DEVELOPMENT COOPERATION PROJECTS –
ON THE ROAD TOWARDS SOCIAL ORGANISATIONAL CAPITAL
CASE STUDY: LATVIA

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Master’s Thesis
Social and Public Policy
Master’s programme in Development and International Cooperation
Department of Social Sciences and Philosophy
University of Jyväskylä
Autumn 2009 / Spring 2010
SUMMARY

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The purpose of the thesis is to examine ways in which implementation of a development cooperation project influences the capacity of project implementing organisations in Latvia. Furthermore, the study aims to discover whether social capital generated during the project cycle has an effect on projects’ effectiveness and ability to produce added value.

The empirical data is collected by interviewing employees of the four selected case studies, Latvian non-governmental organisations implementing development cooperation projects. The context of a new donor country building its capacity for development cooperation is described. The data consists of seven semi-structured open-ended interviews.

Characteristics of structural and cognitive social capital or common understanding of value systems shared among project partners have been identified. Social capital provides environment for people and organisations to succeed, increase effectiveness and focus on mutual characteristics of their coordinated actions. Implementation of development cooperation projects enhance (a) financial and human resource mobilisation and management capacities; (b) process management related capacities as strategic planning, coordination, and decision making, communication, problem identification and solving; (c) knowledge acquisition and generation within organisations. Thus a development cooperation project becomes a location for informal global education production.

Research phenomenon appears in the fact that the concept of social capital is applied to international networks. Furthermore, new concepts - ‘social organisational capital’ and ‘organisational social capacity’ have been proposed.

Key words: development cooperation project, organisational capacity, social capital, Latvia, social organisational capital, organisational social capacity.
Šis maģistra darbs pēta attīstības sadarbības projektu ieviešanu un tās ietekmi uz projektu ieviesējorganizāciju kapacitāti Latvijā. Turklāt pētījuma mērķis ir izzināt sociālā kapitāla, kas radies projektu ieviešanas laikā, ietekmi uz projektu efektivitāti un to spēju radīt pievienoto vērtību.


Pētījuma rezultātā tīka identificētas projektu partneru vidū pastāvošā strukturālā un kognītīvā sociālā kapitāla, tā dēvētās kopējās vērtību sistēmas izpratnes, raksturīgās iezīmes. Sociālais kapitāls nodrošina labvēlīgu vidu cilvēku un organizāciju panākumiem un efektivitātes paaugstināšanai, kā arī pielāj apbusēji izdevīgu koordinēto darbību ieviešanu. Pētījums apliecinā, ka attīstības sadarbības projektu ieviešana pilnveido (a) finanšu un cilvēkresursu piesaistes un pārvaldības kapacitātes; (b) procesa vadības kapacitātes - stratēģisko plānošanu, koordināciju, lēmumu pieņemšanu, komunikāciju, problēmu identifikāciju un risināšanu; (c) zināšanu ieguvu un radišanu organizācijā. Tādejādi attīstības sadarbības projekti klūst par vietu neformālās globālās izglītības nodrošināšanai.

Pētījumā unikālā veidā tīka pielietota sociālā kapitāla koncepcija starptautiskā tīklojuma vidē. Rezultātā turpmākai izzinātē tīka ierosinātas tādas jaunas koncepcijas kā ‘sociālais organizācijas kapitāls’ un ‘organizācijas sociālā kapacitāte’.

Atslēgvārdi: attīstības sadarbības projekts, organizācijas kapacitāte, sociālais kapitāls, Latvija, sociālais organizācijas kapitāls, organizācijas sociālā kapacitāte.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY</td>
<td>2</td>
</tr>
<tr>
<td>KOPSAVILKUMS</td>
<td>3</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>4</td>
</tr>
<tr>
<td>LIST OF FIGURES AND TABLES</td>
<td>6</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>6</td>
</tr>
<tr>
<td><strong>1. INTRODUCTION</strong></td>
<td>7</td>
</tr>
<tr>
<td>1.1. BACKGROUND OF THE STUDY</td>
<td>7</td>
</tr>
<tr>
<td>1.2. RESEARCH PROBLEM</td>
<td>8</td>
</tr>
<tr>
<td>1.3. CHOICE AND THE SIGNIFICANCE OF THE TOPIC</td>
<td>10</td>
</tr>
<tr>
<td>1.4. OBJECTIVE AND RESEARCH QUESTIONS</td>
<td>12</td>
</tr>
<tr>
<td>1.5. KEY TERMINOLOGY</td>
<td>12</td>
</tr>
<tr>
<td>1.6. ASSUMPTIONS AND LIMITATIONS</td>
<td>14</td>
</tr>
<tr>
<td>1.7. THE STRUCTURE OF THE THESIS</td>
<td>15</td>
</tr>
<tr>
<td><strong>2. CONCEPTUAL FRAMEWORK</strong></td>
<td>16</td>
</tr>
<tr>
<td>2.1. THEORY OF CHANGE AND THE OPEN-SYSTEMS THEORY</td>
<td>16</td>
</tr>
<tr>
<td>2.2. ORGANISATION AND THE CONTINGENCY APPROACH</td>
<td>19</td>
</tr>
<tr>
<td>2.3. DEVELOPMENT COOPERATION PROJECT AS SOCIAL ORGANISATION AND SOCIAL CAPITAL</td>
<td>21</td>
</tr>
<tr>
<td>2.3.1. Development cooperation project</td>
<td>21</td>
</tr>
<tr>
<td>2.3.2. Social capital conceptualization</td>
<td>22</td>
</tr>
<tr>
<td>2.3.3. Social structure</td>
<td>26</td>
</tr>
<tr>
<td>2.3.4. Criticism of social capital</td>
<td>28</td>
</tr>
<tr>
<td>2.4. CAPACITY AND CAPACITY DEVELOPMENT</td>
<td>30</td>
</tr>
<tr>
<td>2.4.1. Context of capacity and capacity development in development cooperation</td>
<td>30</td>
</tr>
<tr>
<td>2.4.2. Organisational capacity and its types</td>
<td>33</td>
</tr>
<tr>
<td>2.4.3. From individual towards organisational capacities</td>
<td>35</td>
</tr>
<tr>
<td><strong>3. RESEARCH DESIGN</strong></td>
<td>37</td>
</tr>
<tr>
<td>3.1. QUALITATIVE APPROACH TO THE ENQUIRY</td>
<td>37</td>
</tr>
<tr>
<td>3.2. CASE STUDY METHODOLOGY</td>
<td>38</td>
</tr>
<tr>
<td>3.3. METHOD FOR DATA COLLECTION</td>
<td>40</td>
</tr>
<tr>
<td>3.4. DATA</td>
<td>40</td>
</tr>
<tr>
<td>3.5. METHOD FOR DATA ANALYSIS</td>
<td>42</td>
</tr>
<tr>
<td>3.6. VALIDITY, RELIABILITY AND GENERALIZABILITY</td>
<td>42</td>
</tr>
</tbody>
</table>
LIST OF FIGURES AND TABLES

FIGURE 1 ACTORS INVOLVED IN DEVELOPMENT COOPERATION PROJECT IMPLEMENTATION ........................................... 13
FIGURE 2 ORGANISATIONAL CAPACITIES ........................................................................................................................ 35
FIGURE 3 DEVELOPMENT ACTORS AND THEIR FUNCTIONS ...................................................................................... 51
FIGURE 4 LINKING SOCIAL CAPITAL WITH PERSONAL AND ORGANISATIONAL CAPACITIES WITHIN A PROJECT .......... 86

TABLE 1 SUMMARY OF THE INTERVIEWS CONDUCTED ................................................................................................. 41
TABLE 2 SUMMARY OF BILATERAL AND TRILATERAL DEVELOPMENT COOPERATION ACTIVITIES ......................... 47
TABLE 3 LATVIA’S ODA LEVELS ........................................................................................................................................... 47

ABBREVIATIONS

CIS The Commonwealth of Independent States
CONCORD The European NGO confederation for relief and development
DCD-DAC OECD Development Co-operation Directorate
EU The European Union
GDP Gross Domestic Product
GNI Gross National Income
LAPAS Latvian NGDO Platform (Latvijas Platforma Attīstības Sadarbībai)
MBCA Mutually beneficial collective action
MDGs Millennium Development Goals
NGO Non-governmental organisation
NGDO Non-governmental development organisation
OECD Organisation for Economic Co-operation and Development
ODA Official Development Assistance
TRIALOG CONCORD project to support NGDO platforms in the new Member States
UN United Nations
UNESCO United Nations Educational, Scientific and Cultural Organisation
UNDP United Nations Development Programme
1. INTRODUCTION

1.1. Background of the Study

Latvia together with other countries endorsed the Millennium Development Goals set to be achieved by 2015. As the date approaches, less than six years away, the world experiences the most important financial and economic downturn since the 1930s. The impacts of the crisis intensified in 2009: as the unemployment rate rose in parallel with fiscal constraints, putting more and more pressure on aid budgets for developing countries. Experiencing large falls in GDP, Latvia is among those countries most affected (Eurobarometer, 2009).

Furthermore, over the past ten years Latvia has progressed from being a recipient, to a donor and active partner in development cooperation. Until 2003, Latvian participation in providing assistance was not based on a specific program or strategy; it was mainly a required reaction to ad hoc situations.\(^1\) As the member of the European Union (EU), since 2004 Latvia formulates development cooperation policy and makes annual payments to the official development assistance. Since 2005 a specific amount of the Latvian national budget has been allocated for the implementation of annual development cooperation activity plan proposing bilateral, trilateral and multilateral activities.

Development actors in Latvia have not managed to accumulate extensive experience, as it is in the old democracies and large Western companies. Development cooperation initiatives at all levels: governmental, non-governmental and private are in their initial stages. The years after accession into the EU have been considerably important for organisations to learn and face challenges as “lack of finances and contacts with partner organisations in developing countries, lack of understanding about development cooperation, technical problems and their resolution, as well as short of information about real needs of receiving countries” as discovered in the research “Experience of Latvia’s NGOs and their interest of working in development co-operation” (Šmite, 2006:8).

\(^1\) The Basic Principles for the Development Cooperation Policy of the Republic of Latvia, 2003
While additional financial resources are essential to reaching the MDGs and other development targets, ultimately success lies in how people, organisations and societies are to transform. According to the United Nations Development Programme “without sufficient capacity, countries lack the foundations on which to plan, implement and evaluate their development strategies”. (UNDP, Capacity Development, homepage, 2009) Capacity development is at the core of socio-economic progress and is a long-term process that requires the utilisation of existing national capacities (national expertise and national institutions). (Theisohn, 2003: ii)

Organisational capacity of development actors, NGOs implementing development cooperation projects in Latvia is crucial both for the benefit of the country’s stabilisation and development as well as for improved implementation of development cooperation for recipient countries. In development discourse, capacity – strong institutions, systems, and local expertise – is mainly used in terms of developing countries ability to own and manage their development processes. This research, on contrary, concerns donor’s ability to deliver aid through development cooperation projects. Capacity of non-governmental project implementing organisations is an important factor throughout the project implementation and measures such donor’s ability. By strengthening internal organisational capacity of NGOs, adding upon existing knowledge and learning new methods for development cooperation, Latvia supports also implementation of the Accra Agenda for Action where donors promised to “strengthen their own capacity and skills to be more responsive to developing countries’ needs.” (Accra Agenda for Action, 2008:2)

1.2. **Research problem**

Capacity strengthening activities have been prioritised in several documents guiding Latvia’s development cooperation policy. For instance, “Development Cooperation Policy Programme of the Republic of Latvia 2006-2010” envisages that Latvia’s NGOs, private sector representatives and individual experts will gain experience necessary for qualifying for other internationally-financed development cooperation projects; the number of individual experts, NGOs and businessmen involved in development cooperation activities will increase.
Likewise, Latvia will enhance the ability of the public authorities, NGOs and businessmen to fully participate in the development and implementation of the international development cooperation programmes and projects.

Even though, Latvia has managed to establish a mechanism for development cooperation policy planning and implementation in a given short time. The current Time of the Crises brings its own corrections to which Latvia is not an exception. Despite the government’s decisions made in 2006 to increase the financing from the state budget for the realization of development cooperation up to 0.1 percent of the GNP\(^2\). The critical economic situation forced the government to stop access to the allocated national budget for development cooperation in March 2009. (Ministry of Foreign Affairs, News, Press Releases, 04.02.2009) Moreover, an earmarked amount for development cooperation activities for 2010 is only symbolic representing less than 1000 LVL. (LAPAS Newsletter, November 2009). It means that the Ministry of Foreign Affairs has not been able to finance implementation of development cooperation projects and established cooperation in previous projects is either stopped or continues at a lower volume. Consequently, the Ministry of Foreign Affairs cannot financially support capacity building activities for development actors in the country. There is a clear problem that organisations in Latvia have insufficient internal organisational capacity for development cooperation and continuously struggle for financing.

In order to shed a light on the concern, I would like to look at added value generated by development cooperation project implementation either financed by the Ministry of Foreign Affairs or other financers. NGOs have no resources for continuous and purposeful capacity building. However, they are implementing development cooperation projects that mainly aim at delivering results for the benefit of recipient country. Could an implementation of a development cooperation project improve the capacity of an NGO in addition to originally set project objectives?

1.3. Choice and the significance of the topic

The reason for studying organisational capacity development in relation to development cooperation projects is that with increasing frequency, “collaborative research and networking projects are being used as capacity development strategies”. (Horton et al., 2003) Organisations increasingly seek to build their capacities through collaboration. Networks employing various mixes of face-to-face interaction and Internet exchange are greatly expanding possibilities for information exchange and learning within and between regions.

Survey on volunteer work in development cooperation recipient countries shows that essential benefits from work in developing countries in development cooperation projects are: “skills and knowledge about, whom to trust, courage, openness, keenness, and knowledge about what you can and cannot manage, attention to other people”. (Valtenbergs, 2006:306) These qualities are purely individual and hardly can be utilized at organisational level. Another research carried out in 2006 “Experience of Latvia’s NGOs and their interest of working in development co-operation” shows that in the context of development cooperation it is essential that NGOs learn from the projects how to promote communication with other cultures, how to widen their horizon, how to train others and promote cooperation between Latvia and the receiving country. (Šmite, 2006:24) It shows that indeed there are benefits that organisations gain from implementing development cooperation projects besides aid delivery to the recipient.

As project coordinator in State Regional Development Agency in Latvia and University of Lapland in Finland, I noticed several challenges faced by project implementing organisations. First of all, organisations felt that projects increase workload and burden on resources instead of generating value for the organisation itself. Secondly, motivation of staff drops substantially when project planning and implementation is purely targeting foreign organisations, for instance, in Russia. After the implementation of the Erasmus Mundus project “Development of International Marketing Network to Promote Barents Region” I have often noticed also elsewhere that lead organisations of cooperation projects feel lack of return on investment from the project for their own organisation. However, as a project coordinator, I have personally felt gratification after project implementation and learned from the coordination
process. I also noticed benefits for my department and organisation. But they were not identified nor assessed properly.

Studies in a Master’s Programme in Development and International Cooperation gave me theoretical insight into the topic. Research and existing literature on capacity development is mostly available from various international donors and development actors that focus their aid delivery and effectiveness programmes on capacity development in developing countries. Previous studies that I have come across concentrate on listing benefits that recipient country and local organisations gain from implemented development cooperation projects. While there has not been a sufficient research that would explore the benefits organisations gain from the implementation of development cooperation projects and how such benefits work in favour of the organisation itself. There is a gap in research and shortage of available resources on how bilateral and multilateral project activities influence donor country’s’ capacity in general and at the level of organisations that have been responsible for project implementation in donor country.

This research proposes to look uniquely at a development cooperation project as a tool for establishing stronger social organisational capacity, thus, contributing towards increased donor’s capacity. It is significant to show that there is mutual benefit from the implementation of development cooperation projects, even though such benefits are hard to measure and feel their immediate impact. The study utilises the concept of social capital according to Putnam, Uphoff and Wijayaratna that gives power to a project to succeed in providing added value to the implementing organisation. The empirical data of the research relies on carefully selected four non-governmental organisations in Latvia that are active in development cooperation and have implemented development cooperation projects. I hope that the reader of this study will enjoy its findings and conclusions as much as I do.
1.4. **Objective and research questions**

The objective of the research is to examine ways in which implementation of development cooperation projects influences capacity of project implementing non-governmental organisations in Latvia. Furthermore, the study aims to discover whether social capital generated during the project cycle has an effect on projects’ effectiveness producing added value - increased organisational capacity.

The research will seek the answers on the following questions:

- What forms of social capital exist in a development cooperation project during its implementation?
- How social capital affects project implementation?
- What organisational capacities are changed during the implementation of development cooperation projects in project implementing organisations?

1.5. **Key terminology**

*Project implementing organisation*

“Organisations play a leading role in our modern world. Their presence affects (..) virtually every sector of contemporary social life.” (Scott, 1992:1) Non-governmental organisations have been regarded as an alternative channel to transfer assistance to developing countries. Such organisations – at least to some extent – “have proven their effectiveness in managing development aid”. (Vartola et al., 2000:3) This research relates to development cooperation project implementing NGOs in Latvia. As the study is country related, I have followed the main discourse presented in the leading development cooperation policy documents. The official definition according to the Law of International Assistance (2008) for such organisations in Latvia is *implementing entity of development co-operation project*. It is “a person, who is selected as an implementing entity of a development cooperation project under the procedure, provided for in regulatory enactments or who implements a development cooperation project selected under the procedure provided for in regulatory enactments”. (Law on International Assistance, 2008) Such entities can be direct and indirect institutions of state
administration, municipalities, associations, establishments, and merchants. To avoid misleading interpretations of the word ‘entity’, further in the text I will use the term ‘project implementing organisation’.

Basic scheme of actors involved in the development cooperation project implementation in Latvia illustrates that project implementing organisations have an intermediate position in the process. Their role is crucial, as they are involved in the country’s development cooperation policy’s realization, while implementing the project meeting the recipient needs. Capacity of project implementing organisations for successful performance therefore is essential. However, development of organisational capacity is not considered as an outcome of development cooperation projects unless it is a particular capacity building project.

![Figure 1Actors involved in development cooperation project implementation](image)

**Organisational and organisation’s capacity**

During the research process I noticed that the term ‘organisational capacity’ may be interpreted differently especially in the field of development cooperation. According to the World Bank “local organisational capacity refers to the ability of people to work together, organize themselves, and mobilize resources to solve problems of common interest” (World Bank, Local Organisational Capacity, homepage). However, this is not the meaning of the term ‘organisational capacity’ within this research. For the purposes of this study, organisational capacity is understood as an organisations ability to perform (see Chapter 2.4 Capacity and capacity development).
1.6. Assumptions and limitations

Development cooperation in Latvia is in its very initial stage. Even though development cooperation policy was defined along with the entrance into the European Union in 2004 and NGOs activity in the field has been observed also before that, in practice experience is comparably short termed. It is since 2005 that Latvia has allocated national budget for bilateral and trilateral development cooperation projects administrated through grant scheme calls for proposals. Furthermore, there is not a single NGO which would entirely concentrate its work on development cooperation. (Interview, Latvian NGDO Platform (LAPAS), 20.07.2009) There are less than five NGOs active in development cooperation besides other activities. Therefore it is too early to study long term impact of development cooperation projects on organisations in Latvia. Organisations consulted in this study mostly have implemented one, two or more projects that are small scale projects with comparably low budgets.

In addition, there is lack of systematic monitoring of development cooperation policies and processes in Latvia, resulting from the fact that this is a new area of activity. There are less than fifteen published articles in media yearly about development cooperation in Latvia. (Interview, Ministry of Foreign Affairs, 29.07.2009) There has been one scientific research “Latvia and Development Co-operation” in 2006 published by Latvian authors. Other materials and information are covered with reports to international organisations in most cases also done by foreign bodies, online materials in different portals, discussion forums, student works. Therefore it has been a challenge to obtain complete and precise data regarding development cooperation in Latvia.

Furthermore, literature covering conceptualization of social capital could not be strictly applied to international project cooperation because it has been mainly related to close communities. Also literature concerning NGO capacity development has mostly been related to NGOs working in recipient countries and developing local capacity. However, it was important to understand the general conceptualization behind and test the concepts outside their traditional scope. Therefore, despite the fact that listed limitations have constrained the research process, it has resulted in valuable discoveries and explored themes for necessary research.
1.7. The structure of the thesis

Thesis consists of eight (8) chapters. Firstly, I am introducing overall background and the problems faced behind the research. This is further followed by a conceptual framework of the study giving insight particularly in the concepts of organisation, social capital, capacity and capacity development. Further on, I illustrate research design, clarifying approaches and methods used for data collection and analysis. Chapter 4 gives a detailed insight regarding the development cooperation in Latvia and the NGOs interviewed for the study. The main findings and discussion of results are subsequently introduced in thematic chapters. Chapter 5 discusses patterns and functions of the both cognitive and structural social capital. Chapter 6 identifies organisational capacities increased during the implementation of development cooperation project. Chapter 7 is proposing a link between the social capital and organisational capacities within a frame of a project. For the conclusion I offer to consider the concepts of social organisational capital and organisational social capacity in Chapter 8. Recommendations for further studies are also listed in the last chapter.
2. CONCEPTUAL FRAMEWORK

2.1. Theory of change and the open-systems theory

“All scientific study strives to recognize how the world is ordered. (..) This analytical problem of order in the world must be strictly delimited in relation to the empirical problem of stability or change in concrete societies.” (Münch, 1982 in Giddens and Turner, 1987: 118-119) The century we live in is characterized by a large scale change at the global level. Technology, environmental and economic concerns, and cultural matters – all are increasing in volume and affecting today’s life leaving footprints for future generations. From the modern consciousness point of view, “change becomes the normal state”. (Giesen in Haferkamp and Smelser, 1992:304) Moreover, it should be noted that “change does not signify mere chaos, but the transformation of an institutional pattern from one point in time (…) to another”. (Münch, 1987 in Giddens and Turner, 1987:136)

To delimit an area of concern, four levels of human action is distinguished – “the individual personality, interactions among individuals, the group or social system, and the cultural system”. (Appelbaum, 1970:3) Social change thus takes place within individuals, organisations, groups of people, established systems, institutions, and society. This research will concentrate on how change occurs within a group or social system. In general terms, research will look at how an individual belonging to and constrained within a certain group – project, organisation – affects further organisations’ performance through its capacities. As for Marx and Durkheim, “man is constrained by the group, both thought and in action; the group, or class, has an existence above and apart from that of its membership, and individual behaviour reflects the exteriority of the group”. (ibid: 5)

Change can be characterized according to its magnitude, time span, and effects. Theories concerned with change and human action, to mention some, are evolutionary theory, equilibrium theory, conflict theory, “rise and fall” theories, each defending own approaches to social change. It has been argued that functionalism and systems theory are rooted in equilibrium theory. Furthermore, there can be certain parallels drawn from the modernization perspective, functionalist theory in the late 1950s that of Talcott Parsons with the concepts of
system and functional imperative and the later introduced open-systems theory. According to Parsons, “human society is like a biological organism and can be studied as such. (..) The different parts of a biological organism can be said to correspond to the different institutions that make up a society. (..) Just as the parts that make up a biological organism (..) are interrelated and interdependent in their interaction with one another, so the institutions in a society (..) are closely related to one another.” (So, 1990:20)

Although institutions have been identified and analyzed quite early by social scientists, organisations, as distinctive types of social forms, were not distinguished conceptually until relatively recently. “Beginning in the early 1950s with the emergence of organisations as a recognized field of study, scholars began to connect institutional arguments to the structure and behaviour of organisations.” (Scott, 1992:31) Later on continuation and extension of the intellectual theory that began during the mid-1960s introduced open systems conceptions into the study of organisations. “Open systems theory transformed existing approaches by insisting on the importance of the wider context or environment as it constrains, shapes, and penetrates the organisation. To the earlier emphasis on the importance of the technical environment – resources and technical know-how – institutional theory has called attention to the importance of the social and cultural environment, in particular, social knowledge and cultural rule systems” (Scott, 1995:xiv)

Referring to the above, I would like to apply Parsons’ concepts of the biological organism to an organisation that also further links with the open-system theory of an organisation. Organisation with its different units corresponds to the different parts of an organism. Furthermore, Parsons’ concept of “functional imperatives” suggests four crucial functions that every society (organisation) must perform, otherwise it will die:

- Adaptation to the environment (economy, financial management);
- Goal attainment (government, management);
- Integration (linking the units together) – performed by legal institutions and religion (organisational culture);
Latency (pattern maintenance of values from generation to generation) – performed by the human resource management and knowledge management within the organisation. (adapted from So, 1990:20)

“Any human organisation is best understood as an open system. An organisation is open because of its dependence on and continual interaction with the environment in which it resides. (Burke, 2008:49) Furthermore, such interaction between an organisation - system - and its environment “is an essential factor underlying the system’s viability”. (Scott, 1992:76) Organisation is consisting of interacting and interdependent elements embedded in a context from which the organisation obtains inputs or resources, uses the input to organise production processes, and produces outputs. (European Commission, 2007:8) For instance, an NGO working in development cooperation receives a grant from the financing authority (resources), proceeds according to internal procedures (financing, communication etc.) and together in cooperation with partners, delivers results.

Once an organisation is regarded as an open system, it actively reacts on changes in the environment. Consequently, substantial changes take place also within the organisation itself. Furthermore, organisational performance is influenced by the “organisation’s capacity, the external environment in which it operates, and its internal environment.” (Patton, 2003 in Horton et al., 2003) At the same time, organisational capacity is shaped and conditioned by factors inside and outside organisational boundaries, but it resides in the organisation or organisational network. (European Commission, 2007:16) That leads us further to explore the contingency approach that looks more in detail how an organisation depends upon its environment. However, it should be noted that change of the organisation is a broader concept, than the development of its capacity. Change means either change in structures, processes, cultures. (Salaman and Asch, 2003) Capacity development may facilitate such overall change within the organisation.
2.2. Organisation and the Contingency Approach

There are several schools or approaches that exemplify the open systems theory as system design approach; contingency approach, and Weick’s social psychological model of organizing. (Scott, 1992:86) System design approach perceives organisation as a set of several separate systems, control mechanisms and flows. Weick’s social psychological model of organizing “attempts to shift attention from structure to process”. (ibid: 90) While assumption representing the position of the contingency theorists is that “the best way to organize depends on the nature of the environment to which the organisation relates”. (ibid: 89) “Contingent means ‘it all depends’.” (Huczynski, 1987:64) “Contingency theorists believe that the most appropriate way of designing and managing an organisation depends upon the characteristics of the situation in which the organisation finds itself.” (Hatch and Cunliffe, 2006a:22) The ‘contingency approach’ stresses the variability and dependence of organisations on internal and external possibilities and constraints.” (Fröhlich and Pekruhl, 1996:28)

“The influence of contingency theory has been a guiding principle in change strategy and intervention choice. The theory is used to analyse and conceptualize an organisation, and the implications of this analysis are translated into a series of interventions. Examples of these include cross-functional task forces, project teams, confrontation meetings and matrix team arrangements.” (Huczynski, 1987:65) Development cooperation project implementation serves as one of such interventions. It requires organisation to participate in several project teams along with other project partner organisations in international or national level. In addition, separate project teams are established within the organisation in order to prepare input and produce project results at an organisational level. Therefore implementation of development cooperation projects may also be used as selected change strategy.

Lawrence and Lorsh (1967 in Scott, 1992:90) propose that the match or co-alignment of an organisation with its environment occurs on at least two levels; (1) the structural features of each organisational subunit should be suited to the specific environment to which it relates; and (2) the differentiation and more of integration characterizing the larger organisation should be suited to the overall environment within which organisation must operate. A development cooperation project is such structural entity that relates organisations internal
environment and separate units to the specific environment of the project. Furthermore, such project integrates organisation to overall external environment.

The implementation of a development cooperation project is a planned external possibility for an organisation to reshape the organisation internally. However, organisations often develop their capacities in unplanned, spontaneous ways in response to external opportunities and constraints or individual initiatives within the organisation. In such cases capacity development is supply-driven, and may not meet the needs of the organisation. (Horton et al. 2003) On the other hand, capacity development may be purposefully selected development strategy used to achieve organisations’ own goals. Even though development cooperation project is planned activity constrained by the calls for proposals, their strict deadlines and executing rules, organisational capacity building is not a planned result of the project. Nevertheless, organisations do respond to the calls for proposals expecting certain benefits from the projects.

In development cooperation projects organisations work in inter-organisational networks in an international environment that has slightly different nuances from domestic external environment around the organisation within one country. Organisations interact with different stakeholders – individuals, groups and organisations that affect the organisation. Social, cultural, legal, political, economic, technological and physical aspects of the external environment have an effect on the organisation and the network or partnership it is linked within. (Hatch and Cunliffe, 2006b:66-69) Despite the complexity, there are benefits in international partnerships and networks especially for organisational capacity development: they encourage information sharing, liberate decision making, and inspire innovation. They have greater ability to generate trust and cooperation. (ibid: 308). Partnerships here are regarded as “negotiated relationships between two or more entities that have voluntarily entered into a legal or moral contract.” (Horton et al., 2003) Relationships in development cooperation have started to change fundamentally. The shift is being made from a donor-recipient relationship to a partnership with mutual benefits. The shift happens towards relationship that seeks dialog for mutual benefits and where the capacities of different organisations can be shared and joined to achieve common objectives. Whatever the nature, a
partnership strives to respect the demands, needs, and expectations of all the parties involved. Partnership is characterised by common goals, mutual respect, collegiality, shared values, and agreed on principles for reaching decisions and for sharing costs and benefits of the partnership. (ibid)

2.3. Development cooperation project as social organisation and social capital

2.3.1. Development cooperation project

Thus far I have concentrated the writing on organisations and their dependence upon internal and external environments. In order to proceed I would like to define a project as a platform that constitutes both – organisation’s internal and external environments; arena for social capital generation as it holds the characteristics of a social organisation.

The term ‘project’ has been widely interpreted across sectors and organisations. According to the European Commission (2004:143), project is a “series of activities aimed at bringing about clearly specified objectives within defined time-period and with a defined budget”. This definition can be applied to any sector either within a single organisation or involving inter-organisational networks.

In development cooperation, governments and agencies use project as organisational form for a set of activities to channel certain support to the recipient. For instance, as formulated by the Development Cooperation Directorate (DCD-DAC) (homepage, 2010) of the Organisation for Economic Co-operation and Development (OECD), Official Development Assistance (ODA) either as financial flows or technical cooperation, may be channelled to the recipients either through grants or loans. Further on through programmes and projects such a grant or loan is distributed to target groups. To illustrate a more precise example, Ministry of Foreign Affairs of Latvia (homepage, 2009) and the Law on International Assistance (2008) provides its own definition of a project in development cooperation. It is “any type of non-commercial activity or set of activities undertaken in a development cooperation recipient country, usually having strict time limitations, clearly defined implementing entities, recipients, responsible persons,
and predictable results”. Development cooperation project further on assures implementation of the development cooperation policy. (Informatīvais ziņojums “Par Attīstības sadarbības politikas plāna 2005.gadam izpildi”) This definition already names different actors involved in project implementation and sets international scope of these projects as there have to be recipients in another country. A project also involves both an organisations’ internal and external environment. Thus, a project is a favourable setting for learning, experience and change through interactions and events within the project. However, I would like to apply a concept of social capital that exists during project implementation among project stakeholders as a catalyst for individuals and organisations, firstly, to succeed within the project, and secondly, to develop their own capacities. Hence, before proceeding with empirical study in the paragraphs below I further describe social capital conceptualization and also define project as social organisation.

2.3.2. Social capital conceptualization

Social capital is a widely used and discussed concept which at first appeared in community studies. Initially the term was defined by L. Judson Hanifan (1916 in Putnam, 2002:4) who referred to social capital as “that in life which tends to make these tangible substances count for most in the daily lives of a people; namely, good will, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit....The individual is helpless socially, if left to himself.” However, there is no agreement upon the definition of the social capital. Nahapiet and Ghoshal (1998:243) mention the following scholars who defend slightly different definitions, characteristics and measurements of social capital: “influence not only on the development of human capital (Coleman, 1988; Loury, 1977, 1987), but on the economic performance of firms (Baker, 1990), geographic regions (Putnam, 1993, 1995), and nations (Fukuyama, 1995)”.

I find it relevant to use the following definition of social capital. It is features of social organisation that exist in structural and cognitive forms that can improve the efficiency of society by facilitating mutually beneficial coordinated actions. Structural social capital includes such features as roles, rules, procedures, and networks, while norms, values, attitudes, beliefs, shared codes and narratives are included under the category of cognitive
social capital. The definition is based on Putnam’s et al. (1993:167) description of social capital assigning characteristics of social capital based on economic approach as stated by Uphoff and Wijayaratna (2000). According to Coleman (1990 in Putnam et al. 1993:167), “like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence”. However, there are several conceptualizations especially by Putnam, Uphoff and Wijayaratna that I would like to recognize and apply for the analysis of the data later on. Here I also would like to propose an argument that a development cooperation project holds features of social structure and thus is capable of generating and maintaining social capital. These conceptualizations bring up several nuances of social capital as different types, measures, consequences, and scepticisms of social capital that will justify my argumentation.

Looking at a more general level, social capital “refers to people’s ability to work together in groups” (Fukuyama, 2002:23) and encompasses “shared norms or values that promote social cooperation, instantiated in actual social relationships”. (ibid: 27) Authors refer here to one society and culture as such while I would like to relate it to development cooperation where projects are tools for its realization. Development cooperation brings together groups of people from different regions representing different societies and cultures. Once there exists social capital within one culture then cooperation across cultures should bring cumulative aspects especially when coordinated towards common achievements. Hence, it is hard to evaluate whether project results are achieved in mutually beneficial cooperation. Impacts of cross cultural matters on social capital and evaluation of cooperation characteristics as mentioned above, however, are beyond the scope of this research. This research deals with organisations implementing development cooperation projects in cooperation with other partner organisations. As Burt (1992 in Woolock, 1998:189) has stated “relations within and between firms are social capital … [; it] is the final arbiter of competitive success”. Thus a project implemented in cooperation with others than just implementing organisation in its foundations creates social capital.

Putnam has identified particular dimensions and characteristics of social capital especially in “Bowling Alone” (2000) where he analyses the collapse and revival of American Community
Putnam identifies links between the social capital and political participation, civic and religious participation, altruism, volunteering, and philanthropy, and informal social connections. However, applicable to this paper will be the ideas he presents in relation between social capital and connections in the workplace. From the sociological point of view, work related organisations are “an important locus of social solidarity, a mechanism for mutual assistance and shared experience”. (ibid: 80) To relate Putnam’s ideas to the scope of this research, I would like to apply his ideas at organisational and international development cooperation project level assuming organisation or a project to be as a miniature society. Social capital within the project shall result in mutual support among the organisations, fostered cooperation, increased trust and solidarity among project members.

International project work requires lots of travelling and flexible working hours that results in excess working time and more work outside home and even home country. Consequently there is a chance that also friendships, civic discussions, and more of community ties move from traditional locations to new destinations. Project planners already during the planning phase integrate within the project agenda such activities as get-together evenings in informal surroundings, cultural and social events besides the official duties. It is often that project members attend dinner evenings together and develop social ties. Also the formal part of the work is often organized in teams and task forces. This all has helped to “transform the
workplace into a more appreciative, personal sort of social world”. (Hochschild in Putnam, 2000:86-87) Furthermore project members may enjoy norms of mutual help and reciprocity within a project.

Upphoff and Wijayaratna in their “Demonstrated Benefits from Social Capital: The Productivity of Farmer Organisations in Gal Oya, Sri Lanka” (2000) suggest to follow more the economist approach of social capital, as assets generating benefits and producing definite flows of income, also referred to as streams of benefit. The benefit that most generally is associated with social capital is mutually beneficial collective action (MBCA). Woolcock (1998:155), too, states that social capital encompasses “the norms and networks facilitating collective action for mutual benefit.” He also sees various forms of social capital as “resources to be optimized collectively” (ibid: 158).

Social capital can be understood as existing in either structural or cognitive forms. Both categories of social capital can have definite material consequences. Roles, rules, procedures as well as social networks that establish on-going patterns of social interaction are included under the category of structural social capital. In particular, roles for decision-making, resource mobilisation, communication, and conflict resolution are supportive of collective action. Structural forms of social capital facilitate MBCA. Norms, values, attitudes and beliefs, shared codes and narratives that predispose people to cooperate are, on the other hand, forms of cognitive social capital that are conducive for MBCA. (Uphoff and Wijayaratna, 2000, Nahapiet and Ghoshal, 1998: 251) For development cooperation project to be effective - achieve its objectives and purpose – there has to be structural capital particularly with certain roles, rules, and procedures. To be relevant and sustainable, the project has to share certain norms, values, attitudes and beliefs within its team and also with the beneficiaries, stakeholders (both internal and external environment). According to research, effective MBCA produced valued outcomes that reinforced both the structural and cognitive forms of social capital that had been encouraged. (Uphoff and Wijayaratna, 2000) Thus, it works both ways: social capital makes it possible to develop organisational capacities, as a result of MBCA and certain capacities strengthen forms of social capital.
2.3.3. Social structure

Although social capital takes many forms, “each of these forms has two characteristics in common: (1) they constitute some aspect of the social structure, and (2) they facilitate the actions of individuals within the structure”. (Coleman, 1990 in Nahapiet and Ghoshal, 1998:244 and Woolcock, 1998:189) It means that social capital needs some coordinated institution to surround it. Furthermore, social capital, unlike other forms of capital, “must often be produced as a by-product of other social activities.” (Coleman 1990 in Putnam et al. 1993:170) Thus, its development requires a “focus”: an entity around which joint activities are organized (Nohria 1992 in Nahapiet and Ghoshal, 1998:261) and which forms the basis for a level of network closure. With this I would like to suggest a development cooperation project as such an entity around, as an organized social structure that is established due to forms of social capital and on the other hand provides arena for social capital along other project activities and outcomes.

“Most analysts have conceived of organisations as social structures created by individuals to support the collaborative pursuit of specified goals.” (Scott, 1992:10) There exist formal and informal organisations. NGO registered and established according to the official procedures would correspond to the formal organisation. While I would categorize development cooperation projects in both – formal and non-formal organisations depending upon their foundations. Some project definitions fit with the definition of social structure above. Projects also are established with certain documentation and decisions of officials, projects also have certain goals and social positions. “Formal social structure is one in which the social positions and the relationships among them have been explicitly specified and are defined independently of the personal characteristics of the participants occupying these positions,” (ibid: 18) such as they are within most of the project.

“Social structure refers to the patterned or regularized aspects of the relationships existing among participants in an organisation. The social structure of any human grouping can be analytically separated into two components”: normative and factual or behavioural. The normative structure includes “values, norms, and role expectations. Briefly, values are the criteria employed in selecting the goals of behaviour; norms are the generalized rules
governing behaviour that specify; in particular, appropriate means of pursuing goals; and roles are expectations for or evaluative standards employed in assessing the behaviour of occupants of specific social positions. (...) In any social grouping, values, norms, and roles are not randomly arranged, but are organized so as to constitute a relatively coherent and consistent set of beliefs and prescriptions governing the behaviour of participants.” (ibid: 16-17) The above description of normative structure of any social grouping (also projects) reflects the same elements as the normative form of social capital. Supplemented by the cognitive elements of social capital, it regulates then behaviour of project participants and organisations’ employees. “All social groups – or collectivities, to use the general term – are characterized by a normative structure applicable to the participants and by a behavioural structure linking participants in a common network or patter of activities, interaction, and sentiments. These two interrelated structures constitute the social structure of a collectivity.” (ibid: 17)

Furthermore, a development cooperation project involves partners from other countries than the donor country (e.g. Latvia) and form a network of organisations that have joined together for the implementation of a common goal. As Putnam (2000:18-19) states, “the core idea of social capital theory is that social networks have value. (...) Social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them.” Referring to the previous statement that project is a social organisation; I would like to claim that project partner organisations form a social organisational network. The more networks organisation participates in, the more qualitative connections it has among other organisations (within the constraints of its current capacity), the more opportunities it has for the increase of social organisational capital. Thus organisation has more opportunities within external and internal environment for the development of its performance.

Because of the multidisciplinary background of staff in projects, these have to agree themselves on the proper scope of the project, and this would be a first result of the knowledge integrative activities. This argument was based on the (...) claim that managements’ instructions have to be interpreted by participants to agree upon a common shared and understood aim. In the process of developing shared aim (also known as project definition), it is suggested that project members can, and should, develop institutions for the way in which
they intend to cooperate with each other. (Krone, 2007:216) Thus within a project there does exist certain institution with its norms, values and other characteristics similar to the social capital.

I will identify presence of social capital during the implementation of a development cooperation project according to Uphoff and Wijayaratna (2000) and Nahapiet and Ghoshal (1998) forms of social capital and its characteristics. Theory described in the above sub-chapters will allow me to collect and analyse the necessary data in order to identify such presence of social capital.

2.3.4. Criticism of social capital

No study would be complete without an acknowledgement of criticism of social capital. Scholars such as Levi, Edwards, Foley, Portes and others do oppose the positive and promising characteristics of social capital. For example, “social capital typically deals with the manner in which small scale instances of cooperation can foster reciprocity and trust. However, as Stone emphasizes in a critique, (…) these kinds of interpersonal habits do not necessarily translate into the kind of inter-group cooperation.” (Smith and Kulynych, 2002:178) This also relates to individual employees within an organisation and a project. Individual capacity may grow along with the cumulative experience and extensive social capital. Hence, individual capacity not automatically becomes an organisational capacity. There has to be process of transition or certain factors should encourage individual to use own capacities for the benefit of the organisation.

To add, most of the projects are short term and require part-time and temporary work or independent consultancy. It speaks against the social capital generation, since “successful investment in social capital takes time and concerted effort”. (Putnam, 2000:90) Hence, some social connectedness is better than none. Similarly, e-mail communications speaks against the traditional social capital which is mainly generated in face-to-face meeting. However, I would like to imply that communication across the borders and outside the local community gives the opportunity to achieve a higher level or at least a wider social connectedness and engagement.
Further scepticism related to the workplace, as the new public square is that, “in the end, “work” entails time and effort destined to serve primarily material, not social, ends”. (ibid: 91) Putnam refers to Alan Wolfe observation: “Friendships and connections developed at work are generally assumed to have a more instrumental character: we use people, and they use us, to solicit more business, advance our careers, sell more products, or demonstrate our popularity. … If so, it follows that even if the decline of civil ties in the neighbourhood is being compensated by new ties formed at work, the instrumental character of the later cannot be an adequate substitute for the loss of the former”. (ibid: 91) To slightly defend the effect of social ties established within development cooperation project, I would like to remind the core idea behind the development cooperation. In an ideal case, development cooperation even when being a workplace for people rather should be characterised by altruism, volunteering and philanthropy – our readiness to help others, which is “by some interpretations a central measure of social capital”. (ibid: 116) As Rowlands (2008 in Grim et al., 2009:6) suggests "despite the consistent evidence that aid allocation tends to be dominated by … these political and strategic interests in many DAC members, there remains within the development community as a whole a sense that the true objectives and motivation of development assistance is the moral one of assisting the less fortunate".

According to the Marketing and Public Opinion Research Centre’s (SKDS) surveys in Latvia “Attitude towards development cooperation” and “Opinions about development aid in health care area” in 2009 (SKDS a and b, 2009:9) in total 68 – 72 percent of inhabitants of Latvia agree that developed countries should help developing countries. However, in 2004 and 2005 such ratio was higher, respectively, 82 percent and 84 percent with 45 percent of respondent’s supporting that Latvia should deliver such help. The ratio has increased in comparison to the same survey done in 2004 (38 percent) and in 2005 (43 percent). Also people are more informed about development cooperation and humanitarian aid; although, they do not have specific knowledge about the issue. As to give reasons why Latvia should help countries with lower development ratios, 21 percent think that “also Latvia might need such help once”,

in social process beyond the borders. The frequency and volume of such engagement shall be discussed separately.
while 14 percent agree that “also Latvia received / still receives help”. As Putnam claims, the touchstone of social capital is the “principle of generalized reciprocity – I’ll do this for you now, without expecting anything immediately in return and perhaps without even knowing you, confident that down the road you or someone else will return the favour”. (Putnam, 2000:134) This principle shall be standard for development cooperation as well. We can see from the survey that people support development cooperation in return to help once received and expecting that they will receive help also in case such need will appear again. Thus, general reciprocity and social capital does function within development cooperation.

Considering the above, social capital within the project is seen as a precondition for the achievement of project goals. And on the other side successful project would strengthen certain forms of social capital. Once there is social capital in the project, there is capability to increase human capital (individual employee of the organisation participating in the project). Project implementing organisation with no doubt is part of the project, if not the main actor, thus further organisations’ social capital or organisational capacity would be developed. However, to support these ideas I proceed with a practical study of development cooperation projects and analysis of project implementing organisations. Through the empirical part of the research I would like to find out if social capital indeed exists and is generated within the projects and do the projects bring about organisational capacities.

2.4. Capacity and capacity development

2.4.1. Context of capacity and capacity development in development cooperation
In order to identify influence of development cooperation project implementation of development of organisational capacities, I will give a short insight in the definition of the term, its context in development cooperation and main typology. According to Cambridge Advanced Learner’s Dictionary (homepage, 2007), the word ‘capacity’ especially when used speaking of a person or organisation means “the ability to do a particular thing”. “Much of the international development literature treats capacity as a general ability to perform” (Morgan, 2004).
The term ‘capacity development’ as used today has its origins in the fields of technical assistance and development cooperation. During the 1950s and 1960s, financial and physical resources and skills were transferred to poor countries in a ‘supply-driven’ model of capacity development. The focus was on the supply of inputs and the transfer of technology from industrial countries to less developed areas. (Horton et al., 2003)

Later, this focus on delivery of inputs and resources shifted towards experimentation with a more ‘demand-driven’ approach. The focus was now on the acquisition of knowledge and skills in developing countries, on changing attitudes and on increasing ability of individuals to work collectively. A major purpose of technical assistance has always been to enhance the capacities of individuals and institutions through training, research, and counterpart relationships. Schools, vocational training, and universities all aim to build human capacities for self-development. (Moore, 2001 in Smillie, 2001) Here, emphasis was placed on meeting needs and managing processes rather than on supplying input.

Practically the traditional instruments for the support of the capacity development used by development partners have been equipment, technical assistance, training and knowledge transfer. (European Commission, 2007:5) However, more recently the focus has moved towards strengthening the national economic and legal institutions that foster the development of private enterprise. (Horton et al., 2003) However, Morgan (1998) argues that capacity development is more normative and less technique-oriented concept than institutional strengthening or institutional development. It is the ability of individuals, groups, institutions, organisations and societies to identify and meet development challenges over time.

The European Commission (2007:6) has broadly defined capacity as the ability to perform tasks and produce outputs, to define and solve problems, and make informed choices. It is useful to distinguish clearly between the concepts:

- Capacity – what is there?
- Capacity development – how does capacity change over time?
- Support to capacity development – how can such change processes be supported by outsiders?
United Nations’ (UN) agencies support the concept of three interdependent levels of capacity (individual, organisational and enabling environment). The UN applies a ‘do-no-harm’ principle. It is better to create no capacity than to create the wrong capacity. (UNDP, 2008:7-8)

The International Federation of Red Cross and Red Crescent Societies (1999) use the term ‘capacity building’ to integrate two distinct but interrelated concepts:

- improving the ability and capacity of National Red Cross and Red Crescent Societies to develop and make the most efficient use of new or available resources to achieve the humanitarian aims of the Movement in a sustainable way;
- improving the ability and capacity of communities, families and individuals to become less vulnerable and enjoy fuller and more productive lives.

These and many other definitions define capacity building in terms of the result of development cooperation activity in recipient country. However, this research explores organisational capacity in donor’s country. Even though the context where capacity development is applied differs, there are common features that apply to both including the following (Horton et al., 2003):

- capacity development is an ongoing process;
- capacity development aims to increase the ability of an organisation to carry its functions and achieve its objectives;
- capacity development increases the ability of an organisation to learn and solve problems;
- capacity development includes creating the ability to deal with the issues of today and also to remain relevant in the future.

In the next chapter I will clarify characteristics of capacity in the context of an organisation. I will describe its different types that will allow me to identify capacity development processed during the data collection and analysis.
2.4.2. Organisational capacity and its types

An organisation’s capacity (also referred as organisational capability, organisational competence) in general terms, is its potential to perform – its ability to successfully apply skills and resources to accomplish its goals and satisfy its stakeholders’ expectations. Organisational capacity development is an ongoing process by which an organisation increases its ability to formulate and achieve relevant objectives. It involves strengthening both operational and adaptive capacities. Organisational development is undertaken by an organisation through its own volition. It is carried out through the application of the organisation’s own resources, which may be supplemented with external resources and assistance. (Horton et al., 2003)

Literature lists separate and groups of capacities that are affecting organisational performance. For the purpose of this research I will consider capacities discovered by Uphoff and Wijayaratna as important for the performance of the project implementing organisations. Such capacities are decision making; resource mobilisation and management; communication and coordination; and conflict resolution. (Uphoff and Wijayaratna, 2000) Further on I will apply grouping of capacities according to Horton et al (2003) who refers to resources, knowledge, and processes employed by the organisation as organisational capacity.

The approach followed in this research is rather traditional. Therefore, I would like to consider also a more modern line, as proposed by the European Centre for Development Policy Management (ECDPM). They propose to look beyond the formal technical and managerial competencies to deliver development results but identify other factors that derive organisational behaviour. The ECDPM (2008) has identified five core capabilities – to commit and engage; to carry out technical, service delivery and logistical tasks; to relate and attract resources and support; to adapt and self-renew; to balance coherence and diversity - which enable an organisation to perform and survive. All are necessary, yet none is sufficient by itself. A key challenge therefore is for an organisation to balance and integrate these five core capabilities.
In order to identify important organisational capacities for the NGOs implementing development cooperation project, I looked into features that characterize strategically relevant organisational capacities. That is:

- They involve ‘bundles’ of skills – i.e. they consist not simply of skills (which are relatively easily obtained) but of combinations of skills, or of distinctive ways in which skills are assembled.
- Achieving capabilities requires complex patterns of coordination between people and between people and resources.
- They are ‘architectural’ – i.e. they are to do with how the organisation is structured and how it works, not bolt-on additions. Strategically relevant capabilities grow slowly, uncertainly and incrementally.
- They concern how people are mobilized and combined.
- They can concern technology and the ability to generate technological change.
- They involve knowledge: the knowledge in an organisation including, crucially, tacit knowledge: the knowledge the organisation does not know it has – until it loses it.
  (Adopted from Salaman and Asch, 2003:69)

For the purpose of this study I would like to combine the definitions and characteristics mentioned above and elaborate a scheme of organisational capacities (See Figure 2) that I will look upon organisations that are influenced by the implementation of development cooperation projects.
However, it should be mentioned that different organisations will have different capacity needs depending upon their missions, their operating environments, and their strengths and weaknesses in the different capacity areas. Therefore I will clarify about the crucial capacities to the organisations during the interviews. Furthermore, the research concentrates on identifying soft capacities perceiving that hard capacities are in place at a sufficient volume.

2.4.3. From individual towards organisational capacities

Another way to group capacities is to distinguish individual capacities from those of groups or teams and of the organisation as a whole. Individuals possess certain capacities as knowledge, skills and attitudes (human capital). Such capacities can be developed through learning and staff motivation programmes. Hence, often individual capacities go out of the door with them. However, when individuals share their knowledge, skills, and attitudes with others and when these capacities become embedded in group activities and processes, it can be said that they become group capacity. And when individual and group capacities are widely shared among the organisation’s members and become incorporated into the organisation’s culture, strategies, structures, management systems, and operating procedures, they become truly organisational capacities.
As Salaman and Asch (2003:25) states individual capacities become organisation’s capacities to “the extent to which the culture is appropriate for their achievement, the degree to which there are the right sorts of people with the right attitudes and skills and attributes in the right numbers, motivated, rewarded, equipped, trained and managed to do the right sort of things in the right sorts of ways”. Thus an organisation is strong to the extent that it taps the capacities of its individual members, shares them with others, assimilates them, and institutionalizes them. (Horton et al., 2003)

No matter which definition is used for the organisational capacity, it is obvious that “organisations of all kinds today have to deal with environments that are changing more rapidly than the organisations themselves”. (Burke, 2008:19) Therefore organisational capacities should be seen as “things that must be developed and built over time, and, crucially, cherished and deployed”. (Salaman and Asch, 2003:70) Furthermore, organisational performance and achievement of its goals is about “choosing among and committing to long-term paths or trajectories of competence development” (Teece et al. 1990 in Salaman and Asch, 2003:70) It is called ‘dynamic capabilities’ approach that emphasizes capability building as a process that should be carried out over long periods of time. Capabilities are not fixed, but evolve in response to the changing strategic intent of the organisation.

Theories and concepts as described in the previous chapters establish theoretical bases for the research later used within research process. Particularly concepts of social capital and organisational capacity have been used to develop interview questions as well as during the analysis phase. Further on, the theory of change and contingency approach as well as concept of project as a social structure has guided me through the analysis and interpretation of the findings. The next chapter will concisely describe the design of the research and main methodological choices made.
3. RESEARCH DESIGN

3.1. Qualitative approach to the enquiry

This is a qualitative research and the empirical data has been gathered by interviewing people. The theoretical perspective of the research lies behind the logic of symbolic-interpretivism, which is based on the belief that “organisational realities are produced as members interact, negotiate and make sense of their experience.” (Hatch and Cunliffe, 2006b:42-43). However, the symbolic-interpretive perspective in organisation studies is strongly influenced by social construction theory, which claims that once “organisations are social constructions whose stability is created by continuous reconstruction, we can change them through our interactions with others” (ibid: 43). It works like this: humans and their social world interact with each other in ways that produce both individual identity and experienced reality. “Change occurs when members of a group externalize something new by borrowing it from another group.” (ibid: 44) This shows how change happens first at an individual level and further at organisational level. Individuals externalize something new from each other during interactions within development cooperation project activities. Then they return to own organisations and expose new ideas and capacities to other members in the organisation and use them in daily work within the organisation. Thus during continuous process organisation and its capacities change.

The social constructivist approach allows the researcher to look at the complexity of views rather than narrowing meanings down to particular few categories or ideas. (Denzin and Lincoln, 1998:27) In this study printed and published text materials are considered as a result and presentation of people opinions while documents are certain formulation of meanings. And “the words spoken by the respondents and the ideas they are heard to represent are ‘the data’.” (Baker 1997 in Silverman, 1997:130) My researcher’s role during the collection and analysis of data is not to criticize but to seek understanding and construct meanings on social capital within projects and organisational capacity development.
3.2. Case study methodology

*Descriptive multiple-case study* methodology links theoretical perspective to specific methods of data collection and analysis. I have chosen the case study strategy due to the fact that I have “a little control over events, and (...) the focus is on a contemporary phenomenon within some real-life context”. (Yin, 2003:1) Furthermore, the case study method “allows retaining the holistic and meaningful characteristics of (...) organisational and managerial processes”. (ibid: 2) The subject of the research lies in the process of organisational capacity building in relation to managerial and organisational processes and procedures of development cooperation project implementation. Ultimately, I find the case study methodology to be the most appropriate to serve my research objectives in particular, the selection of multiple cases that will allow me to study a process.

More than fifty (50) public, private and non-governmental organisations have been implementing development cooperation projects financed by the Ministry of Foreign Affairs. They are mostly registered in Latvia. Hence, projects implemented under the supervision of embassies in recipient countries are mostly implemented by local organisations in recipient country. For the scope of this research, NGOs implementing development cooperation projects registered in Latvia have been selected according to the *purposive sampling principles*. In which “researchers use their special knowledge or expertise about some group to select subjects who represent this population” (Berg, 2004:36). It is important that “participants are representative of the same experience or knowledge” (Denzin and Lincoln, 1998:74). To seek such particular knowledge about the NGOs active in development cooperation in Latvia, I have communicated with the Director of the Latvian NGDO Platform (LAPAS) Ms Māra Sīmane.

Selection of final cases for the study was done in several steps. Firstly, I identified NGOs which have implemented the largest number of development cooperation projects financed by the Ministry of Foreign Affairs. Secondly, I studied whether one of the main functions of the organisation is related to the development cooperation and/or the organisation has been implementing a development cooperation project. Thirdly, I enquired whether the organisation is a member of the Latvian NGDO Platform (LAPAS) and, finally, it has been responsive to
my invitation to be involved in the research. Besides the organisations that implement
development cooperation projects financed by the Ministry of Foreign Affairs I also
considered a pool of organisations that work with other funding sources to implement their
development cooperation activities. On the bases of such knowledge the cases covered within
this research are the following:

- Development education organisation “GLEN Latvia” - a politically independent non-
  profit organisation which is active in the field of development co-operation and
  education. It is one of the twelve partners in the GLEN Network (Global Education
  Network) for education in the field of development issues and development
  cooperation policy in Europe. (“GLEN Latvia” homepage, 2009)
- Association “Development Bulb” which is an NGO of Latvian experts in field of
  cooperation for development and education (“Development Bulb” homepage, 2009),
- Association Transparency International Latvia “Delna” (“Sabiedrība par atklātību –
  Delna) aims at establishing strengthened democratic society, information publicity and
  society free of corruption (“Delna” homepage, 2009), and
- Latvia’s Association for Family Planning and Sexual Health “Papardes zieds”.

Besides these four case organisations the Latvian NGDO Platform (LAPAS) has been
consulted to represent the opinion of its 28 member organisations and as an NGO itself, which
has implemented numerous development cooperation projects. However, as an NGDO
Platform it is not a typical development cooperation actor comparable with a regular NGO.
Latvian NGDO Platform (LAPAS) works as a multiplier through its member organisations.

“Nothing is more important than making a proper selection of cases. (..) The cases will be
selected to represent some population of cases. The phenomenon of interest observable in the
case represents the phenomenon generally“. (Stake in Denzin and Lincoln, 1998:100) I believe
that I have carefully selected NGOs that represent population of NGOs working in
development cooperation in Latvia with different financing sources. Each case has to be
carefully selected for the multiple-case study so that it “either (a) predicts similar results (a
literal replication) or (b) predicts contrasting results but for predictable reasons (a theoretical
replication)”. (Yin, 2003:47) I expect that selected cases will bring up rather similar results
however I am also looking forward to contradictions and challenges, as their experience in development cooperation projects is very different.

3.3. Method for data collection

I have been consulting a variety of data in form of printed and published text materials in order to establish sufficient knowledge on the background situation in development cooperation in Latvia and in particular the cases themselves. However, the specific method for empirical data collection is interviewing. According to Fontana and Frey (1994 in Anderson and Kanuka, 2003:86), “interviewing is one of the most common and most powerful ways we use to try to understand our fellow human beings” I agree to positivist ideas where “interview data are seen as giving access to facts about the social world” (Punch, 1998: 182) I perceive it to be a report on external reality and would like to focus on the content of interviews instead of their form. In such a way interview data becomes a resource for qualitative research. However, I also believe that an interview is interaction between researcher and the interviewee. Treating interviewing as such “social encounter in which knowledge is constructed suggests possibility that the interview is not merely a neutral conduit or source of distortion, but is instead a site of, and occasion for, producing reportable knowledge itself. (..) Respondents are (...) constructors of knowledge in collaboration with interviewers.” (Holstein and Gubrium, 1997 in Silverman, 1997:114) An interview is a complex conversation that goes through several stages; during interview respondents sometimes reported on facts that have taken place within a project but sometimes they generated knowledge during the interview, for example, when answering questions that they do not have a previously prepared answer for.

3.4. Data

I have conducted seven (7) semi-structured open-ended interviews with “a series of pre-planned and sequenced questions” (Anderson and Kanuka, 2003:87) to gather information on specific topics. In total I interviewed nine (9) people, as there were two interviews with two interviewees at the same time representing the same organisation. Two (2) interviews are with representatives of the Ministry of Foreign Affairs and Latvian NGDO Platform (LAPAS),
which are not the typical cases of the study. Information given by the representatives of the Ministry of Foreign Affairs do not represent official opinion of the Republic of Latvia as none of the interviewees have such rights to represent the country. However, information given is reliable and valuable to describe development cooperation in Latvia. The interview with the Latvian NGDO Platform (LAPAS) gives both a valuable insight in the participation and role of NGOs in development cooperation as well as case study relevant information. Other five (5) interviews were conducted with the representatives of the selected case NGOs. Please see below Table 1 summarizing interview schedule.

**Table 1 Summary of the interviews conducted**

<table>
<thead>
<tr>
<th>Organisation and interviewee</th>
<th>Date / Duration (min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development education organisation “GLEN Latvia”, Chairman of the Board</td>
<td>12 August 09 / 58</td>
</tr>
<tr>
<td>Association “Development Bulb”, President of the Board and Member of the Board</td>
<td>25 August 09 / 41</td>
</tr>
<tr>
<td>Association Transparency International Latvia “Delna”, Administrative director during implementation of development cooperation projects</td>
<td>01 July 09 / 33</td>
</tr>
<tr>
<td>Latvia’s Association for Family Planning and Sexual Health “Papardeles zieds” Project coordinator</td>
<td>01 July 09 / 65</td>
</tr>
<tr>
<td>Latvia’s Association for Family Planning and Sexual Health “Papardeles zieds” Project coordinator</td>
<td>29 July 09 / 68</td>
</tr>
<tr>
<td>Latvian NGDO Platform, Director</td>
<td>20 July 09 / 73</td>
</tr>
<tr>
<td>Ministry of Foreign Affairs, Development Cooperation Policy Department, Director of Bilateral cooperation coordination and monitoring unit and Economic Relations and Development Cooperation Policy Department, Development Cooperation Policy Division, 3rd Secretary</td>
<td>29 July 09 / 31</td>
</tr>
</tbody>
</table>

Interviews with case NGOs were structured in five (5) blocs with introductive part, questions about structural and cognitive forms of social capital in development cooperation projects; questions about the capacities that have been developed during the project; questions on utilization of such capacities; and closure. See Annex I for the guide of interviews.

Interviewees often referred to some documents during their interviews in order to save time for other questions to be discussed. Therefore, project reports and documents have become secondary data supporting and supplementing information gained in interviews. Thus, chapters
from project content reports regarding project implementation structures, cooperation among partners, communication, multiplying effects and alike allowed to verify themes once mentioned already in interviews.

3.5. Method for data analysis

For the analysis of transcribed interview texts I have followed the Miles and Huberman framework as referred by Punch (1998:202-208) for qualitative data analysis. Their ‘transcendental realism’ has three main components: (1) data reduction through coding and memoing and other activities that allow finding themes, clusters and patterns; (2) data display; and (3) drawing and verifying conclusions. Consequently, I identified main themes that were dominant during the discourse of the interviews. I developed memos that included my own thoughts that later allowed me to build clusters of themes. I continued with displaying such case related data from which I drew my conclusions. Simultaneously, I have interpreted the gained findings according to the theory.

3.6. Validity, reliability and generalizability

“Research is an interactive process shaped by his [researcher’s] personal history, biography, gender, social class, race, and ethnicity, and those of the people in the setting. (..) Science is power, for all research findings have political implications.” (Denzin and Lincoln, 1998:4) Nevertheless there are defined tactics how to assure validity, reliability and generalizability of the case study research.

Validity was constructed during data collection phase while “establishing correct operational measures for the concepts being studied; using multiple sources of evidence; and having key informants review draft case study report”. (Yin, 2003:34) I have followed the theoretical conceptualization of the key definitions as social capital, its forms and organisational capacity when drafting interview questions. Furthermore I carefully selected case organisations and key informants in the organisations. I was communicating with several organisation employees to identify the best person to participate in the research. In two cases there were two
representatives interviewed from the same organisation to obtain a second opinion. In addition, a majority of interviewees have reviewed their transcribed interviews approving correctness of their statements. Furthermore, I have communicated with the director of Latvian NGDO Platform (LAPAS) to acquire expert opinion on the research process and context to make sure that it is up to date and relevant. Communication with both interviewees and experts in Latvia allow me to assure the validity of findings and the final research paper.

Reliability means demonstrating that the operations of a study – such as the data collection procedures – can be repeated, with the same results. (ibid: 34) During the empirical part of the research I have carefully documented the process. I have carefully described the main choices made in research design, data collection and analysis in order to assure transparency of research process. Interview questions have been annexed to this paper that makes it possible to replicate the study later on. However, interpretation of the findings and conclusions of the study remain unique. Furthermore, a remaining challenge relies on the use of language. All interviews have been conducted in Latvian, mother tongue of the researcher and interviewees. I have been particularly careful when translating and interpreting the data in order to represent it in the context. In order to verify it and following the request of interviewees, citations used in the study are approved beforehand by persons who said it.

Case study as the research strategy often is criticised because they “provide little basis for scientific generalization. “How can you generalize from a single case?” is a frequently heard question. (..) The short answer is that case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes. (..)” (ibid: 10) This research gives limited possibilities for generalizations due to the fact that it is qualitative in its nature. It rather contributes towards the expansion of theoretical discourse instead of producing statistical data for generalization.
4. LATVIA – DONOR IN DEVELOPMENT COOPERATION

4.1. Development cooperation in Latvia

4.1.1. From recipient to donor

During the Soviet period, Latvia (like Estonia and Lithuania) had the status of a Republic of the Soviet Union and was not directly involved in providing foreign aid: Soviet cooperation programmes were managed at the federal level. After regaining independence in 1991, Latvia initially focused on its own transition processes and started providing development assistance to neighbouring countries and humanitarian aid on a case-by-case basis in 1999. (Kool, 2008:3) An important aspect of this aid was that it was mostly multilateral aid, which was transferred to international organisations, e.g. UN, UNESCO, World Health Organisation, International Red Cross and others. (LAPAS homepage, 2009) Multilateral aid has been predominant within Latvia as demonstrated by its payments to international aid organisations between 2002 and 2004 which have formed more than 90 percent of the total amount of aid. (Kale, 2006/2007:43)

Until the accession to the EU, Latvia was itself a recipient for donor funds and therefore less involved in global development cooperation activities. Its new donor status required a different attitude in this area. To participate fully in the activities at the level of the European Commission and to contribute to the effectiveness of EU aid, Latvia as well as other new member states to the EU, had to first develop their development policies and strategies, raise the awareness among their citizens and engage in different development cooperation projects. (Bucar et al., 2007) It was after 2004 and the accession to the EU when Latvia started formulating her own development cooperation policy along with the allocation of a separate budget line for development cooperation, definition of priority recipient countries and clear objectives. In 2004, Latvia allocated 6.7 million EUR for development cooperation purposes, representing 0.06 percent of the Gross National Income (GNI). Out of the total Official Development Assistance (ODA) budget, 97 percent comprised payments to international organisations (including the European Union, United Nations Agencies, International
Organisation for Migration, and the International Monetary Fund) and the rest was allocated for Latvia's bilateral assistance projects in developing countries. (ibid)

Since 2005, Latvia started to allocate funding particularly for bilateral and trilateral development projects in priority countries: Georgia, Ukraine, Moldova, Belarus, some also in Kyrgyzstan and Afghanistan. (Ministry of Foreign Affairs, Development Cooperation, Projects, homepage, 2009) In 2005, for the first time a specific amount of budget was allocated for planned bilateral assistance. Latvia did not offer direct financial development assistance but disbursed its bilateral aid through funding Latvian experts sharing know-how at the invitation of recipient countries and financing projects. (Kool, 2008:5-6) Eleven (11) technical assistance projects in Latvia's priority countries – Moldova and Georgia – in sectors such as border guard, customs, administration of penitentiary institutions, co-ordination of EU issues, establishment of local government system, and others were implemented. (Ministry of Foreign Affairs, homepage, 2009 and email exchange with Linda Tomase 22.09.2009) The ODA budget amounted to approx. 9 million EUR, representing 0.07 percent of the GNI. (Bucar et al., 2007)

In 2006, the Ministry of Foreign Affairs announced the first Call for project proposals for the implementation of development cooperation projects. Ten (10) projects aiming at development of civil society, municipality cooperation, development of audiovisual sector, enabling sustainable economic growth were implemented (Ministry of Foreign Affairs, Development cooperation, Finance, homepage, 2009) in Moldova and Georgia.

In 2007 twenty (20) projects were implemented in priority countries and in addition also five (5) awareness raising and development education projects were realised in Latvia targeting Latvian society. Since 2007 various projects have also been implemented in Ukraine, Belarus, Afghanistan, and Kyrgyzstan.

In 2008 call for projects was open only for non-state-actors while in other years applicants for project implementation could also be direct and indirect institutions of state administration, municipalities, associations, establishments, as well as merchants. In 2008 seven (7) projects
were contracted for the implementation. In 2007 and 2008 some aid was decentralised, as an amount of 45 000 LVL (around 64 000 EUR) was allocated to finance initiatives from civil society and state institutions under the supervision of embassies in Georgia, Belarus, Ukraine and Moldova. (Ministry of Foreign Affairs, homepage, 2009; Interview, Ministry of Foreign Affairs 29.07.2009 and email exchange with Linda Tomase 22.09.2009, and Kool, 2008:6)

The Development Cooperation Policy Plan for 2008 identifies as a priority the implementation of bilateral and trilateral cooperation projects, and implementation of public information activities on the goals, priorities and Latvia's activities in development cooperation policy, in order to foster civic awareness amongst the population and support for the successful development and implementation of development cooperation policy. The Plan for 2008 corresponds to the Latvian National Development Plan for 2007 -2013 that anticipates development and active implementation of the European Neighbour Policy and promotion of Latvia's involvement as a new donor in implementing development cooperation. The Policy Plan for 2008 defines the following priorities for development co-operation projects of bilateral and trilateral co-operation:

- Balanced regional development;
- Justice, home affairs and rule of law by ensuring observance of human rights and fundamental freedoms;
- Development of a democratic and civil society promoting social integration;
- Establishing a fully functioning market economy, giving support for improving business environment, strengthening export capability and introducing international standards in export oriented sectors;
- Support for increasing the capacity of state administration and local governments, strengthening the stability and effectiveness of their activities;
- Developing area of education;
- Addressing issues of environmental protection;
- In Afghanistan - support for the post-conflict reconstruction project at the location where the contingent of Latvian Armed Forces is serving.
Ministry of Foreign Affairs has summarized bilateral and trilateral development cooperation activities during the period 2005 – 2008. (See Table 2 for budget allocated, projects implemented and main areas of cooperation)

**Table 2 Summary of bilateral and trilateral development cooperation activities**
Source: Ministry of Foreign Affairs, Information about implementation of development cooperation policy, published in the Latvian NGDO Platform (LAPAS) Newsletter November 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated budget to bilateral and trilateral activities</td>
<td>100 000 LVL</td>
<td>150 000 LVL</td>
<td>450 000 LVL</td>
<td>580 000 LVL</td>
</tr>
<tr>
<td>Priority countries (number of implemented projects)</td>
<td>Moldova (8) Georgia (3)</td>
<td>Moldova (9) Georgia (6) Belarus (1)</td>
<td>Moldova (15) Georgia (10) Belarus (6) Ukraine (9) + Afghanistan (1) Kyrgyzstan (1)</td>
<td>Moldova (10) Georgia (9) Belarus (6) Ukraine (9) + Afghanistan (3) Kyrgyzstan (1)</td>
</tr>
<tr>
<td>Main areas of cooperation</td>
<td>1. Support to market economy; 2. Sustainable social development (democratic governance, cooperation with local governments, strengthening NGOs); 3. Education; 4. Environment protection.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2008 Latvia's ODA amounted to 10.48 million LVL (21.84 million USD), representing 0.07 percent of GNI. In absolute numbers the aid volume rose by 29 percent compared to 2007. Eighty (80) percent of Latvia's ODA have been disbursed through multilateral channels (EC, UN agencies and funds etc.). The rest of ODA has been implemented bilaterally through different technical assistance projects. The table below presents ODA levels according to the GNI and its total numbers.

**Table 3 Latvia’s ODA levels**
Source: Ministry of Foreign Affairs, Development Cooperation, Finance, homepage, accessed 11.10.2009

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA/GNI</td>
<td>0,019%</td>
<td>0,01%</td>
<td>0,008%</td>
<td>0,06%</td>
<td>0,07%</td>
<td>0,06%</td>
<td>0,06%</td>
<td>0,07%</td>
</tr>
<tr>
<td>Total (LVL)</td>
<td>1 098 764</td>
<td>554 612</td>
<td>514 968</td>
<td>4 839 579</td>
<td>5 739 285</td>
<td>6 662 613</td>
<td>8 153 888</td>
<td>10 487 921</td>
</tr>
</tbody>
</table>
Development cooperation activities in 2009 have not been sufficiently financed as there has not been state budget allocation. However, Latvia is looking towards cooperation with donors from Canada, Sweden, Japan and other countries to give opportunities for Latvian experts to realize development cooperation projects. The Ministry of Foreign Affairs has established cooperation with the National Democratic Institute for International Affairs and other organisations. Priority countries and areas of cooperation for 2009 have remained the same as in the year before. (LAPAS Newsletter November 2009)

The year 2010 has been defined as a point of reference – according to the "graduation policy" of the World Bank and the respective forecasts, in 2010 the income level per capita in Latvia could exceed the benchmark, according to which the Bank reviews the country's overall economic situation in order to verify its ability to maintain a long-term development program without the Bank's financial support. This date of reference could also be used as a date from which Latvia could become a full fledged donor country (The Basic Principles for the Development Cooperation Policy of the Republic of Latvia, 2003). In 2006, Latvia has made the decision to increase the financing from state budget for the realization of development cooperation up to 0.1 percent of the gross domestic product (GDP). Unfortunately, according to the project for the 2010 budget submitted to the Saeima (the Latvian Parliament) in November 2009, there is a symbolic amount of budged (807 LVL) earmarked for development cooperation in 2010. (LAPAS Newsletter, November 2009) Nonetheless, the Ministry of Foreign Affairs recognizes the importance of projects for NGOs who initiated international cooperation due to the available grant schemes. Therefore Latvia’s priority is to gradually increase funding especially for Latvia’s bilateral development cooperation activities. It also aims at improving the quality and effectiveness of the assistance provided, strengthen and elaborate the normative basis and mechanisms for development cooperation. However, any future decisions depend upon current economical situation in the country.

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4.1.2. Institutional framework and legal basis for Latvian development cooperation

Latvia has taken large steps over the past few years to transform from an aid recipient to a donor country, but is still in the process of becoming a fully-fledged contributor. The government has made progress in establishing a legal basis and institutionalising the implementation of Latvian development cooperation. (Kool, 2008:3) In 1999, Latvia created the Foreign Economic Department within the Ministry of Foreign Affairs and officially began its development policy. A legal framework dealing with development and humanitarian assistance has been in place since the adoption of the principles for the Latvian Development Cooperation in early 2003. (Bucar et al., 2007) The Basic Principles for the Development Cooperation Policy of the Republic of Latvia (2003) were ratified by the Cabinet of Ministers and facilitated both the strategic planning and coordination of development policy. The document sets out the fundamental principles of the development cooperation policy: poverty reduction, effectiveness of the aid extended, needs of the recipient countries, co-liability of the recipient and donor countries in utilizing the aid, and coordination of development cooperation policy with other donor countries. The objectives of the policy are in line with those defined in the United Nations Millennium Declaration. Furthermore, it defines the priority regions for Latvian cooperation (the CIS and Balkan regions).

In order to strengthen Latvia's international role as a new donor country by ensuring a wide involvement of governmental institutions and the society in defining policy priorities and in implementation, the Cabinet of Ministers adopted the "Development Cooperation Policy Programme of the Republic of Latvia 2006–2010" in February 2006. The document defines the objectives, policy and performance results, main task areas, timescales for implementation, institutions responsible for implementation, and reporting procedures. It further sets out the following sub-goals in implementing development cooperation policy for the period 2006-2010:

- the establishment of a mechanism for providing planned bilateral and trilateral aid, promoting Latvia's foreign policy activities in development cooperation issues;
- the fostering of public support for development cooperation goals and policy;
- fulfilment of the growing role of Latvia as a new donor country and in honouring international commitments in development cooperation.
The Programme defines Latvia’s interest to help implement, through utilizing EU initiatives, political and economic reforms in regions where it is needed. Special emphasis in the programme has been laid out for the activities involving civil society (awareness raising, project management).

Additionally, the Cabinet of Ministers adopted the “Conception for Increasing State Budget Financing for Implementation of the Development Co-operation Policy of the Republic of Latvia 2006–2010” (2006), because regular and gradually increasing state-budgeted funding is essential to meeting the financial commitments to the European development policy goals. The Conception proposes to achieve ODA of at least 0.1 percent of GNI by 2010.

Since 2005, the Ministry of Foreign Affairs annually has been preparing Development Cooperation Policy Plans (2005, 2006, 2007, and 2008) following from annual budgets. Development Cooperation Policy Plans outline objectives, activities, expected results, funding, responsible institutions and reporting procedures for the given year. Law on International Assistance is in force since May 2008 to guarantee the effective and transparent planning and implementation of international assistance. (Ministry of Foreign Affairs, Development Cooperation, Basic documents, homepage, 2009)

Country strategy papers have been prepared for the two priority countries – Moldova and Georgia. These are rather typical country strategy papers based on neighbourhood policy rather than policy planning documents. (Sekacis, 2005:50)

Considering the administrative structure, the main responsibility for policy formulation, implementation, coordination and evaluation of development cooperation activities lies with the Ministry of Foreign Affairs. The Development Cooperation Policy Department within the Ministry of Foreign Affairs is divided into the Multilateral Cooperation Policy Division and the Bilateral Assistance Cooperation Division. A simple figure shows actors involved in development cooperation policy planning and implementation and their main functions (see Figure 3). The figure presents actors as named in the Law on International Assistance (2008).
Since 2003 there is the Consultative Council on Development Cooperation Policy Issues that includes line ministries, municipalities, NGOs and representatives of the academic sector and the business community. The Consultative Council meets once or twice a year, offering a forum for discussing development cooperation priorities and strategies, as well as for the exchange of relevant information among stakeholders. Decisions regarding approval for financing development cooperation activities are taken by the Development Cooperation State Agency until its establishment.
Board, which consists of high-level officials from the Ministry of Foreign Affairs, the Ministry of Finance, the State Chancellery and the Ministry of Regional Development and Local Government. (Kool, 2008:4) The decision making body was established in 2005.

Besides the Ministry of Foreign Affairs also other ministries and governmental institutions implement development cooperation activities. Ministry of Defence, the Central Election Commission of Latvia, Ministry of Economics, Ministry of Finance, Latvian Environment Protection Fund and others have implemented development projects in priority countries and other countries as well.

Current administrative structure and division of tasks may experience changes in the near future, as the Law on International Assistance is in force since 2008 as well as current activity in development cooperation is constrained due to current economic situation in the country.

4.1.3. **NGOs in development cooperation in Latvia**

The above sub-chapters described development cooperation policy in Latvia based on official development cooperation policy and it’s implementing mechanisms. However, NGOs implement development cooperation activities supported not only by the Ministry of Foreign Affairs but also by other external funds and organisations. This chapter will concisely describe NGO participation in development cooperation in Latvia.

NGOs in Latvia only began to raise awareness of development cooperation issues from 2001 with the support of CONCORD, the European NGO confederation for relief and development and TRIALOG, which is a CONCORD project to support NGDO platforms in the new Member States. (Skuja, 2006a) Later also Latvia’s policy documents on development cooperation strongly emphasised the inclusion of the non-governmental sector in the process (NGOs, academia and the business community). The Basic Principles (2003) declare that “one of the most significant bases for successful development cooperation policy implementation is the involvement of the civil society”. By furthering the development policy, also the policy programme for 2006-2010 states that during the implementation of the programme, Latvia will foster the involvement of NGOs and other actors in defining Latvia’s development
cooperation policies and implementing associated activities. The annual policy plans (2005, 2006 and 2007) outline financial support for projects by NGOs and other actors; and promote public information activities to facilitate NGO’s involvement in formulating Latvian development cooperation policy. (Kool, 2008:6)

During the years Latvian NGOs engagement with international development themes increased. Some NGOs had partners abroad directly or through international cooperation networks. Organisations cooperated across borders mainly on the basis of expertise, not in terms of development cooperation as such. For example, Latvian Adult Education Association has been active in such cooperation. (Interview, Latvian Adult Education Association) With a support of Soros Foundation - Latvia, the Platform of Organisations “Latvijas Platforma Attīstības Sadarbībai” (LAPAS) (Latvian NGDO Platform) was established in 2004 – the year, when Latvia joined the European Union. (Bērziņa, 2005) It unites 28 Latvian non-governmental organisations. It aims to foster a more favourable environment for NGOs and provide development cooperation at both the national and international level. Latvian NGDO Platform (LAPAS) also facilitates understanding among the member-organisations on the priorities of development in the cooperation states and serves as the experience exchange point for the member-organisations in their attempts to offer their experience in an expedient and binding way. (LAPAS, basic details, homepage, 2009) Latvian NGDO Platform (LAPAS) is closely cooperating with the Ministry of Foreign Affairs and has received financial support for its administrative costs.

As an umbrella organisation for NGOs active in development cooperation in Latvia, it assures information flow and provides several capacity development opportunities for its member organisations. The platform organizes regular seminars and trainings, gathers information about opportunities in the EU. Latvian NGDO Platform (LAPAS) activities also include policy, advocacy and lobbying at national and international levels. Since 2005 the platform is an active member of the CONCORD. It also actively cooperated with TRIALOG, Development Education Exchange in Europe Project (DEEEP), European Solidarity Towards Equal Participation of People (Eurostep) and other organisations. Through membership in such organisations Latvian NGOs gain expert knowledge and advocating tools.
After accession into the European Union in 2004, development cooperation became an interesting and attractive theme. The situation changed so that Latvia, as a country transformed from being a recipient of aid to becoming a donor, this also meant that organisations had to start giving, instead of receiving. Meantime also budget lines became available for project proposals in development themes. Consequently, NGOs started preparing projects in development cooperation in order to obtain financing even though they might have never had any previous experience in the field. Another two NGDOs (NGOs that focus entirely on development processes in developing countries and/or on increasing public awareness about development issues) have been established in Latvia after 2004: Development education organisation “GLEN Latvia” and the MiTi Foundation. Furthermore, NGOs that in the past focused primarily on Latvian internal matters became increasingly interested in sharing their expertise with partners from developing countries and/or becoming engaged in development education/awareness rising. Many NGOs amended their statutes to include development cooperation as a field of activity. At the same time, challenges for many NGOs remained to transform their interests and intentions into practice: for the time being, the organisational capacity of Latvian NGOs was low in general and it was reflected in development-related activities. Additionally, the government was still in the process of increasing its own capacity to work in development cooperation and Latvian society’s awareness of international development themes is slowly increasing from being virtually nonexistent to being low. (Kool, 2008:3)

Currently there is a permanent policy dialogue between the Ministry of Foreign Affairs and NGOs. Also representative from the Ministry of Foreign Affairs approves that role of non-governmental sector is very crucial and clear. The Ministry of Foreign Affairs mainly cooperates with the Latvian NGDO Platform (LAPAS) to reach out for single NGOs. (Interview, Ministry of Foreign Affairs, 29.07.2009) NGOs are informed about processes and are provided space to make their voices heard. Latvian NGDO Platform (LAPAS) is also a fully fledged member of the Consultative Committee in Development Cooperation Policy Issues, where they act as watchdog and provide input into debates and policy identification.
Besides, the capacity of organisations has increased dramatically during the past couple years and currently is evaluated as strong by organisations themselves. It is related to the fact that more organisations have perceived participation in development cooperation as one of the organisation’s objectives. The main motivation for NGOs to work in development cooperation is the fact that it brings gratification and feeling that experience and knowledge is necessary and appreciated by colleagues in recipient countries. NGOs are able to identify best practices to transfer. In addition organisations are aware of the Millennium Development Goals and their participation in reaching the goals through the implementation of development cooperation projects. Especially young people involved in such projects are motivated by idealistic motives to facilitate change in European and Latvian society in order to change daily routines that contribute to the situation in recipient countries.

However, the greatest challenge for NGOs in Latvia remains fund-raising. Member fees do not allow for organisations to implement wide range of activities. The largest source for financing development cooperation activities has been the Ministry of Foreign Affairs. Non-state actors are administrating approximately half of the development cooperation policy budget line (Interview, Ministry of Foreign Affairs, 29.07.2009) Though, there have been difficulties in cooperation with the Ministry of Foreign Affairs such as delayed calls for proposals for grant projects, a low budget for development cooperation projects, short project implementation period (1 year) due to the annual policy planning and so called ‘budget year’, paradigm that expertise of NGOs depend on fundraising possibilities, low flexibility, complexity, as proposals had to be prepared in two languages, and others. (Skuja, 2006b:2, interviewees 6, 8, 3, 7).

Therefore organisations look for other funds, for instance, European Commission, Soros Foundation – Latvia East East Programme, UNDP Latvia, the Friedrich – Ebert – Stiftung (FES), the Konrad Adenauer Stiftung, also Ministry of Health in Latvia, International Planned Parenthood Federation (IPPF), Eurasia Foundation, and other development cooperation national and international organisations. They also continue collaboration with partners who apply for funds available for the region. For example, one of the funds that Georgian organisations can apply for is the German Marshall Fund of the United States Black Sea Trust
for Regional Cooperation. Also Soros Foundation and Open Society Institute in Georgia, Moldova and other countries administrate East East programmes inviting project proposals for cross-border and eastern link projects. Due to the fact that there is limited financing for development cooperation activities, NGOs in 2009 have particularly worked with development education. The main focus has been put on awareness raising activities about development education for wider society.

In following chapters I will introduce four organisations and their development cooperation projects chosen as cases for this study. These organisations are the most active ones in development cooperation in Latvia when measured in terms of financing acquired from the Ministry of Foreign Affairs and other funds.

4.2. Development cooperation project implementing organisations

4.2.1. Development education organisation “GLEN Latvia”

GLEN stands for “Global Education Network of Young Europeans”. It is an independent initiative of twelve organisations from old and new member states of the European Union. It provides unique opportunities for young multipliers in global education including seminars and trainings in combination with practice and experience in North-South and West-East exchange. (GLEN homepage, 2009) Development cooperation and education organisation “GLEN Latvia” is active in development cooperation projects since 2004 when first participants from Latvia participated in projects in India and Ghana. (Interview, “GLEN Latvia”, 12.08.2009) However, “GLEN Latvia” was legally established in 2005 and is a member of Latvian NGDO Platform (LAPAS). Main purpose of “GLEN Latvia” is to raise awareness about global development issues in Latvia. As an organisation consisting of young people who resist narrow and self-concentrated world-view, it is committed to the ideas and values of sustainable development and global justice.

“GLEN Latvia” has implemented several development cooperation projects financed by the Ministry of Foreign Affairs, Youth in Action Programme, and ASA Program of the German
The interview with the Chairman of the Board was focused on the projects financed by the Ministry of Foreign Affairs as listed below:

- “Museum opens to the public” in Georgia, project duration 01.09-31.12.2006;
- “Dimensions of Sustainable Development in the Kazbegi and Borjomi Regions” in Georgia, project duration 01.06-30.11.2007. Another project “Tourism development in the Kazbegi region, Georgia” was awarded for the duration 01.04.08 - 10.12.08 but in August 2008 the project was interrupted because of the military activities in Georgia. The project implementation continued on 2009.
- “Support to Work with Children in Georgia”, project duration 15.05-15.12.2007.

“GLEN Latvia” is strongly recognized actor in development cooperation and development education in Latvia. Organisation’s experience and opinion is enquired and appreciated. Mainly there are three young people who voluntarily coordinate the organisation besides their other daily job. However, their motivation is strong to provoke change in citizen’s behaviour in Latvia, and elsewhere in Europe through development cooperation, education and awareness raising. “GLEN Latvia” is also promoting the ‘Fair Trade’ concept in Latvia.

4.2.2. Association “Development Bulb”

The team of the Development Bulb has been working in the field of cooperation for development since 2005. President of the Board Maija Kāle has obtained a Master’s degree in Global Studies in 2007. Thus she has started to build her expertise in development issues. Member of the Board Elīna Veide has seven years experience in project management and she has been one of the GLEN participants to the project “Dimensions of sustainable development in regions of Kazbegi and Borjomi” in Georgia. (Development Bulb, homepage, 2009) Based on this experience and personal capacities, the Development Bulb has been officially established in 2008. Its team also involves other experts in development cooperation in Latvia.

The Development Bulb has received a grant from the Ministry of Foreign Affairs in 2008 for the implementation of the project “Possibilities of e-learning in Georgia: a way to upgrade education system with easily accessible resources”. Project lasted from 19.11.2008 – 01.03.2009. The aim of the project was to promote the effectiveness of the Georgian higher
educational system, providing an intensive training course for six senior faculty staff members from the University of Georgia on the organisation of e-education and its advantages. Delegation from Georgia visited three higher education institutions in Latvia and participated in trainings about e-learning systems.

The organisation is looking forward to continue the project in Georgia and possibilities to multiply its results in Moldova and Ukraine. Development Bulb is constantly preparing other projects and looking for other external resources to fund their activities. However, in the interview the organisation emphasised that it has been a fight for reduced funds and it is very difficult to attract financing. (Interview, Development Bulb, 25.08.2009) Therefore people work in other organisations to earn their monthly salary and work for the Development Bulb voluntarily as the activity in the organisation is not persistent but depends on the possibilities to attract funding.

4.2.3. Association Transparency International Latvia “Delna”

Transparency International Latvia (Sabiedrība par atklātību – Delna) is a public benefit organisation whose mission is to promote formation of a democratic society that is free of corruption in politics, business and mutual interpersonal relations. TI Latvia - Delna was established in 1998 as a Latvian chapter of the global anti-corruption movement Transparency International. TI Latvia works to implement specific projects, but also consults and organizes information campaigns and education seminars. (TI Latvia homepage, 2009)

TI Latvia is widely known in Latvia. TI Latvia maintains leading positions in the publicity index (number of times TI Latvia is mentioned in press). TI Latvia is perceived as a trustworthy source of information and a partner for public institutions, parties, mass media and foreign diplomats.

TI Latvia main activity is directed towards fight against corruption in Latvia. TI Latvia has implemented two development cooperation projects financed by the Ministry of Foreign Affairs:
“Activating target audiences to observe the misuse of administrative resources during the pre-election campaign period in Georgia” during 01.08 – 31.12.2006. This project was co-financed by the Canadian International Development Agency (CIDA). The project aimed at helping the civil society to evaluate the process of elections from the perspective of misuse of administrative resources, and encouraging more honest and democratic elections in the future.

“Civil Involvement for Efficient Governance” in Georgia during 01.06 – 30.11.2007. The project included training of Georgia's regional NGO representatives, with the aim to educate them on various forms of co-operation between civil society and public administration, thus encouraging regional NGOs and media to active participation in decision discussion and decision-making processes both on local and national level.

TI Latvia is also a member of the Latvian NGDO Platform (LAPAS) with their representative in the board.

4.2.4. Latvia’s Association for Family Planning and Sexual Health “Papardes zieds”

Latvia’s Association for Family Planning and Sexual Health “Papardes zieds” is committed to advance the sexual and reproductive rights of each individual, to assure the accessibility to high quality services to every individual and to assure that each individual can make informed choices. It is already fifteen years that association works in field of sexual and reproductive rights both in Latvia and abroad. Every year it implements 12 – 15 projects supported by government, international organisations and private companies. The Association supports the values of International Planned Parenthood Federation- health, choice, and rights. (“Papardes zieds” homepage, 2009)

“Papardes zieds” has five years experience implementing development cooperation projects. It is also a member of the Latvian NGDO Platform (LAPAS) and their representative is a member of the board. The project “Raising Awareness on Global Sexual and Reproductive Health and Rights” was implemented during 2006 - 2008 together with the “Vaestoliitto”, the Family Federation of Finland (lead partner), HERA XXI from Georgia and the Family Planning Association of India. The project was funded by the European Commission in the
2004 EC Call for Proposals. The three-year project focused on internal capacity building of the partner organisations, training of parliamentarians, government officials, teachers and journalists in the EU policy and global sexual and reproductive health and rights as a development issue. The youth perspective in the project is in strengthening the capacity and cooperation between the existing youth groups. (Mattila, 2006) The interview with project coordinator in “Papardes zieds” covers mainly experience of the organisation in this project.

Another development cooperation project is “Health, rights and choice for everyone. Integrating development issues into the sexual health and rights framework” (“Light&Love”). The project is financed by the European Commission and Latvian co-financing comes from private donors, for instance, information technology company Mebius IT. The project duration is 2008-2010. It aims to improve public awareness about and strengthen political support to development cooperation and link it with sexual and reproductive health and rights issues in Estonia, Latvia and Hungary by building on a series of youth initiatives in mutually beneficial partnership with NGOs from Georgia, Ukraine and Moldova. The interview with another project coordinator specifically is related with this project.

“Papardes zieds” is a highly respected, professional and strong NGO in Latvia in field of development cooperation. Their experience in development cooperation is extensive in comparison with other organisations. They have been one of the first organisations which started building organisational capacity in development cooperation along the participation in first development cooperation projects. Their opinion is respected in field of development cooperation and development education.
5. SOCIAL CAPITAL – PREREQUISITE FOR SUSTAINABLE COOPERATION

5.1. Defining social capital within a project

To define social capital for this study, I have adopted arguments from various authors. I followed definition of social capital as **features of social organisation that exist in structural and cognitive forms that can improve the efficiency of society by facilitating mutually beneficial coordinated actions** (adopted from Putnam et al. 1993:167 and Uphoff and Wijayaratna, 2000). However, during empirical data collection I noticed that perception of social capital differs from interviewee to interviewee.

Social capital has been defined in terms of contacts established with local partners, universities in Latvia that later can be utilized for continual cooperation. (Interviewee 4) Such contacts featuring social capital can be understood economically as assets that can later bring mutually beneficial collective action (following definition of social capital by Upphoff and Wijayaratna, 2000). Furthermore, social capital is seen as personal relations that are established during project work and remain even after project closure. Such personal ties assure reciprocity later down the road even beyond institutional cooperation.

*Definitely it develops [social capital]. When last year I went to Sri Lanka (...) there were people who met me in airport. (...) I personally have people in Sri Lanka to whom I know I can ask anything to find out or lend a helping hand. (...) They will be there and will do it for me. It won’t be some kind of pragmatism that they know I am coming again and may have a project; that I have money they can have direct benefit from. No, it is not because of that. (Interviewee 6)*

Development cooperation project is formally organized and yet it constitutes in this case personal “networks in which reciprocity can develop, and from which there can be both private and public gains” (Putnam, 2002:10)
Furthermore empirical data showed that social capital is particularly effective and strong when people come together to fight against some unwished challenge or security dimensions are involved. Latvian NGDO Platform (LAPAS) has experienced such strengths of social capital among partner organisations and other social contacts when organizing support to Georgia after military assault in August 8, 2008. (Interviewee 7)

The definition of social capital I used for this study did not include a dimension of trust and trustworthiness. However, I have to note that empirical data suggests it as an important feature of social capital. One of the considerations defining trustworthiness has been regarding partner ability to follow financial regulations and whether partner organisations have on time and faithfully followed rules of the grant agreement.

*What does ‘trustworthy’ mean? Do they steal project money? I don’t think so. (Interviewee 7)*

This is rather formal perception of trustworthiness and mainly involves responsibility of a partner organisation towards the rules of the funding institution and binding documents. Trustworthiness and trust can also be interpreted in relation to partners keeping promises to do what is promised and obeying time limits according to the agreement. It can be related to cultural differences in time perception, as well as refer to insufficient knowledge and skills of project staff.

*Partners from Moldova were last to submit reports. To my opinion, it was justly, because financers and banks were not able to provide required supporting documents. Coordinators’ knowledge was insufficient to achieve result for this report. (Interviewee 2)*

Latvia’s development cooperation policy does not imply direct financial support. It is instead focused on support to experience sharing and transfer of expertise in fields such as development of various sectors, emphasizing the active role of the civil society sector in the policy formation, implementation and evaluation; the Latvian experience in development of
the democratic civil society at the State, municipal and NGO levels, development educational system and others. According to GLEN, projects do not involve technical and material resources to deliver project results. Therefore project partners cannot be accused for taking advantage of us. (Interview, “GLEN Latvia”, 12.08.2009) Thus dimension of trustworthiness in terms of wish for material resources is diminished.

With regards to the interpretations of trustworthiness during trust building among partners, there was one interviewee negative about it. In the other situations project partners have been regarded as honest, trustworthy, professional and highly motivated. Only this one aspect of empirical data would provide sufficient support to this study showing that there is social capital established and developed during development cooperation projects. It is in compliance with Coleman’s (1988:S102) ideas that trust generates social capital and with Putnam’s (2000:19) arguments that social capital can be measured by trustworthiness that arises from social networks among individuals. However, depth of trustworthiness has not been measured just identified among partnerships.

In respect of different interpretations of social capital, interviewees affirmed that social capital is established and developed during the implementation of development cooperation project.

*Social capital definitely increased. Not only through [project] partners but also through cooperation partners in Latvia. (Interviewees 4 and 5)*

During the interviews, I inquired about separate elements of social capital in order to identify its different forms. The next two chapters describe the findings interpreted according to the theory and cases. The findings introduce elements of two types of social capital in relation to different project stages they best are developed.
5.2. Drawing patterns of social interaction with lines of structural social capital

According to the theory structural capital refers to such features as roles, rules, procedures, and networks (adopted from Putnam et al. 1993:167 and Uphoff and Wijayaratna, 2000). Empirical data shows that such features are strongly represented during the development cooperation project implementation. I have to note here that such elements are identified in terms of work among project partners beyond borders of one NGO. I identified such roles, rules and procedures that where shared among all partners that would signalize of social capital not within one organisation but within a network of partners.

Involved NGOs have been very definite about setting roles for partners during project implementation. All project partners work towards common goals and bring their own contribution to it that they have been informed about and agreed upon. There have been official roles, for example, (1) project coordinator responsible mainly for administrative tasks, resource management, communication and reporting to the Ministry of Foreign Affairs, the financing authority in this case; (2) bookkeeper responsible for financial transactions, (3) experts mainly involved in substance planning, implementation of the project and decision making. Such roles have been set within project implementing organisation according to internal hierarchy and mandate to assure project coordination; as well as partner organisations had certain roles with clear duties and tasks.

However, often the amount of staff working in the project implementing organisation has been considerably bigger than that in partner organisations. For example, in one project financed by the European Commission there was a sufficient amount to finance a full time project coordinator and youth coordinator, while in partner organisations in Moldova and Georgia there was budget only for project coordinator. Such differences depend on project budget allocation which differs also between European countries receiving more funding and countries as Georgia, Moldova receiving smaller percentage of funding.
There have been also informal roles established and that to my understanding bring more of a value for social capital generation. Such roles function as bonds among partners and invite people outside the official management group to participate in project implementation process.

Out of those [project] cooperation partners (...) project leading group was established, which had not that much a managing as more cooperating role. (Interviewee 2)

Empirical data shows that in most of the situations rules are predetermined during the project planning phase when time and resources are planned and assigned to the activities. Two dimensions of rules may be distinguished – external rules set by other parties outside project partnership and internal rules set by the partners themselves. External rules usually are set by project financing authority mostly regulating project expenditure, reporting and activities. Such rules often cannot be changed and have to be accepted by the partnership once grant agreement and mutual partnership agreements are signed among the partners. Planned project activity plan, project description and budget become an integral part of such a grant agreement and have to be strictly observed during the project implementation. Due to the fact that such rules set the frame for the rest of the project, a planning phase involving all project partners, is essential. Such rules will later affect social interaction during the project. For example, they will limit amount of face-to-face meetings affecting communication in the project generally.

It is obvious that in any project the principle is conformity with the contract, budget and [project] description. They are often more important than any common sense considerations. (Interviewee 3)

Ability and success to implement project within such externally set frames will depend of the quality and depth of social interaction among project partners that may give an added value to project results. It is regulated by internal set of rules also referred as shared codes and norms featuring cognitive social capital discussed later in the next subchapter.
Some of the NGOs have set procedures for certain project activities, reporting, recruiting project staff, organizing project meetings and other processes. For example, Development education organisation “GLEN Latvia” with other eleven (11) members of the Europe wide network follows the same activity cycle\(^4\) from year to year. To assure efficiency and effectiveness of the work there are joint procedures.

*Our procedures are described in the Participants’ Guide. There are several internal procedures on how we organize the cycle, how we proceed in unexpected circumstances. (Interviewee 6)*

Apart from internal organisations’ procedures, NGOs have to follow procedures often set in project agreements and documents. Particular document formats may even be requested by the financing authority. Such procedures then either are used in parallel to already developed organisational procedures or instead conflict with organisations’ daily practices. It often makes project coordinators confused and doubles the time of the work that has to be spent when following double procedures.

*Usually project documents determine procedures. (..) We don’t have choice ourselves, have to follow the rules. (Interviewee 7)*

Other NGOs on the opposite do not have any institutional procedures. NGO sector is often characterized as more informal sector, thus, also not having strictly formulated procedures of work allowing more space for creativity in daily routines.

Projects as a rule are implemented in partnership of two or more organisations. Often there has not been previous institutional cooperation exactly in such combination of organisations. Therefore in all of the cases projects have given such an opportunity to support establishment of strong networks among project partner organisations.

\(^4\) The core activity of GLEN is the multipliers training cycle. It consists of training seminars, an internship in the Global South and a phase of transferring the experience gained to global education activities in Europe. (GLEN Europe homepage)
To a great extent this project strengthens particularly cooperation among these six countries and six organisations [implementing the project]. Sure, we have not had real cooperation altogether before. (Interviewee 2)

Development cooperation project implementation has strengthened existing networks organisations already had also in own country. Project has been a tool to give more volume and support to the existing networks.

Currently [during the project implementation] our cooperation is wider and more determined due to the fact that we have financial support. We are giving stationary and coordinate our work more extensively. (Interviewee 2)

Such networks of organisations have been established also in recipient countries; however, in most of the situations it depends on people involved in the project, on how active they are in establishing new contacts. In most of the cases such networks continue functioning also after project closure and bring benefits to all involved organisations. For example, “Development Bulb” has established new partnership in Moldova thanks to a network of universities established in the project with Georgia. It has resulted in common project application. In another case beyond institutional ties, a network among experts has been developed.

It [project] established [networks], in my opinion, not so much among organisations as between people, experts. They had such contacts with separate experts in Georgia, politicians, journalists and alike. It seems that some contacts continued in some way. (Interviewee 3)

Moreover, personal contact remains between people involved in the project even long after it ends. People invite each other to visit their families and build deeper relationships.

To summarize the above, it is definite that elements of structural social capital are present during the project implementation. If elements as rules and procedures are not predetermined before a project begins, for example, in a grant agreement, then such have to be developed by
organisations at the latest during initialization phase of the project. Structural social capital in the project gives a very clear structure for social interactions within the partnership and also with third parties paving the way for easier and more successful achievement of project objectives and results.

5.3. Increasing quality and depth of cooperation along with cognitive social capital

To proceed with the identification of the other type of social capital, I followed the definition of cognitive social capital which features norms, values, attitudes, beliefs, shared codes and narratives (adopted from Putnam et al. 1993:167 and Uphoff and Wijayaratna, 2000). It has been more difficult to identify cognitive social capital than structural social capital. Structural capital exists at organisational level and is easy to document, evaluate and talk about. While on the opposite, cognitive social capital is rather intangible and even personal.

One NGO mentioned that it is impossible to share similar perception of values, norms, attitudes and beliefs among project partners. It would be colonial approach towards the cooperation. Interviewee stated that the most important is to have cooperation and a dialogue between the partners. Here I should distinguish between the two levels of cognitive social capital that exists, in my opinion. One is present at organisational level defining corporate values, attitudes, beliefs and norms related to cooperation between organisations. The other level is personal and concerns unique individual perceptions of a person. Employees on duty in the organisation apply such perceptions in social relationships between people within the project. Development cooperation projects are perceived to affect mostly organisational level. But it does affect also more personal level too.

Projects do not aim to establish the same value systems across the globe. “Whereas organisations may have shared values; it is not reasonable to expect that everyone in the organisation has the same values. There will always exist a multiplicity of values in organisations and also multiple variations in their acceptance.” (Martin and Meyerson 1988,
Meyerson and Martin 1987; Hinings et al. 1996 in Järvensivu, 2007:30) But during the project people tend to cooperate and elaborate such common understanding of things that are important for all and that would permit fruitful cooperation. Denison (1990:6) confirms that “strongly held beliefs, a sense of mission, or the consistency that comes from a set of shared values and beliefs do provide a fundamental basis for coordinated action”. Formal side of project events and activities affect cooperation at organisational level, while informal interactions among people develop personal social ties among individuals. Both of them are very important and build harmonious and successful project work.

Some NGOs perceive norms as rules defined by grant agreement and accountancy regulations restraining cooperation. They are perceived rather negatively and as challenging because it is hard to achieve consensus on which norms to follow. Norms differ between organisations, between organisations and financers and even other stakeholders involved, for instance, banks.

_Norms are arguable. Norms are constraining in the best cases. How can you implement a project with partners who do not accept approved copies of receipts instead of originals? (Interviewee 7)_

Nevertheless, NGOs admit that it is crucial to share beliefs, attitudes and values among project partners. It is necessary to define main concepts, terms and themes the project relates to.

_Actually we talk about it. (..) I already had experience and I tried to narrate to Estonians and Hungarians about what it means to work in development cooperation. We tried to understand and establish meaning of development education, what it includes and means so that everyone had shared perception of it. (..) To my opinion it is not possible to start without it [understanding on common beliefs]. It is very important to agree on all conditions and values. (Interviewee 1)_

Moreover, it is important to understand and sense the needs of the other party involved. Then it brings about true and lasting collaboration.
If there is no shared attitude then cooperation isn’t lasting and sustainable. Even when sustainability [of cooperation] depends also on other issues, for instance, importance of cooperation with a small northern country for the partner. (..) If there are matching attitudes, then cooperation is cheerful and positive. (Interviewee 7)

Three NGOs confirmed that there exist shared beliefs, attitudes, norms and values during project implementation due to the fact that all or most of the partner organisations belong to the same international organisation or network. For instance, Development education organisation “GLEN” Latvia is a member of Global Education Network of Young Europeans GLEN and always implements development cooperation and education projects in tandem with other GLEN organisation in Europe. GLEN organizes training for project participants from Europe before they head towards internships in the South. Their Participant’s Guide also includes a short description of values. Latvia’s Association for Family Planning and Sexual Health “Papardes zieds” has joined the International Planned Parenthood Federation and their website states that they support the values of the Federation. “Papardes Zieds” has implemented development cooperation projects along with similar organisations in Georgia and Moldova. Transparency International Latvia “DELNA” was established as a Latvian chapter of the global anti-corruption movement Transparency International and implemented a project together with the organisations’ chapter in Georgia.

Values, attitudes, beliefs and norms are described in shared codes, codes of ethic or similar documents affirmed by all members of the network or international organisation. For example, Transparency International Latvia “Delna” has elaborated their own Code of Ethics that complies with Transparency International Statement of Vision, Values and Guiding Principles. Code of Ethics of the Latvian chapter covers such matters as values, equal attitudes, main principles, activities and other topics.

I think, in the project there definitely was joint value system and attitudes. Firstly, because we represent the same international association. (..) I don’t know if it would be possible to implement a project with an organisation who would be interested in questions related to corruption but never had experience with it and would not be a
member of such international association. It would be completely different then. There would be need to devote long time for unifying perception and understanding. (Interviewee 3)

Such joint documents and shared perception become a starting point for joint projects. One NGO states that it has been initially clear that there is a need to build a common understanding and build project cooperation on a certain joint platform. Empirical data showed that people use terms as common perception and understanding often instead of attitudes, values, and beliefs. Hence, it is characterized as a very important matter.

It [common understanding] did exist, but how did it develop? (..) I don’t know if it is possible that we understood and perceived things differently. (Interviewees 4 and 5)

The four NGOs studied indicate that existence of such common understanding and fixed codes depends on how internationalized the organisation is and how long experience they have in international cooperation. There were several other factors that interviewees mention to affect such formation of a common understanding and establishment of a joint platform for project cooperation as:

- experience in a certain field, for instance, how long the concerned country, organisation has implemented projects in development cooperation;
- experience in international arena, experience with partners from Europe, experience with other organisations from Latvia;
- homogeneity of the group of people representing organisations. It would be easier to reach common understanding among people with a similar level of authority and similar level of previous knowledge about the concerned topic;
- previous cooperation with partners during other project;
- previous informal cooperation before institutionalized cooperation, e.g. meeting potential partners in conferences, in network training sessions and similar events. Such events are important for getting to know each other, identifying needs and understanding possible forms of cooperation.
Empirical data showed that the above mentioned factors would later assure easiness during project implementation. They also develop trust in partners and contribute towards generation of social capital at the very initial stage of the cooperation when project ideas are initialized. If partnership cannot enjoy previously mentioned factors then initial face-to-face project meeting is crucial where all basic principles have to be established and moreover time and additional resources have to be exclusively devoted for such purposes.

NGOs mentioned that once there has been communication and cooperation among partners already during the planning of the project, then it is hardly impossible to have conflicting understanding later during the implementation phase. Unfortunately, development cooperation projects financed by the Ministry of Foreign Affairs are small both in terms of duration and budget. There is no possibility to finance partner meeting at the start of the project, which is seen as lacking element in project. Therefore communication is very important. There has to be sufficient amount of face-to-face meetings and effective virtual communication. Some partners would agree to the criticism of e-mail communications that speak against generation of traditional social capital. They confirm that four (4) face-to-face meetings per year have not been sufficient and email communication has created misconceptions. In another case it has been difficult to maintain contact after the project because of poor internet connections in Georgia. While on the contrary another case proves sufficiency with two face-to-face meetings per year and, in addition, quality and frequent communication via monthly Skype meetings where all project coordinators meet, share information and experience.

According to analysis of empirical data, informal atmosphere and contacts among partners in relaxed environment have been very crucial for establishment of initial cooperation and deepening existing project cooperation. Joint narratives are established during informal meetings and travel throughout the work later on via email and phone conversations.

There was common, friendly and quite informal approach [within partnership during project implementation]. Project managers spent evenings together while enjoying a glass of wine together which very much facilitated cooperation (really!). (Interviewee 7)
It is also a benefit that, for instance, Latvia and Georgia share common history, language and context, and enjoy common stories about films and literature. Such elements help to make a formal meeting very warm and bound people together.

_We built partnership in Georgia. It wasn’t hard, because Baltic countries are highly respected in Caucasus. They remember everything from Soviet period and appreciate our achievements. They would like to have the same. Therefore it wasn’t hard for us. And when we call, all doors are open and it is very easy to communicate. It is very pleasant._ (Interviewee 1)

Every NGO confirmed that they have spent time together with partners outside official working hours. People have also invited partners for dinner in informal atmosphere, visit their home, and attend an opera performance, concert or other event. One NGO states that it is a crucial part of cooperation and it is important for them to care for partners in such a manner. In another case it was called hospitality culture. While another organisation tried to satisfy also people personal needs besides working. They took them to a shopping mall in such a way avoiding that people would try to escape the official programme of the meeting.

_We meet them upon arrival, go to concerts, eat and talk. We very much pay attention to it. And this is what they [partners] liked about us and therefore they wanted to continue [cooperation] with us, because we were caring about them so much. (..) Then we go to restaurant for dinner and evaluate every issue, what is, to my opinion, very important. Then we understand where we are and how to move forward [in project]._ (Interviewee 1)

_We also used quite much informal meetings, in order to maximize project objectives. If everything is very formal, constant and static, then it never realizes._ (Interviewees 4 and 5)
Most of the NGOs also affirmed that such time spent together is crucial for establishing relationships and assuring successful cooperation in the future. In my opinion, this is one of the most important ways how cognitive social capital is developed among project partners. It is very difficult to measure cognitive social capital in general because indicators are very intangible and subjective. Hence, one NGO concluded that the reason why project partners have been very keen on continuation of project cooperation has been the considerable common understanding among partners in the project. Sustainability of cooperation can be used as an indicator of existing social capital among the partners. And on the opposite it is a precondition for successful cooperation.

Interviewees predominantly talked positively about the cooperation. However, there have been various social barriers that NGOs faced during the implementation of projects. Such barriers have mostly been related to cultural differences as different perception of time, understanding of arrangements; working culture as different behaviour during meetings, level of responsibility. Some NGO mentioned that social barriers partly depend on gender and age of partners. In one case it has been difficult to gain partner credibility because of the young age of project managers. Nonetheless, the general opinion regarding social barriers has been that it is easy to overcome them once we learn to accept that we are different and enjoy learning from such situations to understand partners. Two NGOs have mentioned that we should be free of judgments and understand that situations depend upon concrete context, situation and circumstances in that particular moment and place. It is not that people would specially delay reports or try to misuse some funds but just that there is such situation, or cultural differences that guide their behaviour. Such social barriers may possibly delay formation of social capital among project partners. But none of the NGOs mentioned it as an obstacle for project implementation or cooperation.

In the above chapters I have identified numerous elements of both structural and cognitive social capital that allow me to state that development cooperation project implementation is based and dependent upon social capital existing among project partners. Further on, social capital is enhanced along project implementation and accumulates until the end and beyond project frames. Cognitive social capital is a precondition for starting up a common project
work among organisations while structural social capital is setting scene for such cooperation and giving tools for its realization. According to analysis of empirical data, social capital brings about mutual support, fostered cooperation and increased trust among individuals and project partner organisations. Putnam (2000:22) has also mentioned that social capital should maximise institutional effectiveness and similar consequences. In the following chapters I will present how social capital has influenced capacity of NGOs implementing development cooperation projects.
6. INCREASED ORGANISATIONAL CAPACITIES - ADDED VALUE TO PROJECT IMPLEMENTATION

In order to evaluate impacts of social capital on development of organisational capacity, it is necessary to clarify the meaning of organisational capacity. To guide the collection of empirical data, I followed the definition of Horton and his colleagues (2003) who characterized it as *organisations potential to perform – its ability to successfully apply skills and resources to accomplish its goals and satisfy its stakeholders’ expectations.* Further on I inquired empirical data that allows me to clarify the understanding of organisational capacity that NGOs share. I was rather surprised that for one NGO it was mainly understood by human resources voluntarily available for the organisation.

*About capacity, it means, to a big extent, how much project applications you can write without receiving payment for it. It is one of the aspects. (Interviewees 4 and 5)*

The above greatly characterises NGO sector in Latvia where organisations unite people who share a vision and are passionate about the work they do. People are ready to invest today in their newly established organisation with putting their own work as own contribution for the project not receiving immediate compensation. In such a way they hope that in the future such effort will be reciprocated. Another organisation put people with their motivation, experience, charisma and ability to cooperate in the centre of everything. (Interviewee 6) In that way organisation intends to show that there is no need for technology and other material resources to cooperate for development.

However, broader understanding dominated among the organisations that organisational capacity includes skills, expertise, resources, abilities, available time and other factors that facilitates organisation’s ability to achieve its goals.

*Organisational capacity is all skills and all resources including people as well as procedures. (Interviewee 3)*
In particular, one organisation stated that beyond organisations opportunities to achieve its objectives as well as writing and implementing projects as receiving financing, organisational capacity means sustainability of the organisation. Another interviewee of the same organisation confirmed that organisational capacity grows as time goes ahead. It is in conformity with Salaman and Asch (2003: 89) who state that “capability building is ‘time-path-dependent’ and also cumulative – it takes time and effort and needs to build on what has gone before”.

To the end that organisation is not for one day. (..) I believe that capacity is that we will exist also next year and the year after. Sustainability, yes .... (Interviewee 1)

Organisational capacity is employees and experience, (..) and also organisation’s long-term experience or what organisation has accumulated along the years. (Interviewee 2)

When asked to assess whether development cooperation project implemented by the organisation has affected its capacity, all organisations confirmed even very positive influence. In two cases development cooperation projects have been first of a kind and therefore gain of such activity has been particularly extensive both for the organisation and individuals employed there.

In another case the project has developed organisation’s capacity to such an extent that it is ready to take a leading role in a larger project financed by the European Commission. It is a sign for organisational growth because projects financed by the Ministry of Foreign Affairs are rather small scale whereas those financed by the European Commission require more concentration from the organisation.

I think that it [the project] has only positive impact on the organisation. (..) It makes us stronger, absolutely. (..) It is very much developing us. As a positive result to the fact that we are strong and (..) also in cooperation with international partners, we have
submitted a project to the European Commission where we plan to take up a leading position. (Interviewee 2)

Some interviewees mentioned that implementation of development cooperation project has definitely left a mark in organisation’s virtual Curriculum Vitae. Even though there have not been administrative benefits for the organisation, such project implementation will later accumulate necessary experience of the organisation in order to participate in larger calls for project proposals and increase competitiveness of the organisation. Furthermore, organisations should always be able to “evolve new capabilities from new combinations of resources and trajectories of learning pathways”. (Salaman and Asch, 2003:89)

To establish the depth of the study I further on explored particular capacities that organisations have improved during the implementation of the development cooperation projects. I followed Horton’s et al. (2003) division of capacities in resources, processes and knowledge employed by the organisation, which are simultaneously incorporating particular capacities as decision making, resource mobilisation and management, communication and coordination, and conflict resolution named by Uphoff and Wijayaratna (2000) as being important for organisational performance. (See Chapter 2.4.2 Organisational capacity and its types for the division of organisational capacities)

The most evident capacity developed and sustained during the project is financial and human resource mobilization and management or so called hard capacity of the organisation. 80-90 percent of financial resources to non-governmental organisations arrive through different projects either financed by the Ministry of Foreign Affairs or other sources. The other share of the budget comes from donations and member fees. Therefore organisations are highly dependent of their success in getting projects through in order to achieve their goals. However, organisations perceive financial resources only as means that allow performing not an aim in itself.
Implementing this project organisation has strengthened its administrative and professional capacity, increasing ability to attract financing for implementation of further activities. (Interviewee 7)

Furthermore, project implementation allows organisations to employ people who in other situations would not be possible to further both the project and the organisations’ core goals. For instance, one organisation has employed a person that will take care of partners coming from Georgia; another organisation employs three youth coordinators to implement project activities.

Projects essentially have also influenced different processes and programme management capacities within organisations. Many organisations mentioned that capacities to plan strategically, coordinate and plan different organisation activities, plan and organize events, study visits have increased significantly. Organisations have also improved problem identification and solving capacities.

Projects also have influenced organisation’s networking and linkages. Particularly communication has advanced. One organisation noticed that decision making is different in cooperation with other partners, that decision also depends on and influences others than just Latvian partners. In general decision making process has been elaborated during the project.

That communication is different [after the project]. Decisions were as they were supposed to be. It was not like in discussion project within a group, where Latvia could change the decision. (Interviewee 3)

One organisation has established a new process and a procedure within the organisation due to the project implementation. They set limits to what can be changed by partners and what is restricted by the organisation itself, for instance, issues related to organisation’s structure and internal processes. It has grown out of a conflict among project partners. Therefore it influenced also decision making process in the organisation. Whereas organisation agreed that project coordinator can make decisions about process as such, but more global decisions are
always supported by and made in organisation’s weekly meeting. The same organisation has also established a way how employees not directly involved in the project participate in the process of project result production. They set up sort of a forum where every employee of the office participates in giving feedback to and elaborating project results, in such a way assuring that everyone is informed about project activities. Such a forum at the same time serves as a brainstorming event in the product generation phase as well as a team building activity. It allows avoiding mistakes.

Predominantly, project implementation has influenced knowledge acquisition and generation within organisations. In general projects have raised organisations’ awareness and expanded their horizons in terms of cooperation with international partners; work in other countries applying similar methodology as in Latvia or learning new methods; theme of the project in a global context. Projects provide the ability to distinguish dimensions between local and global.

It is possible to separate knowledge gained by administrative project staff and other staff as experts, youth coordinators or others. Some organisations assessed that gain from the project for the administrative staff has been more extensive and particularly valuable. They have mainly gained technical knowledge regarding project strategic and practical management.

_To administrative employees, like me, that experience is really very, very extensive. (..) While for youth coordinators exactly this project has given many opportunities to work not only in Riga but also in Latvia in a broader context. (..) They have learned about global problematic, new themes that they can now discuss about and are able to build their own opinion about. (Interviewee 2)_

Other organisations in the contrary see administrative knowledge as self evident and rather considered benefit from the project more important for experts. Nonetheless, all organisations have mentioned that process of learning that takes place during the project is very important and raises cultural awareness and brings knowledge about various topics, for instance:

- Partners:
- regarding needs of the partners, knowledge about partners as long as the same people who worked with us are employed there;
- knowledge as regards communication with partners; how to build trust for partners; how to make decisions in terms of international cooperation;

- Context in recipient country including its political environment and how it is understood by partners and project financers;
- Theme of the project (health and rights, environment, e-learning or other depending on project)
- Development cooperation:
  - knowledge about development cooperation, about developing countries and processes there;
  - about principles of development cooperation, motives and reasons behind it; activity of other donors in recipient countries and the way they implement development cooperation;
- Project management:
  - about technical procedures and requirements of the financer;
  - knowledge about project work and its impact on organisation itself;
- Knowledge about wider networks that are also working with the same theme (Interviewee 7, interviewee 1, interviewee 3, interviewee 4)

Knowledge gained in the project is important because it influences future decision making in the organisation and future project implementation. Expert qualification rose during the project. Furthermore, along with gained knowledge, organisations need less time to execute the same activity in future, for example, time to make a report is shorter next time. Consequently, organisations become more efficient in achieving their objectives. Organisations have also learned cultural awareness and sensitivity. For example, one organisation has learned to accept that situation in Moldova or Georgia can be such that partners cannot obey their decisions immediately. They have understood that they no longer can enforce own issues upon partners and at most there is a need for development cooperation particularly focusing more on cooperation than development.
Another approach to look to the capacities developed during the projects is by dividing them into *individual* and *organisational* or group capacities (See Chapter 2.4.3). Empirical data shows both that individuals have experienced learning and development of their skills during project implementation. To see whether such individual capacities transfer to organisations, furthermore, I inquired about the factors that would encourage individuals to apply them for the purposes of an organisation. In some cases interviewees were surprised of such an inquiry because they perceive such an application of individual capacities for the good of the organisation very naturally and inevitable. Furthermore it was seen as an opportunity to invest in organisation’s capital that will accumulate along the years and later give bigger flexibility and freedom also to the employees. However, behaviour is regarded as “a reflection of the characteristics of a social system containing a series of impersonal processes which are external to actors and constrain them.” (Silverman, 1971 in Scott, 1995:29) Empirical data did identify certain factors characteristic to the particular organisational environment that serves the employees, for instance:

> What motivates us is that we can apply our working style within the organisation.
> (Interviewee 4)

Also other cases approved that there is a certain environment within the organisation that encourages them for further transfer of knowledge and other capacities. Scott approves that organisations need to conceptualize environments “not only as a supply house of resources and target of outputs but also as a “source of meanings for the members of organisations”.” (Scott, 1995:30) Apparently empirical data approved that there is such a meaning for the employees that facilitates application of personal capacities for the purposes of organisation.

Horton et al. (2003) stated that organisational development is undertaken by an organisation through its own volition and applies also own resources in combination to external resources. One organisation of this study has evaluated its own resources necessary for the implementation of the project in return to the many benefits the organisation gained from the implementation of the two development cooperation projects. Such resource input at that moment has been substantive and therefore the organisation decided not to continue project
work in development. Priority objectives of the organisation at the moment focused on the work within Latvia. This case perfectly shows that organisations should follow capacity and its development according to their objectives and implement projects that would contribute towards development of necessary capacities. Another organisation also approved that it is important to know and follow own organisation’s needs for certain capacities and find the most relevant projects that would help to develop them. It is not necessary or relevant for the organisation to artificially produce project applications in order to fight for every available funding.

After all, organisations acknowledge that implementation of development cooperation projects brings change, improvement and development.

_It [project] changed me as a person and will change organisation._ (Interviewee 1)

_Any project changes something and improves something._ (Interviewee 3)

_This project helps us to specialize in a particular field which is education and e-education in development cooperation._ (Interviewee 4)

Above I have mentioned several capacities that organisations have developed during the implementation of the development cooperation projects. However, it should be noted that the particular projects considered in the empirical study did not explicitly aim at developing organisational capacity of the project implementing organisation. Projects had other goals depending of the theme. Therefore, I am certain that projects in general develop the capacity of implementing organisations and it is the added value to implemented projects. According to some authors (Vartola et al., 2000:3 and 9), NGOs are considered the most efficient in reaching out to target groups in recipient countries Thus, once their capacity is increased, it grows also the effectiveness of aid delivery as such. Consequently, projects are important tool in developing donor’s capacity and process of development cooperation in general.
Furthermore, I am glad to see that capacities developed during the projects comply with the capacities that Ministry of the Foreign Affairs, the financer of development cooperation expects from project applicants. According to the empirical data, such capacities are definitely knowledge and experience in particular theme, easiness in communication, punctuality and responsibility, ability to accomplish the task.

Nonetheless, this research does not name development cooperation project as the only tool to increase organisational capacity. Other factors and actions have probably even more extensive effect. For example, “GLEN Latvia” is a member of a larger network and organisational capacity is developed along training sessions and other activities within the network. However, a development cooperation project is a tool where organisational capacity can be developed without a particular concentration and most importantly without particular resources, because it develops along the project implementation process and realization of other project objectives.
7. PROJECT - LINKING SOCIAL CAPITAL WITH ORGANISATIONAL CAPACITIES

The above two chapters have explicitly identified the presence of structural and cognitive social capital during the implementation of development cooperation projects. Additionally, a variety of organisational capacities has been enhanced as an added value to the development cooperation projects, besides theme bound project results. In the following chapter I would like to elaborate on the linkage between the social capital in a project and organisational capacity that is further leading into several considerations.

The Figure 4 summarizes the above findings and illustrates the link between the social capital and organisational capacity. It describes a continuous process that takes place simultaneously in different organisations and projects. Organisations group employees with their own capacities, thus, each organisation has its own unique capacity according to its objectives and strategy. Employees represent organisations in various events, for instance conferences, and meetings, and build initially informal contacts and relationships. Such informally established relationships grow into cognitive social capital and initiate trust for institutional cooperation. Furthermore, organisations establish a partnership and cooperate within a project to realise mutually beneficial coordinated actions often with external funding. During the implementation continuous development of cognitive and structural social capital takes place. As a result of the project, presumably its targets are achieved with added value in increased individual and organisational capacities. Such activity subsequently results in advanced social organisational capital that shall in the future bring about more effective and efficient performance.

The arrow below the figure illustrates the move between the elements and continuation of the process. It repeats in different volume and quality as individual and organisational capacities and social capital develops and accumulates along the years and with experience. Theory of change would characterize it as a continuous process of transformation. Furthermore it may be replicated at the level of networks.
Figure 4 Linking social capital with personal and organisational capacities within a project

Person A with own capacities
Person K with own capacities
Person X with own capacities

Organisation C with organisational capacities
Organisation H with organisational capacities

Cognitive social capital established in formal and informal meetings, joint activities, relationships

Partnership established within social structure – project building structural social capital

Joint project work to implement mutually beneficial coordinated activities

Project results
+ Individuals with increased capacities
+ Organisation with increased capacities

Accumulated social organisational capital for more effective and efficient performance in future
The above may be supported with Coleman’s (1990 in Nahapiet and Ghoshal, 1998:244) statement that social capital constitutes social structure and facilitates actions of individuals within the structure. As described in Chapter 2.3, development cooperation project well suits for such purposes. I would clarify that cognitive social capital is essential for the constitution of a project as social structure, while structural social capital is mainly established already within the established structure. Certainly, social capital brings about flourishing environment for people and organisations to succeed and focus on mutual characteristics of their actions.

The concept of social capital has mainly been discussed in terms of close circles as neighbourhood, community, society that covers rather small geographical area or otherwise shares cultural, economical, and social dimensions. There is mounting evidence that “social capital among economic actors can produce aggregate economic growth, at the local or regional level” (Putnam, 2000:323). In this study I have strived to identify social capital in a development cooperation project that implies international cooperation across borders and large distances. The data from the study shows that social capital is well established among people representing project partnership organisations from three to six countries. Furthermore, they involved partners from both developed and developing countries with different traditions and daily routines. Thus process illustrated in the above Figure 4 may function within a single local project as well as in international networks. Consequently, it shows that culture is not determining generation of social capital. Hence, further study is encouraged to recognize influences of culture on social capital.

Furthermore, the scheme in Figure 4 does not illustrate a closed process. Instead individuals, organisations and to some extent also projects may be viewed as open-system organisms sensitive to changes of the both internal and external environments as suggested by the Open-systems theory and the Contingency approach described in Chapters 2.1 and 2.2. In addition they are dependent of each other within the process according to Parsons’ concept of a biological organism with its parts (So, 1990:20).

However, to confront the study I would like to acknowledge the fact that projects have been criticised for undermining recipient capacity development and national ownership. Project
management systems and procedures are also considered ill suited for the purposes of institutional development as they are not sufficiently flexible. And a multitude of separate projects that introduce their own rules and procedures imposes an immense burden on the administration of usually weak host institutions. (Theisohn, 2003:14) Nonetheless, projects are important means to support particularly civil society institutions not only in recipient but also in donor country. This study shows that projects bring not only the main financial resources to NGOs but also generate capacities that facilitate organisations’ performance. Moreover, some organisations implement projects as the only strategy to survive in the changing markets. Therefore this study advocates implementation of development cooperation policy through projects implemented by the organisations in donor countries. Projects are still a significant approach in aid delivery that should exist in parallel with programme-based approaches and provided budget support that are expected to avoid some of the shortcomings of the projects.

Projects are significant tools to establish trust among organisations and further among societies. Even though I did not define trust and trustworthiness as the main features of social capital initially of the research, empirical data requires their presence as important elements of social capital. According to respondent definitions also local and international, private and public networks and relationships are characterizing social capital. And “where trust and social networks flourish, individuals, firms, neighbourhoods, and even nations prosper.” (Putnam, 2000: 319) Thus projects are agents for development both in recipient and donor countries. Furthermore, projects can facilitate third form of social capital – relational capital which is particularly important for knowledge transfer within an organisation as discovered by Nahapiet and Ghoshal (1998).

In addition, projects become important location for knowledge production. Empirical data showed that knowledge acquired within the project is extensive and valuable capacity of the organisation. Organisations apply such knowledge within the organisation itself and in an external environment to increase its performance. Gibbons et al. (1994: 17) have discovered that projects or programmes on which practitioners temporarily focus constitute new sites of knowledge productions which are moved into and take place more directly in the context of application or use. Authors (ibid.) explain also how knowledge is shifting away from the
‘ivory tower’ of traditional universities to a broadening array of research and development laboratories, think tanks, projects teams, and other organisational forms – public, private, or mixed in nature. In such a way development cooperation projects with multicultural project teams offer an informal development education arena for its participants and beneficiaries.
8. CONCLUSIONS AND RECOMMENDATIONS - TOWARDS SOCIAL ORGANISATIONAL CAPITAL

The qualitative research design has allowed me to explore a development cooperation project as an arena for linking the concept of social capital to the concept of organisational capacities development. Four selected case studies, Latvian non-governmental organisations implementing development cooperation projects have provided an appropriate context of a new donor country building its capacity for development cooperation. Empirical data collected through interviews answers to the research questions as expected. Therefore, let me summarize the main findings of the study and present the conclusions of the thesis below.

Latvia as a new donor country struggles to provide financing for the implementation of bilateral and trilateral development cooperation activities realized through development cooperation projects. The Time of the Crisis with a forecasted decrease of GNP by 18 percent (Eurobarometer 2009:2) has forced Latvia to cut the national budget for development cooperation for 2009. NGOs in Latvia battle for available resources through other funding institutions such as the European Commission, Soros Foundation – Latvia, the Friedrich – Ebert – Stiftung (FES), the Konrad Adenauer Stiftung, and Eurasia Foundation in order to implement their development cooperation projects. Thus, organisations do not have sufficient resources to raise their capacity. This study shows that a development cooperation project can be such a tool for organisational capacity development.

Social capital is a power that facilitates partnership to implement mutually beneficial coordinated actions – development cooperation project activities – successfully. Thus projects, perceived to result in achieved objectives and sustainable results, in addition create added value – increased individual and organisational capacities. Social capital features the project as a social organisation and exists in structural and cognitive forms.

Structural social capital develops during the project implementation and structures the work within the partnership. It is characterized by clearly set formal and informal roles between partners, as project coordinator, bookkeeper, experts and others; rules established by the
official regulations of the financer and organisations themselves; joint procedures documented in guidebooks; and strengthened local and international existing and newly established networks.

Cognitive social capital has mainly been interpreted as the common perception and understanding of value systems shared among project partners. It is essential for the constitution of a project as social structure particularly at the initial establishment of partnership and institutionalization of cooperation within the terms of a project. Cognitive social capital is characterized by shared beliefs, attitudes and values often described in joint ethical codes. Frequently project partners share definition of the main norms, concepts, and themes – have a common platform for the cooperation as they belong to a larger network of organisations. However, experience in the field and international cooperation; previous cooperation between partners and particularly previous informal cooperation; relationships and shared networks, affect formation of common understanding of value systems and cognitive social capital. Shared language, history and context also contribute towards development of cognitive social capital. Existing cognitive social capital within the project assures lasting and more in depth cooperation also beyond the formal frames of the project.

Moreover, social capital brings about encouraging environment for people and organisations to succeed, increase effectiveness and focus on mutual characteristics of their coordinated actions. Implementation of a development cooperation project enhances capacities of the project implementing organisation in donor country due to the forms of social capital existing in the project.

The most evident capacity developed and sustained during the project is financial and human resource mobilisation and management or so called hard capacity of the organisation. It is apparent as 80-90 percent of NGOs annual budget arrives from different external project funding. Furthermore, implementation of development cooperation projects gives opportunities to NGOs to hire additional staff.
Project implementation has developed also various process related organisational capacities. Such programme and process management capacities as coordination and planning of organisation’s activities, international project events, study visits have increased significantly. Furthermore, strategic leadership capacities as decision making has changed during the project as there have been more parties involved in decision making process. Organisations have also improved networking capacities as communication, problem identification and solving. NGOs have also managed to elaborate new processes during the project implementation.

Predominantly, project implementation has influenced knowledge acquisition and generation within organisations raising organisational cultural awareness and expanding their horizons. Knowledge gained during the projects mainly relates to the theme of the project, understanding of partners’ needs and intercultural communication, political environment in recipient countries, understanding of development cooperation, project management and networking. Such knowledge influences future decision making within the organisation and among partnership. It also improves implementation of future projects as qualification of administrative staff and experts grows. Thus a development cooperation project becomes a location for informal global education production.

Furthermore, implementation of development cooperation projects facilitates change in organisations, helps them specialize in development cooperation and increase their sustainability. Project implementation accumulates necessary experience of the organisation in order to participate in larger calls for project proposals and increase competitiveness of the organisation.

In addition, the development cooperation projects concerned within the study, did not explicitly aim at increasing capacity of the project implementing organisation. Projects produce added value to their initial theme bound objectives in addition developing organisations’ capacities. It has been hypothesized that NGOs are considered the most efficient in reaching out to target groups in recipient countries (Vartola et al., 2000:3 and 9). Thus, once their capacity is increased, the effectiveness of aid delivery grows, too. Consequently, a development cooperation project is a tool where organisational capacity can
be developed without a particular concentration and most importantly without particular resources, because it develops along the project implementation process and realization of other project objectives. Furthermore, projects are important tool in developing donor’s capacity and the process of development cooperation in general. Therefore, implementation of development cooperation policy through projects implemented by donor organisations is still a significant approach in aid delivery that should exist in parallel with programme-based approaches and provided budget support.

To conclude, I would like to draw attention to the criticism of social capital because of its many definitions and features that may be understood differently according to the context it is applied in. Thus, social capital scholars have come up with other terms that could substitute the existing ‘social capital’. Such are ‘civic capacity’ by Clarence Stone, ‘moral resources’ by Albert Hirschman, and ‘social resources’ by Smith and Kulynych. (Smith and Kulynych, 2002:180) However, Smith and Kulynych (ibid: 180) view “social capacity as a term that can be employed in all contexts where social capital is presently used”.

Concept of social capital for this study was mainly based on economic considerations seeing social capital as an asset generating benefits – increased project effectiveness producing such added value as organisational capacity. Furthermore, the analysis of the study followed the framework of an organisation and social structure. During the research process I faced a challenge linking the two concepts of social capital and organisational capacity development. Therefore, I would like to propose a concept ‘social organisational capital’ that would characterize a particular ‘organisational social capacity’ – organisations’ ability to build social capital in internal and external environment. Measures of social organisational capital would be useful in partnership building processes. An index of social organisational capital may be considered to measure potential of the organisation to succeed in cooperation. Thus, conceptualization of social capital would go beyond its economic approach and reach deeper social interpretation. Nevertheless, definition of social organisational capital and organisational social capacity, elaboration of their measures remain a challenging topic for further studies.
The uniqueness of the study lies in the fact that the concept of social capital is applied to international partnerships established for the implementation of development cooperation projects across borders and cultures. The empirical data indicated some social barriers that exist among partners during the project implementation and most of the interviewees explained them with differences in culture. This study did not aim to study effects of culture on social capital. Therefore, such impacts on social capital should be recognized and studied as staff members within a project represent various cultures with unique backgrounds, languages, and traditions.

The cases selected for this research represented non-governmental organisations active in development cooperation in Latvia. Hence, direct and indirect institutions of state administration, municipalities and merchants are active development actors in Latvia eligible for the financing from the Ministry of Foreign Affairs for the realisation of development cooperation projects in recipient countries. Therefore, it would be interesting to replicate the research into a new setting. NGOs are perceived to be very flexible in terms of their working style, while, for instance, governmental organisations are obliged to follow rules more strictly. Would there be differences in social capital created and capacities developed during the projects? Would there be any factors limiting capacity development and operationalisation later within the organisation? This study can also be replicated to other fields than development cooperation and social sciences.

Projects implemented by the organisations concerned in this research have been small scale and short term, except one case where the project lasted for 3 years. Thus, there might be a correlation between project duration, scope of the project and implications on organisational capacity. Analysis of the empirical data allows to predict that the longer the project the more opportunities to build more sufficient social capital within partnership and more substantial influence on implementing organisation’s capacity. Volume of social capital, sustainability of project and capacity development may be well studied in relation to project duration and scope.
Analysis of the empirical data indicated that there is a close relationship between concepts of social capital, capacity and experience. Some interviewees doubted whether it is experience or social capital that influences organisational capacity. Furthermore, it was mentioned that it is experience that helps to improve organisation’s performance and increases staffs’ qualification. According to Dewey, father of experiential education movement guided experiences fosters capacity to contribute to society (Neil, 2005). Is it experience that matters at most in order to perform? How individual experience of employees change organisational capacity? Is organisational experience acquired within projects one of the forms of social organisational capital?
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- 97 -


Documents


- Informatīvais ziņojums “Par Attīstības sadarbības politikas plāna 2005.gadam izpildi”

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Interviews

- Interview, “GLEN Latvia”, 12.08.2009

- Interview, Development Bulb, 25.08.2009

- Interview, Latvian NGDO Platform (LAPAS), 20.07.2009

- Interview, Transparency International Latvia (Sabiedrība par atklātību – Delna), 01.07.2009

- Email exchange with Māra Sīmane, Latvian NGDO Platform (LAPAS), 04.-10.2009

- Interview, Ministry of Foreign Affairs, 29.07.2009

- Email exchange with Linda Tomase, Ministry of Foreign Affairs, Development cooperation policy department, Bilateral cooperation coordination and monitoring unit, 02.03.2009 and 22.09.2009
Unpublished materials


- LAPAS, Latvian NGDO Platform Newsletter [online], November 2009


Websites


ANNEX
Annex 1 Guide for interviews

**Objective of the interview:** To gather information for the execution of the master thesis. Information will be used only for the purposes of the thesis elaboration as research data.

**Confidentiality:** Information will remain confidential and won’t be distributed further. Do you agree that name of your organisation is mention in relation to the answers given in interview later in the thesis?

**Interview process:** Interview consists of several blocs: introduction, questions about social capital generation during the implementation of development cooperation project, capacity development within the organisation, as well as closing part. I have made questions ready beforehand. However, please, feel free to interrupt and ask clarifications.

**Interview lengths:** 1.5 – 2 hours

**Usage of voice recorder:** Do you agree that interview is recorded in digital voice recorder? It will facilitate further research process and analysis of research data. This material will not be distributed to third persons.

**0 Introduction**

1. Could you shortly describe what kind of development cooperation projects your organisation is implementing? What role does your organisation usually has? Does your organisation mainly has a role of project implementer or does the organisation instead prefer a role of project partner?

2. Is project implementation the main activity of the organisation? Is project implementation a purposefully selected strategy for organisations development? If not, what are the purposes for the implementation of projects?

3. Is the organisation looking for external funding to implement development cooperation projects? If so, what kind of financing authority is most consulted?
I Social capital in development cooperation project implementation process

1. Now I would like to ask more in detail about the implementation of development cooperation projects implemented by your organisation. Particularly concerning the management of the project.
   a. How project implementation is organized within the organisation? Is project implementation guided by certain procedures?
   b. Are there rules that you follow during the implementation of the project?
   c. Were there certain roles (formal/informal) for the partners?
2. Have you been a member of managing committee / any working group during the project implementation? How often meetings are held within the project? Do you attend such meetings?
3. Has project implementation facilitated establishment of networks or strengthened existing networks? Have any inter-organisational relationships emerged during the project implementation, to what degree?
4. Are there shared norms and values among the project partners?
5. Do project partners share similar attitudes and beliefs?
6. Are there codes and narratives that project partners communicate?
7. Do you agree that most people (colleagues / partners) within the project can be trusted?
8. Do you agree that most people within the project are honest?
9. Do you feel there is inter-organisational competition within the project among project partners?
10. Are there any social barriers for the cooperation within the project?
11. Do you spend time outside official working hours of the project meeting project partners in informal atmosphere?
12. Do you invite partners for dinner; entertain them while they visit your city during the project visit?

II block of questions – searching how project implementation has influenced organisational capacity.

1. How would you characterize organisation’s capacity? What capacities are important for the performance of the organisation (give examples - decision making, resource
mobilisation and management; communication and coordination; and conflict resolution)?

2. How would you assess your current organisation’s capacity according to its mission and goals (sufficient / lacking some capacities)?

3. Capacity development is a matter of the organisational strategy. Does your organisation have development strategy and / or change strategy? Is capacity component included in the strategy?

4. Does organisational capacity change over the implementation of the development cooperation project?

5. Has development cooperation project implementation left impact on organisations decision making capacity?

6. How development cooperation project implementation changes
   a. resource mobilisation and management?
   b. staffing?
   c. financial resources?

7. How development cooperation project implementation influences processes (how things are done) within the organisation?
   a. communication (cross cultural communication)
   b. coordination
   c. strategic leadership
   d. programme and process management.

8. Does organisation’s ability for conflict resolution changes during development cooperation project implementation?

9. What knowledge has changed as a result of development cooperation project implementation?

10. How development cooperation project implementation has influenced networks and linkages with other organisations and groups?

III block of questions – how these capacities are utilized

1. Does capacity building initiate change within the organisation?
2. What happens after closure of the project (continuation of the cooperation, utilization of the experience, spill over to other organisations etc.)?

3. Are individual capacities gained within the project later used for the purposes of the organisation?

4. What makes you as a person to utilize your own capacities for the benefit of the organisation (salary, motivation, incentive programmes, environment within the organisation, other)?

IV – closure

At the end:

- Is there anything you would like to add in addition to what has been said before?
- Would you like to review the interview transcript? My contact information.
- May I contact you again in order to clarify some issues if unclear from the interview?
- Ask for project reports.