that your help is limited – as it is anyhow.)

Even if donors decide to stay longer or if their contribution produces an increase in income, they will have plenty to do with regard to awareness building and training. As you might know a livelihood system is a complicated mix of interests. What donors consider the most important aspect of a livelihood system is not necessarily shared by a community. And you'll have plenty to do by convincing people to place their additional money in the maintenance of a water supply instead of spending it for some "nonsense"(!) you do not understand and /or approve of.