Organizational Learning in Housing Sector Nongovernmental Development Organizations

Recommendations for Enhancing Development Effectiveness

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Despite sizable investment over the last forty years to improve housing conditions and quality of life in substandard settlements, success has been elusive. Meeting the United Nation’s Millennium Development Goal of achieving significant improvement in the lives of at least 100 million slum dwellers by 2020 seems unlikely given recent projections. The 2006 report of the United Nations Human Settlements Programme indicates that nearly one billion people live in slums, with that number predicted to double by 2030. Given the current debate on U.S. foreign assistance reform and serious questions about the effectiveness of development aid, it is more important than ever to candidly examine initiatives to improve slums and the lives of slum dwellers and to grapple with the question of why existing funding levels and good intentions have not resulted in the hoped-for improvements in the lives of the world’s most poor.

The U.S. Agency for International Development, the U.S. Department of State and other donors of official U.S. foreign aid channel significant development assistance through nongovernmental development organizations (NGDO). NGDOs that choose to accept government funds are impacted by U.S. development policy, and the effectiveness of U.S. development assistance is deeply impacted by the quality of NGDOs’ work. Given the reality that housing interventions have grossly inadequately addressed the housing crisis in developing countries, the ability of NGDOs to learn from the past and adapt their approach for the future is of pressing importance to meet the need for adequate
housing and to meet other global challenges. This paper examines factors that hinder the ability of NGDOs working on slum issues to learn from the past, especially those related to NGDO success at organizational learning. Key lessons learned are examined and recommendations are proposed to enhance the ability of NGDOs to learn and thus better serve the needs of their focus population.

Introduction

Safe and decent shelter is one of the most basic human needs, and official declarations have called attention to housing as a fundamental human right. Despite assertions that each “household should have access to an affordable and solid home” with basic services that protects its residents from “natural elements, eviction and crime” (Rojas 2006, 3), the gap between rhetoric and reality is overwhelmingly large. The living conditions for nearly one billion people stand in stark contrast to this vision for decent housing for all (UN-HABITAT 2006). The 2006 United Nations Human Settlements Programme (UN-HABITAT) report estimates that nearly one-sixth of the world’s population (or one-third of the global urban population) lives in slums, and this number is predicted to double by 2030 (UN-HABITAT 2006; Millennium Project 2005). UN-HABITAT defines slums as an area or settlement lacking one or more of the following five conditions: durable housing (permanent structure that provides protection from the elements), sufficient living space (no more than three people per room), access to improved water and at an affordable price, access to sanitation, and secure tenure (UN-HABITAT 2006). Throughout this paper, the terms “slums,” “informal settlements,” “squatter settlements,” “substandard settlements” and “marginal settlements” are used interchangeably. While the names and specific characteristics vary and some technical differences exist between some of these terms (relating mostly to land tenure and rights), for the purpose of this article, all terms refer to areas, settlements, or neighborhoods that are characterized by conditions typical of “slums” and that often face heightened exposure to environmental risks and suffer from high density and social stigma (Brakarz, Greene, and Rojas 2002). In parts of the Global South, the proportion of the urban population
living in deplorable (or slum) conditions far exceeds the global average. For example, 62 percent of the urban population in Sub-Saharan Africa lives in slum conditions, and about 43 percent of the urban population in South Asia lives in similar conditions (U.K. Department of International Development 2007).

Despite sizable investment made over the last forty years to improve housing conditions and quality of life in substandard settlements, success has been elusive. Major long-term funders for improving human settlements include the U.S. Agency for International Development (USAID), the World Bank, UN-HABITAT, and regional development banks such as the Inter-American Development Bank (IDB). USAID has been funding programs to improve housing conditions since it created the Housing Guaranty Program in 1962 (USAID 1994), and between 1970 and 2004, the World Bank provided over $167 billion in funding for 278 projects to improve housing conditions in more than 90 countries (Buckley and Kalarickal 2006). Even in light of these efforts and investments, if the urban slum population continues to grow as projected and development effectiveness does not improve, meeting the Millennium Development Goal target of achieving a significant improvement in the lives of at least 100 million slum dwellers by 2020 seems unlikely (United Nations 2008). The U.K. Department for International Development (DFID) estimates that the current level of financing to improve urban slums is only between five and 10 percent of the funding that is needed to fulfill the Millennium Development Goal target (U.K. Department of International Development 2007). This legacy of episodic success underscores the pressing need for nongovernmental development organizations (NGDOs) to become learning-oriented in order to enhance the effectiveness of development work (Hermanson 2009).

Despite investment in and international political will focused on improving living conditions for people residing in slums, life continues unchanged for many slum dwellers. The current debate on U.S. foreign aid policy reform and serious questions about the effectiveness of development aid make the discussion of aid effectiveness and organizational learning all the more relevant—and urgent. While U.S. public and private funding for
development work has achieved notable results (such as in improvements in public health documented by the Bill and Melinda Gates Foundation’s Living Proof Project [2009]), there have been instances in which considerable sums of money have been shown to achieve little (Radelet 2008). Organizational learning alone is not a panacea for improving aid effectiveness; however, increasing the ability of NGDOs to learn can strongly enhance the impact of their work. Critiques of development work underscore the urgency with which initiatives must be candidly examined to improve housing conditions and the lives of slum dwellers and to grapple with the reason existing funding levels and good intentions have not resulted in the desired outcomes.

This paper provides background on the issue of informal settlements within the context of the debate on the effectiveness of U.S. foreign assistance. It then explains what it means to be a learning-oriented organization and argues that NGDOs need to be able to draw lessons from past housing interventions and improve their work through applying these insights. The paper acknowledges that some donor policies constrain the ability of NGDOs to learn but argues that, even with existing policies, NGDOs still have adequate leeway to learn and should proactively do so. The article concludes with practical recommendations to enhance organizational learning in NGDOs.

The paper draws on insights gained from interviews with Eduardo Rojas, Principal Housing and Urban Development Specialist at the Inter-American Development Bank; three individuals at Habitat for Humanity International: Jane Katz, Director of International Affairs and Programs, José Quiñonez, Director of Advocacy Capacity Building, and Maria Luisa Zanelli, Advocacy Coordinator for Latin America; and Kathryn Newcomer, Director of the Trachtenberg School of Public Policy and Public Administration and Co-Director of the Midge Smith Center for Evaluation Effectiveness. Communication with Judith Hermanson, former Vice President of CHF International, has also contributed to the paper’s findings and conclusions.

The programs and projects of nonprofit organizations working in international development represent a significant part of development
work carried out by U.S. organizations and/or with funding from the U.S. government. NGDOs are, as their name implies, not part of the government, but, due to funding mechanisms of USAID and the U.S. Department of State, large amounts of official U.S. development funding is channeled through NGDOs. According to a 2002 report, 41 percent of U.S. overseas development assistance is directed through NGDOs (USAID 2002). International organizations, including the World Bank, have increasingly funded and relied upon NGDOs for development work. For example, between 1973 and 1988, World Bank-financed projects involving NGDOs accounted for only 6 percent of all Bank-financed projects; by 1994, 50 percent of Bank-financed projects were working with NGDOs (Hudock 1999). NGDOs that choose to accept government funds are constrained to some extent, or at least highly influenced, by U.S. development policy. Correspondingly, the quality of NGDOs’ work deeply impacts the overall effectiveness of U.S. development assistance. It is important to recognize the interdependence inherent in the funder-implementer relationship between the U.S. government and NGDOs and the far-reaching influence of U.S. foreign assistance policy, even when development work is carried out by nongovernmental entities. While the effectiveness of U.S. government funding is dependent on the work of NGDOs, and many NGDOs are heavily dependent on funding from the U.S. government, it would be misleading to characterize the relationship as one of mutual dependence. The government, controlling the funding, also holds the position of power. The dependence of NGDOs on government funding has long been recognized; what is less frequently considered is how NGDOs also exert influence and impact official U.S. development effectiveness for better or worse.

Therefore, given the reality that housing interventions have not adequately addressed the housing crisis in developing countries, the ability of NGDOs to learn from the past and modify their approaches for the future is an important factor for improving the impact of development work. It is essential for NGDOs to be learning-oriented organizations that are able to respond to complex changes taking place in informal settlements in order to better serve and empower slum dwellers. For
example, Hermanson (2009, 4) points out that NGDOs must now contend with urban climate change, international migration and human trafficking: issues that were previously not considered relevant to NGDOs working in informal settlements. Despite the strong case for organizational learning, multiple factors stand in the way of NGDOs maximizing their organizational learning potential.

Organizational learning and NGDOs

What is organizational learning?

Broadly defined, organizational learning is “the changing of organizational behavior” and involves a “collective learning process” (Swieringa and Wierdsma 1992, 33). At its most basic level, organizational learning is a “process of detecting and correcting errors,” as defined by Argyris, a prominent expert on organizational learning (1977, 116). Organizational learning, though, is not just about reacting to problems in the organization or the external environment. Rather, it encompasses an organization’s ability to proactively improve and innovate. Organizational learning should not be confused with isolated efforts to help individuals within the organization become more knowledgeable in a given area; while important, individual staff training or enrichment may not necessarily translate into organizational learning. A major distinction between individual and organizational learning relates to the organization’s commitment to collectively and deliberately reflect upon its approach, programs, and projects and to incorporate lessons learned into its future understanding of problems, thus articulating an appropriate response to the issues it addresses.

There has been a great deal of writing on organizational learning and the learning organization within the organizational development field. The concept of organizational learning was first developed in the private sector, gaining prominence in the late 1980s and later adapted to fit the characteristics of the nonprofit sector (Britton 1998). There is a wide body of literature exploring organizational learning and the fostering of a learning organization, much of which is focused on private sector organizations
Organizational learning in Nongovernmental Development Organizations (see for example, Argyris and Schön 1978, de Geus 1998, Senge 1990, Nonaka and Takeuchi 1995, Flood 1999). A number of academics and practitioners have applied the model more specifically to NGDOs and have identified the urgent need for them to increase their capacity to learn (see for example, Britton 1998, Edwards and Fowler 2003, Lewis and Madon 2004, Ebrahim 2005).

Why is organizational learning important for NGDOs, particularly for those working in housing issues?

Organizational learning is essential for NGDOs. Indeed, it has been argued that the only way NGDOs may hope to fulfill their mission is through learning and applying lessons gleaned from past efforts (Britton 1998). Fowler (1997) warns that if NGDOs do not address the pervasive weakness of an inadequate capacity to learn, be responsive, and improve their work, they may be “destined for insignificance and will atrophy as agents of social change” (p. 64). Smillie’s (1995) indictment is similarly severe. He remarks that the “inability to learn and remember is a widespread failing of the development community as a whole” and is particularly pronounced for NGDOs, given that there are limited motivations to “disseminate the positive lessons of development, and many more powerful reasons to conceal and forget the negative ones” (p. 158). De Geus (1988) notes that “high-level, effective, and continuous institutional learning and ensuing corporate change are the prerequisites for corporate success” (p. 70). While his statement is made from a private sector perspective, the factors he identifies for effective organizational functioning are equally applicable for NGDOs. McHargue (1999), recognizing that many businesses place a higher priority on organizational learning than do nonprofit organizations, makes the case that organizational learning is also crucial for nonprofit organizations to build their capacity to innovate, continually improve, and effectively respond to the complex challenges facing them.

Despite the fact that NGDOs are mission-driven organizations and should, in theory, be supportive of organizational learning to improve their service, in reality they often do not embrace practices that would allow for it. Smillie’s reference to motivations provides a powerful insight
for understanding why NGDOs often act in ways that are contrary to organizational learning and even compromise their ability to fulfill their mission. NGDOs are responding to incentives (whether implicit or explicit) and control mechanisms (in foreign assistance policy or the particular policies of donor agencies) that are meant to foster accountability, but instead often promote a mindset focused on organizational preservation. Given the context in which NGDOs have to compete against each other and consulting firms for development funding, it is understandable that they do not share “lessons learned” or best practices. Further, in an effort to maintain their reputation and avoid negative repercussions from donors, NGDOs are very hesitant to share information about a failed project, even if disseminating this knowledge would benefit the very people they are trying to serve.

Given the scale and complexity of issues surrounding efforts to improve the lives of people living in marginal settlements, concepts of organizational learning are particularly salient for NGDOs working in this arena. The interrelated nature of shelter with factors relating to health, social and economic exclusion as well as access to basic services and education calls for NGDOs to increase their capacity to learn in order to advance their understanding of these connections and modify their responses appropriately. Addressing the connections between housing, health, and access to education, for example, does not mean that any one NGDO has to have expertise in all of these areas, but rather that NDGOs can form effective partnerships with other organizations to work together in formulating a more holistic response to complex problems. Further, given the long history of initiatives focused on improving slums, there is ample experience and research from which to learn, even as, Perlman and Anthony (2009) explain, learning from past efforts is complicated by the dual problems that the majority of interventions have not been evaluated beyond the required initial funder’s assessment and because what is successful in one location may not effective elsewhere.

Organizational learning requires institutional commitment and a substantial outlay of both time and money from the organization (Britton 1998). Quiñonez explains that in order for Habitat to develop
its learning capacity, the organization made an investment in learning through the creation of a learning unit that is responsible for, among other activities, gathering case studies, sharing lessons learned across regions, and convening groups of staff to study a particular topic or issue (Katz, Quiñonez, and Zanelli 2009). Hermanson (2009) similarly remarks that too often NGDOs “embrace the concept of learning” but are too focused on daily activities to take necessary actions to foster it. She makes the case that in order for organizational learning to occur, the NGDO “must allocate resources [money, attention] and time” (ibid). Although organizational learning claims already scarce resources, it is far more costly for NDGOs not to engage in such proactive practices.

**Barriers to organizational learning**

Much of the literature on enhancing organizational learning for NGDOs treats individual NGDOs as the unit of analysis and focuses largely on issues internal to each organization, such as organizational structure, leadership style, and organizational culture (Britton 1998). These insights are valuable for enhancing the effectiveness of NGDO management and performance. However, when confronted with structural and policy issues in the development field that hinder organizational learning, NGDO managers must be especially proactive and conscientious in order to improve the learning capacity of their organization.

Acknowledging factors affecting the overall development field is intended to bring attention to the fact that even with excellent NGDO management and a thriving learning culture in a given organization, factors external to the organization may still exert considerable influence on the organization’s capacity to learn. Despite constraints placed on NGDOs by donor policies that are not conducive to organizational learning, NGDOs still have considerable autonomy in promoting organizational learning through their design and management of projects and programs (Brinkerhoff 2010).

The barriers that will be identified and discussed here relate to the U.S. government foreign assistance policy and the policies of USAID and the U.S. Department of State, which combined administer over 55 percent
of U.S. foreign assistance (Shonholtz 2009). Stifling policies include insufficient time to evaluate projects and programs (Rowbottom 2009, Smillie 1995), rigid evaluation requirements that are imposed by funders (Newcomer 2009), pressure from funders to deliver success (and, thus, a focus on any kind of success or even the tendency to cover up failures), and the projectization\(^5\) of development work (Dichter 2003, Fowler 1997, Shonholtz 2009). Additionally, as organizations vie for the same grants or contracts, NDGOs are reluctant to share information or “lessons learned,” creating an additional barrier to sectoral learning (Aldashev 2007).

One of the largest challenges confronting NDGOs and their donors is the fundamental question of how to measure success. Accountability-focused funders require an evaluation of aid effectiveness, but since “success” is so hard to define, proxy measurements often are established. These proxy measurements may satisfy evaluation requirements but frequently poorly capture whether the lives of the intended beneficiaries have been improved. For example, it is far easier to determine whether or not roads and sanitation systems were constructed in a favela on time, on budget and to quality specifications than it is to determine if these infrastructure upgrades will help lower the social stigma attached to living in a favela. These factors represent significant challenges to learning. NGDOs need to be aware of how policies affect their work, but should not conclude that these obstacles are insurmountable barriers to organizational learning.

“Lessons Learned” in Initiatives to Improve Marginal Settlements and Associated Barriers to Organizational Learning

Since the 1960s when some cities of the Global South began to address the issue of slums, many lessons have been learned and documented from successful and not-so-successful initiatives. The following section outlines major sectoral lessons including the importance of community participation; the need for a holistic, urban approach; and the necessity of having a long-term perspective. While these concepts may seem relatively basic, they likely only seem obvious because of the tremendous learning, trial and error, disappointments, successful cases, and improvements that have
preceded the consolidation of messy and disparate experiences and partial and disconnected knowledge into what now appears to be a straightforward body of “lessons learned.” Further, it should be noted that using the phrase “lessons learned” may be somewhat misrepresentative. While these insights certainly are widely accepted (at least in theory, if not in practice) by experts and practitioners working in international development in marginal settlements, it does not mean that these approaches have been fully adopted. As I will explore in the following sections, learning something in theory does not necessarily mean applying that knowledge to practice. Even if these lessons have been adopted into practice by some organizations, there are still many organizations for which these insights are not “lessons learned” at all. Overcoming the disconnect between available knowledge and applying knowledge to improve the effectiveness of development initiatives is a major challenge, but one for which addressing barriers to organizational learning has particular salience.

Successful responses focus on holistic urban solutions: physical, social, and economic development.

NGDOs working to improve the lives of people living in slums may have started their work by trying to address substandard housing, the most obvious issue facing informal communities, which was the case with CHF and Habitat. However, if NGDOs hope to significantly impact both the individual and the collective lives of these community members, they will have to learn and apply the lesson that physical interventions alone “have limited impact in transforming a community” (CHF International 2009, 7). Any program or project needs to include a multifaceted and multi-stakeholder approach that addresses infrastructure, social development and services, and economic development, and fosters collaboration between the public, private, and nonprofit sectors. Rojas (2009) makes the case that in order to address quality of life in informal settlements, the issue must be understood to not simply be a matter of housing development but rather urban development and include sustainable employment opportunities.

This lesson is widely recognized and has been fully embraced by CHF and increasingly so by Habitat and other NGDOs. The perspective
that the “housing problem” is not merely “a lack of houses”—a position which was strongly articulated through resolutions of the 1995 United Nations Conference on Human Settlements—is now considered to be the “dominant approach” (Brakarz, Greene, and Rojas 2002, 19). The degree, however, to which NGDOs have been able to conceptualize housing issues in the larger urban development context varies widely. Further, it is one thing to speak about embracing a holistic approach that incorporates social, economic, and physical infrastructure components, and a whole different matter to have the commitment, expertise, and capacity to design and implement such a response to high levels of complexity.

Expanding the definition and broadening the understanding of the housing problem helps identify linkages and opportunities to positively impact multiple areas of development at the same time. For example, upgrading and expanding the housing sector not only improves the quality of life of people who live in those homes, but also impacts broader socioeconomic development through the growth of the construction industry, which then helps reduce poverty by employing low-skilled workers (Rojas 2006). Rojas (2006) argues that effectively developing housing solutions has been demonstrated to be “one of the most cost-effective ways of expanding the asset base of low-income households and enhancing both equity and growth” in society overall. Supporting the argument for a more holistic, multifaceted approach, Brakarz, Greene, and Rojas (2002) report that programming that involves “integrating, complementary activities taking place simultaneously,” creates synergies and results in larger impact than would be the case if the activities were carried out individually (p. 67).

Besides the obvious need to improve the quality of housing and related infrastructure, past experience has found social and economic development to be particularly critical for bettering the quality of life in informal settlements. Perlman and Anthony (2009) recently revealed several important lessons in their follow-up study forty years after the former’s initial in-depth research of Rio de Janeiro favelas and the people living there. For example, while favela upgrading programs benefited residents in significant ways, residents would have benefitted more if the investment had been made on social infrastructure and human services rather than
on physical infrastructure and related urban services (p. 13-14). Based on their findings, Perlman and Anthony recommend that greater emphasis be placed on job creation and income generating activities and policies (2009). Likewise, CHF’s approach also is informed by its experience that “access to employment and income generating activities is critical to long term viability” of communities and the sustainability of efforts to improve quality of life of the residents (2009, 7), and the Inter-American Development Bank (IDB) has found that its Neighborhood Upgrading Programs (NUP) have the most success when they include components such as job training and support of small businesses that are designed to help people enter the labor market (Brakarz, Greene, and Rojas 2002, 35).

The opportunity to realize multiple benefits from appropriately addressing housing issues requires an acceptance of high levels of complexity and a commitment to simultaneously address interwoven factors of housing; water, sanitation, and other infrastructure; education; social services; job training and economic development; access to transportation; and social stigma associated with living in informal communities. Adopting an approach that is able to deal with all of these issues is no easy task. The shift is especially difficult for NGDOs that view development as comprised of discrete sectoral issues and whose organizational structure reflects this silo-type of thinking. In his framework for reforming U.S. foreign development, Shonholtz6 (2009) points out that development practice is too often characterized by “stove-piping resources, knowledge, and staff” by thematic sectors instead of more broadly “leveraging expertise” to tackle complex issues. In order for an NGDO that has traditionally worked only in housing issues to address social and economic variables, the organization has to expand horizontally to add new activities and new expertise to their core competencies or has to find partners who excel in these other arenas (Uvin, Jain, and Brown 2000), either of which can be very challenging.

**Community participation is critical.**
While it is possible for a government agency or NGDO to drastically improve the physical infrastructure of an informal settlement without involvement from the community, experience has shown that community
participation is critical for creating sustainable benefits for the community members. The World Bank defines participation as a “process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them” (1996, 3). Examples of how communities can participate in development are captured by the Inter-American Development Bank’s participatory strategy, which covers four major arenas for citizen participation in IDB work including defining agendas, plans and policies for development, formulating sectoral and country strategies, preparing and implementing projects, and evaluating the IDB’s work (2004). Besides various areas within projects or programs for participation, the types and degree of participation vary widely. Along the participation continuum, Brinkerhoff and Crosby identify five major types of participation: information sharing, consultation, collaboration, joint-decision making, and empowerment (2002).

CHF International (2009) argues that community ownership of infrastructure improvements is highly significant for fostering “social cohesion” (p. 7). The IDB’s experience with NUPs echoes CHF’s assertion, as an IDB study of the program revealed that community development is an essential component of program implementation and provides interventions with a good foundation for sustaining project or program impact (Brakarz, Greene, and Rojas 2002). Brakarz, Greene, and Rojas explain that active engagement from the community throughout all stages of the conceptualization and implementation of NUPs helps “to align project operations more effectively” with the desires and needs of the community, and aids in project implementation by “minimizing conflicts” and maximizing benefits (2002). Ways to gain community participation include holding consultation meetings in the settlements to discuss proposals and talk through options for infrastructure and potential solutions for environmental and social services problems (Brakarz, Greene, and Rojas 2002). Engagement from community members can result in tangible benefits, such as help with coordination between public agencies and NGDOs and the creation of a sense of “community spirit” that contributes to social inclusion and an increase in social capital for people who have traditionally been socially marginalized (Brakarz, Greene, and Rojas 2002, 59).
The importance of social connections or social capital, while difficult to measure, should not be underestimated. Community members report higher rates of satisfaction with interventions when they participate in decisions surrounding neighborhood projects (Brakarz, Greene, and Rojas 2002, 57). CHF’s case studies of five urban development projects and programs reveal that any attempt to achieve “long-term positive change” must include the participation of the poor and a serious effort on the part of public authorities (and, I would add, NGDO leaders) to truly understand the concerns of community members (2009, 8). Habitat is also among NGDOs that have incorporated community engagement and community building into their approach. As Quinonez explains, the organization shifted its focus from a “one house at a time” perspective toward considering how the organization could best serve families and entire communities and expanding projects in those areas (Katz, Quiñonez, and Zanelli 2009). For example, after the Indian Ocean tsunami in 2004, Habitat’s community-based disaster response model engaged village leaders and families in reconstruction, livelihood opportunities, and community development projects (Habitat 2006). These projects included job creation in the construction industry and microfinance programs to help people access needed capital to rebuild and repair their homes in Thailand, Sri Lanka, and Indonesia (ibid).

Community engagement has to entail more than token participation (e.g., rushed “participatory” measures to feign the appearance of gaining community buy-in to placate donors or others); it must include a commitment from those in leadership roles (whether NGDO or government) to seriously take into account input given by the community and, even more importantly, to share decision making power with the community. NGDOs often play an important role in fostering popular participation and facilitating the empowerment of the poor. They need to be careful, though, to not assume that they know or represent the voices of the poor if the organization has not adequately sought out active engagement from a wide range of community members. NGDOs should also not assume that a community has a unified opinion about a given decision or issue. As Burkey points out, development workers often incorrectly imagine an
idealized form of “harmony and friendliness” in community life and do not adequately account for tension, inequality between groups, and differences of perspective, even as the variety of voices within a community are being increasingly recognized (1993, 40). NGDOs working to improve the lives of people living in informal settlements must remember the importance of genuine community participation for the design and implementation of any type of project, whether for improving roads or addressing youth crime. Genuine participation is not clear cut, can be messy, and takes time. Without it, time and money saved by rushing a project’s implementation may be meaningless if the work or program is not “owned” by the residents of the community.

A longer-term perspective is needed.

Thomas Dichter (2003), a outspoken critic of the way the international development industry functions, argues that the development community has consistently failed to learn that “development takes time” and always requires more time than is allocated for any project or intervention in the industry’s standard projectized approach (p. 133). Others who view international development more favorably than Dichter does and would disagree with his overall premise would agree with him on this point—NGDOs and the development industry in general need to view development from a longer-term perspective. Levinthal and March point out that NGDOs often fail to consider the long-term perspective (1993). The short timeframe of many projects and programs, along with many other factors, can contribute to tunnel vision in which NGDOs are incapable of considering the long-term ramifications of their efforts and are unable to anticipate future social, political, or economic trends.

Shonholtz contends that the current U.S. approach to development is focused on the short-term, lacks a maintenance-of-effort approach, and favors quick results over long-term sustainability (2009). Rowbottom’s (2009) study of Parcelles Assainies in Dakar, Senegal, which was the first World Bank urban development project, reinforces the importance of a long-term approach and perspective. Analyzing Parcelles Assainies’ history since it was first developed in 1972 reveals that indicators viewed as significant in
the short-run are often “less important to the long-term success of projects as places” (Rowbottom 2009, 22). Rowbottom’s study also found that the initial project suffered from a highly unrealistic and overly ambitious time frame to meet project goals, which, if achieved, “would have meant populating the second largest city in Senegal at the time in only 4 years!” (ibid, 28).

A specific consequence of this short-term perspective is that NGDOs will likely overlook the fact that improving housing in one area of the city fails to deal with, and may even encourage, the creation of new informal settlements in other parts of the city (Brakarz, Greene, and Rojas 2002). Rojas (2009) also suggests that a long-term focus would remind NDGOs that, while new affordable housing is being created, some formal communities are falling into disrepair due to lack of investment in maintenance, causing some of these neighborhoods to exhibit social risk factors characteristic of informal settlements. If NGDOs are only able to see problems as bound by the limited scope of their projects, they will be largely unable to anticipate the need to develop or support larger solutions to address the propagation of new informal communities and the decline into disrepair of low-income formal settlements.

The dominant short-term perspective is also evident in the limited funding for NGDO projects, which is both an effect and cause of the larger fixation with the immediate. An IDB publication reports that typical project funding for community social services in informal settlements is for about two years, which is grossly inadequate to meet community needs (Brakarz, Greene, and Rojas 2002, 76). Rather than try to shape the needs of the community to the rigid specifications of a project or social service, the specifications of the intervention should be molded to the community’s needs. This seems basic but, unfortunately, it is not the reality of many development projects. Brakarz, Greene, and Rojas’ recommendation reinforces this point, stating that services should be continued “as long as demand for them exists” (2002, 76). Given, however, that funding is far more constrained than is the demand for services, NGDOs must work with local communities and governments to prioritize services and projects over the long run, to strategically use funding, and to consider how to pursue additional funding streams.
Habitat incorporated a longer-term approach to its work after the organization examined its approach in responding to the need for decent housing and calculated that it would take 5,000 years to meet the need for housing if the organization continued its “one house at a time” model (Katz, Quiñonez and Zanelli 2009). This realization about the limitations of its previous methods helped the organization adjust its strategy and expand into housing advocacy in order to work toward “changing systems, policies and attitudes to achieve decent housing for all” (Fitzgerald 2006, 2).

Recommendations for Enhancing NGDO Organizational Learning

The ability of NGDOs to apply these “lessons learned” to their approach depends to some extent on their own mission, expertise, and organizational capacity, but the following recommendations can benefit a wide range of NGDOs as they seek to improve their ability to learn and become more effective. While this paper has focused on “lessons learned” and organizational learning relating to NGDOs working in housing issues, the following recommendations are applicable to many types of NGDOs. These sections propose several concrete steps that NGDOs can take to facilitate organizational learning in both the short- and long-term. Care has been taken to suggest actions that are practical given the limited resources at many NGDOs.

Recommendations for fostering organizational learning in the short-term

Make organizational learning a priority for NGDO leadership and create buy-in from internal stakeholders.

Making organizational learning a priority for an NGDO requires investments and decision making over both the short- and long-run. It is important that the leadership of the organization is involved from the beginning, and as Zanelli recommends, it is essential that internal stakeholders be involved in the planning process (Katz, Quiñonez, and Zanelli 2009). Buy-in from external stakeholders, such as program beneficiaries or project clients, is also vital, and a concerted effort should be made to incorporate their
feedback in planning for organizational learning. For example, the NGDO may wish to explore through surveys, interviews, or focus groups what the communities where they work consider to be the strengths and weaknesses of the NGDO, what the community’s priorities are, and other related questions. In order for organizational learning to be a priority, NGDO management must invest time and money and pay close attention to the message it communicates to others in the organization regarding learning. The NGDO manager, when making the case for organizational learning, should manage expectations by being realistic about the costs that are involved in building the organization’s capacity to learn and to become more effective. Hermanson (2009) explains that frequently organizations welcome the idea of being a learning organization but that they do not invest adequate resources to make learning possible. She notes that it is essential for the leadership of the NGDO to “reinforce the importance of learning in tangible and practical ways” (ibid). For example, by explicitly communicating to staff how learning processes will help make the NGDO more effective in its work, NGDO leadership may be able to motivate staff members who otherwise might view new learning activities as an added burden to their already heavy work load.

Habitat greatly invested in organizational learning by staffing a learning unit that they designed to be creative and cost-effective (Katz, Quiñonez, and Zanelli 2009). While this level of investment is more representative of a long-term investment, there are smaller steps that can be taken in the short-term to build organizational learning capacity with fewer resources. For example, Newcomer (2009) suggests dedicating time at the beginning of staff meetings to learning-focused discussions to ensure that learning is not overlooked as it likely would be if it is placed later on the meeting agenda. Zanelli notes that Habitat International invests time in learning through holding twice monthly “community of learning” meetings for staff on a variety of topics (Katz, Quiñonez, and Zanelli 2009). These focused meetings provide staff with dedicated time to increase their knowledge in a given topic or skill area, which in turn helps build Habitat’s capacity to perform more effectively.

Resource investment is necessary, but limited resources are not an
insurmountable barrier to building organizational learning. In their study of change initiatives, Kee and Newcomer (2008) note that change is “often undertaken despite budget constraints” (p. 165). Further, they found that given tight budgets, leaders have to adopt a “lean, incremental approach” to instituting change (2008, 165). For example, rather than creating a new learning unit within an NGDO, an organization could start initially with dedicating the first fifteen minutes of staff meetings to discussing “lessons learned” or by regularly recognizing staff who innovate and share knowledge with others. Regardless of the speed of change, building learning capacity is something that must be progressively worked toward according to each organization’s resources.

Maximize the learning potential represented by existing evaluation requirements and other resources available to NGDOs.

Most donors—whether bilateral, multilateral, or foundation—require some form of evaluation of the projects or programs they fund. While there are considerable negative aspects related to donor-mandated evaluations, an NGDO manager can help promote internal learning by making better use of data that his or her organization is already required to collect. Newcomer (2009) notes that the manager’s attitude towards evaluation plays a significant role in how evaluating is perceived by other staff members. By treating evaluations as worthwhile and instituting processes to incorporate findings from evaluations into planning for the future, NGDOs can help facilitate learning in a very practical and cost effective way. For example, NGDOs can establish regular staff meetings to review program or project progress that coincide with submitting quarterly reports or project close-out documents to donors. Since NGDO staff are often required by donors to prepare these documents, having a designated time to internally discuss what was discovered from the preparation of the reports will help the NGDO capitalize on an opportunity to learn, better monitor their own work, look for areas for improvement, and capture successful practices with minimal additional investment of resources.

When asked what she would recommend to NGDO leaders just beginning to build organizational learning capacity with limited
resources, Katz suggested NGDOs make use of learning opportunities through organizations and networks such as the Society for International Development, which convenes conferences and working groups focused on a variety of topics, and InterAction, which provides technical assistance, organizational capacity building, working groups, and relevant information on current development issues to member NGDOs (Katz, Quiñonez, and Zanelli 2009). Other similar organizations exist, and there is a wealth of information on best practices that has been carefully vetted and catalogued, a great deal of which is available for free online. For example, UN-HABITAT’s Best Practice Database in Improving the Living Environment (www.bestpractices.org) is but one example. Before investing in research, NGOs should investigate if the information they seek can be obtained for free or at a lesser cost than conducting research themselves—which they may or may not have the expertise to carry out—or contracting with a third party.

Create an environment that facilitates learning.
Creating an organizational culture that facilitates learning frequently does not require a large budget or time investment but can yield significant returns. This is not to suggest that changing the environment of an organization is easy. On the contrary, it can be very challenging to alter an organizational culture as this relates to the way staff interact, hidden norms, and other factors that are hard to define as “real,” such as attitudes and perceptions—but that have very real consequences in whether or not staff trust each other, share knowledge, and work collaboratively. Leaders should model the type of behavior and attitudes they want to see, which in a learning organization includes rewarding innovation, valuing all types of information (Brinkerhoff 2009), engaging in healthy internal exchange to build positive relationships, and co-creating what Britton refers to as a “learning climate” where experimentation and mistakes are allowed if they are used for learning purposes (1998, 2). When staff members feel confident and trust their colleagues and supervisors, they will be far more likely to work in an innovative and collaborative manner instead of having their energies consumed with competing with co-workers or justifying their every action.
Recommendations for fostering organizational learning in the long-term

Given that organizational learning must be an ongoing and long-term endeavor to achieve meaningful results in making an organization more effective, the following points are included as additional factors for NGDOs to consider in developing a systematic plan.

Incorporate organizational learning into the overall structure of the organization. One practical way to ensure that organizational learning is not attempted in piecemeal initiatives is to incorporate learning into the structure of the organization through deliberate planning. Restructuring, hiring of a new senior level manager, or developing a new strategic plan are all possible ways to systematically introduce organizational learning into all aspects of the NGDO. Habitat, for example, created a learning unit (incorporating it into the larger organizational structure) and planned overall organizational learning in a three-year strategic plan (Katz, Quiñonez, and Zanelli 2009). Along the same vein, it is essential to link “learning to the core mission of the organization” (Hermanson 2009) so organizational learning initiatives have an overall consistency of purpose and are not seen as distracting from the NGDO’s work, but rather as directly contributing to it.

Reduce dependence on government funding. Having more discretion over the use of funds enables NGDOs to make strategic investments in organizational learning that is often not possible when the majority of an NGDO’s funding comes from USAID, the U.S. Department of State or other U.S. government agencies. Of course, the decision to diversify funding likely also gives more flexibility to the NGDO to implement the “lessons learned”—including taking a longer-term perspective not bound by the three to five years of the project time frame and having the flexibility to design programs that are not constrained by the typical silo-ed approaches. It is worth noting that Habitat’s ability to invest so proactively in organizational learning is likely, in part, related to the fact that a good portion of their funding comes from private donations. As noted throughout the paper, many government policies implicitly constrain organizational learning. If an NGDO is able to reduce their dependence on
government funding, it may be able to better move from a reactive stance to a more reflective and learning-oriented outlook.

Advocate for better policies, including more flexibility in contracting mechanisms. Given the aforementioned argument that certain foreign assistance policies hinder a learning orientation—and, as an extension, overall effectiveness—NGDO leaders should consider advocating for policies that are more conducive to organizational learning. Specifically, development policies that are especially detrimental to organizational learning relate to a misguided approach to: accountability, since they focus on donor-mandated evaluations rather than accountability to beneficiaries; the projectization of development work; and contracting mechanisms that are overly prescriptive in the design of projects or programs. Fowler (1997) makes this point by arguing that the simplification inherent in projects is inappropriate for the complex nature and human element of development, which should be understood as a process. This project-based approach reduces the ability to work toward more “systematic, sustainable reform” (Shonholtz 2009, 2), which is what is necessary to address the root causes of problems. The Modernizing Foreign Assistance Network is an example of NGOs and others advocating for improved policies.

Policies that focus on knowledge sharing and that provide incentives for NGDOs to collaborate with each other can help foster organizational learning. Additionally, the type of contracting mechanism, whether a rigid contract with pre-established deliverables or a more flexible grant, strongly influences the amount of discretion NGDOs have over project or program design (Brinkerhoff 2010). Favoring grants over contracts gives NGDOs greater opportunity to innovate and incorporate “lessons learned” from their previous experience into new programs. More flexibility in the terms for funding will not in and of itself, though, ensure organizational learning or innovation. An NGDO must take the initiative to learn as an organization; more flexible contracting mechanisms can, however, help open opportunities for NGDOs to apply this learning to their practice.
Conclusion

While many valuable lessons have emerged from initiatives to improve informal settlements and the lives of the people living there—including the importance of framing the issue holistically within the urban development context, the need for community participation, and the need for a long-term perspective—the ability of NGOs to learn and to specifically apply these insights, has been hindered by development policies and by the internal structures and policies of each NGDO. Current efforts to reform U.S. foreign assistance provides some hope that new policies will better promote flexibility and reduce silo-ed approaches to development work that may foster organizational learning and contribute to significantly improving the lives of the nearly one billion people living in dire conditions. The new USAID Administrator Rajiv Shaw’s creation of a new position in the agency, Director of Evaluation, Policy Analysis and Learning, for example, reflects an encouraging interest in more systematic assessment and incorporation of “lessons learned” into policy making and program design (USAID 2010).

Regardless of policy reform, however, adequate flexibility can be built into the design and management arrangement of development projects that NGDOs are able to embrace learning-oriented practices should they make it a priority to do so. NGDOs can and should proactively seek out organizational learning opportunities to improve the effectiveness of their work, better partner with and meet the needs of people living in substandard conditions, and more effectively address other global challenges relating to poverty and widespread inequality.

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Notes

1. See for example, the Istanbul Declaration on Human Settlements (http://ww2.unhabitat.org/declarations/Istanbul.asp) and the Habitat Agenda (UN-HABITAT 2003).

2. While there is incredible diversity in the size, mission, and type of non-profit organizations working in international development—both international nonprofits (based in the United States or elsewhere which work in “developing” countries) and national nonprofits (organizations whose programs are in their country of origin)—this paper focuses on U.S.-based international development nonprofit organizations (referred to here as “NG-
DOs”) working on housing projects in developing countries. Specifically, I focus on two large and well-known organizations in the field, CHF International and Habitat for Humanity International. Both possess the financial and human resources to focus on organizational learning and growth which smaller organizations may have yet to develop. For the purpose of this paper, the terms “nonprofit organization” and NGDO are used interchangeably.

3. Despite significant funding directed to NGDOs, the trends in the funding of development agencies are not uniform. While the World Bank and USAID have made considerable changes in funding NGDOs over the past years, more recently, USAID has been increasing the amount of funding it grants directly to foreign governments and the Millennium Challenge Corporation, founded by Congress in 2004, grants significant funding through five year compacts signed directly with recipient governments (Millennium Challenge Corporation 2009).

4. Given that the focus of this paper is on the making the case for the importance of organizational learning for NGDOs and on recommending practical steps to enhance organizational learning at NGDOs, an in-depth exploration of the organizational learning literature is outside the scope of this article. If the reader interested in a more technical explanation of the topic, she may consult the references listed above.

5. “Projectization” refers to breaking down complex issues or development problems into discrete and relatively short-term and often sector-specific projects. This structuring of development work can inhibit learning as NGDOs are constantly faced with ramping up and closing out projects, only to turn around to write the next proposal to compete for funding for the next project.

6. Raymond Shonholtz is the President of Partners for Democratic Change (an NGDO focused on change and conflict management) and a former Public Policy Scholar at the Woodrow Wilson Center for International Scholars.

7. Social capital is defined as “norms and social relations embedded in the social structures of societies that enable people to co-ordinate action to achieve desired goals” (Organisation for Economic Co-operation and Development, 2002).

8. The name of Dichter’s book, Despite Good Intentions: Why Development Assistance to the Third World Has Failed, provides quick insight into his
view of development assistance. It should be noted that his critique of the development field is informed by his experience working in international development for over forty years.

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I would like to acknowledge the many people who helped make this article possible. Associate Editors Megan Bourke and Sarah Ficenec worked with great patience and enthusiasm to see the article through multiple rounds of revisions, and I am grateful for their helpful comments and support, and for the leadership of Editors Lauren Alfred and Kelsey McCoy. Dr. Derick Brinkerhoff challenged the initial direction and conclusions of the article, and the article is better because of his insights. Professors Derick Brinkerhoff and Thomas Fox’s NGO management course helped inspire my ideas relating to organizational learning and development effectiveness. Dr. Judith Hermanson, Ms. Jane Katz, Dr. Kathryn Newcomer, Dr. Eduardo Rojas, Mr. José Quiñonez, and Ms. Maria Luisa Zanelli all shared their time and wealth of knowledge with me, and I deeply appreciate their contributions. I would also like to thank my family for their support and encouragement.