

Per Diems: To pay or not to pay? That is the question.

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This paper is intended to spark debate on the use of per diems, particularly as compensation for community members to participate in development initiatives, but also more broadly as compensation for development organization employees. Like all controversial topics, there are many points of view. We encourage your participation in this debate: Contribute your comments on this topic on our website www.coady.stfx.ca.

In 2008, I was working for an international non-governmental organization (INGO) in Ethiopia. I remember going to the field to carry out an evaluation exercise with a local NGO and a few community groups that were testing an Asset-based Community Development approach. In principle, our stance was that if initiatives were truly citizen-led and community-driven, then people should not expect to be paid per diems for volunteering to participate in a task they had initially defined and designed themselves, and therefore presumably considered important. In the case of this evaluation exercise, the idea was that it was participatory and the results would assist in the group's decision-making about how to move forward.

I remember community members telling us about how they had rented land from the school administration, volunteered their time and labour, planted and sold various crops, and pooled their savings to make loans and to undertake additional initiatives in the future. Over 30 people turned out to share their success stories, which was empowering and fun for everyone. I remember how proud they were, and how proud I was to be associated with these partners and this approach. Sure, the results were small at first, but it was community-owned, people felt empowered and they had done it largely using their own resources.

When the exercise was over, we thanked people for their time, congratulated them for their efforts and got up to leave. Faces dropped; smiles turned to scowls; and you could physically feel the energy change. People started murmuring. I couldn't understand the local language, but their sentiments were obvious: where were their per diems? It was an awkward exit.

That was the moment I became acutely aware of the perverse impact of per diems. On the drive back to Addis Ababa, I wrestled with this issue. On the one hand, community members had given up time in

their fields to meet with us, which certainly implies real opportunity costs for subsistence farmers. And after all, I was paid a small per diem to cover my expenses for being there. On the other hand, the meeting point was within walking distance for everyone so there would be no transportation costs; participation was voluntary; and we had made it clear from the beginning that we do not pay per diems for meetings that occur on home turf. Our view was that if people are excited and feel strongly about improving their situation and that of their community, then it takes a level of volunteerism and civic responsibility regardless of your income level.



Adapted from Rouendaal in Linney, 1995, P. 98

your home; or campaigning for a political candidate. I, personally, would not expect to be paid for these things, but perhaps I am being ethnocentric and making assumptions and generalizations about what is realistic in different contexts.

In Ethiopia, the most common forms of volunteerism come through informal associations called *debbos* (work parties), *equbs* (rotating savings groups) and *iddirs* (burial societies), of which nearly every Ethiopian is a member. As one of my friends explained: "If you're not part of a burial society, you may just as well be dead." Clearly then, this is not a case of volunteerism, solidarity or reciprocity being dead in Ethiopia, nor is it a case of people being "too poor" to contribute something - no matter how small. Rather, it is an expectation that the aid industry has created to compensate people for their time for participating in their projects. This begs the question about who really owns the project in the first place and who must sustain it over time.

This is true in any community throughout the world. I think almost every reader can relate if they think about what is important enough to invest their time in, whether it is playing music at church; providing support during death or illness; rebuilding a house after a fire; welcoming orphans into

Despite my rationalizing, I still felt uneasy so I started paying attention to other community groups and development organizations to see how they deal with the issue. A quick scan of the literature illustrates that people are most concerned about the perverse incentives that per diems create for organizations - coined as “per diem syndrome,” “workshop mentality” and “salary supplements” (see Ahmadou, 2009; Jack, 2009; and Smith, 2003). The literature also shows this is not only an aid industry or Global South *thing*, but an issue that spans across countries and sectors: hospitals in Europe and Asia prolonging patient stays to increase the per diem earnings to subsidize operational costs (Sass & Massey, 1988 and Rodwin & Okamoto, 2000) or the more recent scandal involving Sarah Palin charging per diem allowances to the White House for 312 nights spent in her own home (Grimaldi & Vick, 2008).

Examples that are used in the international development field have mostly to do with the training of staff or community members. I am certainly not arguing that training is a bad thing or that covering related travel, food and accommodation costs is wrong; only that it can lead to a number of unintended dysfunctions. One of the more memorable examples I have come across was written by Karen Grepin (2009), an Assistant Professor at NYU-Wagner Graduate School of Public Service in New York. She blogs:

A few years ago, I attended a high level meeting for a large and well respected international health organization (one that I also highly respect, so it shall remain nameless) in Africa. I generally sat in the back, mostly because one was likely to secure a power cord back there. Nearly every day I sat next to the same woman, who from her clothing appeared to be from that location. We never really spoke but occasionally we would exchange glances throughout the conference. One day we ended up in the lunch line next to one another so I decided to strike up a conversation with this woman. Turns out she could not understand a word of English. I tried French, again not a word. I wondered to myself if she does not understand English or French, what has she been doing in the room with us for the past few days? When I told this to a colleague who had been to many of these conferences, he had a quick answer – ‘she is there for the per diem - her sitting fee.’

This story illustrates that the monetary incentives of trainings often lead to **staff participating in workshops that are irrelevant to their posting**, which leads to a loss of focus on organizational priorities, a loss of productivity, as well as the potential for corruption (Chene,



Adapted from Bergdall, 1994, p.61

2009). This also occurs at the community level. Perhaps I lost something through translation, but I have been in a situation where we asked how we could help communities move forward on their initiatives. They responded: “More training.” While this is a perfectly acceptable response, I followed up with: “What kind of training?” They replied “It doesn’t matter...just training.”

Elite capture of trainings and workshops, and their per diems, is also an issue because the most favoured are often chosen to attend, perpetuating inequality of opportunity and political patronage (Vian, 2009 and Smith, 2003). This is a very real situation and can lead to divisions and resentment at the community level. I once facilitated a training where farmers were invited to participate by local NGOs. At the end of the workshop, they were asked: “What will you do with this new information?” While everyone felt their new knowledge would be beneficial for the community at large, they said they needed to tread lightly for a while and allow the dust to settle. Apparently, other people from the community were jealous they were invited to come to the city to collect per diems.

Per diems can also lead to **staff visiting communities too frequently or unnecessarily**, which is only problematic from a community-driven and ownership perspective. In our work, we have found there is a role for outside agencies, but there must be a balance between what an NGO or government is accountable for versus what a community group is responsible for. Too much involvement can often undermine community initiatives and create dependence on outsiders to move the process forward. On the other hand, expectations of a per diem from NGOs can result in government officials refusing to attend important events within their constituencies despite the fact that their salary covers the costs of their attendance.

In many countries, per diems often lead to a dependence on donors to **supplement inadequate wages** (Lerberghe et al., 2002). In these cases, per diems are perceived to be coping mechanisms for people who work hard, but are undervalued financially. I would argue, however, that this creates an unsustainable dependence on donor funds and that the root cause of low wages is the issue that should be addressed head on, rather than using per diems as a means of cash transfer.

In light of all the obvious dysfunctional consequences of per diems, I can understand how the distinction between civic responsibility and payment-for-time at the community level has been blurred and I can almost empathize with the way that people reacted during the evaluation exercise two years ago in Ethiopia. After all, should their time and work not be valued and respected in the same way as ours? Does this respect for the community’s time come in the form of financial remuneration? Is the result of the project not remuneration enough? If they expect to be paid to participate, what does this say about the value they place on the project? If we pay, are we simply creating jobs for people for projects that serve our organizational interests as opposed to the interests of the community? Indeed, it starts to get a little bit uncomfortable if we start to unpack what paying per diems has come to mean in some situations.

Unsure of what the answer was and feeling self-righteous preaching about how per diems undermine citizen responsibility in countries where citizenship rights are often ignored, I started asking individuals in East Africa - local and expatriate - about their experiences with per diems or in-kind payments. Their anonymous responses are captured in the following box:

Thoughts on per diems from the field

International perspectives

- “We applied for project funding from a big multi-lateral donor last year. We submitted a 20-page proposal and the only comments we got back was that our per diem rates for community members were too high. I consider this somewhat paradoxical when I look at their rates.”
- “As an international employee, it’s not the per diem that bothers me, but the amount of the per diem. I feel uncomfortable knowing that local staff earn far less in a day than I get for per diems. It sets up an unhealthy power imbalance and in my opinion, they are too high and I often walk away with money in my pocket. I know some people who, on principle, take local per diem rates for this reason.”
- “I’ve had long, difficult meetings about this very topic where there has been a fair share of bitterness. Many people at the community level angrily tell me: ‘If you want to help us, then help us in all ways.’ Meaning, if you are going to help us build latrines, then pay us to dig the pits. Others, however, agree that the pit should be the responsibility of the families before a donor gets monetarily involved.”
- “In principle, I am against paying per diems but I have seen interventions that are entirely top-down and inappropriate; where communities existed to serve the mandate of the institution and they are little more than research subjects. Information is extracted and the benefits are very one-sided despite their rhetoric. In these cases, I think per diems are absolutely justified.”
- “I have heard of cases where per diems actually increased solidarity between farmers. Forty farmers participated in an exchange for 10 days, visiting and learning from each other’s experiences. They saved their per diems each day as much as possible so that they would have some money to bring home. On the last day, one farmer had his per diems stolen. The rest of the group pooled small amounts so that this farmer did not lose out.”
- “I have been involved in an exercise that helps communities understand their local economy by identifying income sources and expenditures. In one community, one of the most lucrative income sources was per diems, demonstrating the prevalence of and dependence on NGOs – perhaps not so much for their programs, but at least for their per diems.”

Local perspectives

- “In our work, we simply don’t pay per diems to community members. We have made this clear from the start. Yes, we lose people in the beginning, but we have been working there for a long time. We have proven our staying power. We have proven that our work makes a difference and now people come despite not being paid. Just last week, we held a training in town where we did not pay for anything except travel and lunch. There was another training next door where people were getting bigger per diems. People could have switched over to that training, no problem, but they stayed.”
- “We pay per diems to cover the costs of attending a training outside a home community. In one case, per diems were given at a flat rate. Unfortunately, farmers chose to stay at an alternative location because it was cheaper and they could save a little money. Part of the point of the training was to bring people together! The next training, we decided to simply pay for food, accommodation and travel directly. We all stayed, ate and traveled together where possible, which improved relationships among the group. Some people still complained they would have rather just taken the money and made their own arrangements.”
- “We are working in an area where food insecurity, HIV and AIDS and malaria rates are high. In other parts of the country, it may be realistic to expect people to participate freely, but it’s unfair for us to expect people to take a day’s loss in pay to come to our meetings, no matter where they are located and how beneficial they are.”
- “I have seen cases where community groups have come up with an action plan that they could undertake with their own resources. People agreed to pool money on a monthly basis. This money, I assumed, was going to be put towards their action plan. Upon follow up, the group said they didn’t have enough money to move forward because the money they pooled was only enough to cover the expenses of bringing them together to work. They agreed from that point on, they would contribute their per diems to the completion of their action plan, which was a real turning point for them.”

Clearly, the dysfunction caused by per diems is endemic at both the community and development organizational level: enabling power imbalances; perpetuating ineffective, top-down development practice; preventing people from developing healthy and sustainable income streams; and eroding the spirit of volunteerism, civic responsibility and reciprocity. So, what is the solution?

At the organizational level, some people call for more prudent auditing, monitoring and donor harmonization of per diem rates (Chene, 2009). Others more radically call for an overhaul of the per diem system, something Financial Times journalist Andrew Jack calls “institutionalized, legal time-wasting that is endemic...

and an unwelcome global phenomenon legitimized by donors and international organizations alike.” (Jack, 2009) I say we forget about flat rate payments and simply pay actual travel, accommodation and meal costs with receipts submitted where possible, which is what I think many organizations already do. Trainings, workshops and field visits are then not perceived to be money-makers, and participation in them is considered more carefully. I realize that collecting receipts is not always possible and that people are generally more honest than I am giving them credit for. However, I would be in favour of a re-evaluation of the amount of leeway that exists for discretionary spending as well as the amount that we assume people require to cover these expenses.

At the community level, my belief is that payment is appropriate to cover travel, meals and accommodation **outside** the community. Otherwise, the project itself is the benefit. If it is not, then we have to take a step back and evaluate why we exist as development organizations. Whose agenda are we serving? If it is our own, then people are justified in asking for payment. If it is an initiative that people have designed themselves, can contribute to and feel they will benefit from, is it too much to ask people to wear their “citizen” hat? If they don’t feel they will benefit, then they shouldn’t participate. And that’s just fine. Make this clear from the beginning. Sure, you will lose people, but who you are left with are the self-starters with the energy, drive and passion to move things forward.



Adapted from Bergdall, 1994, p 3

Taking such a cut-and-dried stance does, however, leave me with an uneasy nagging feeling. Are we simply working with people who are able to seize opportunity - people whose needs are met already? Are we forgetting about those who cannot participate - people who are too sick or people who truly cannot take a day away from their fields? I don’t think so. I refuse to fall into the trap of assuming people are too

poor to contribute something. If you disagree, I urge you look at the voluntary associations that exist and are thriving in places considered the most impoverished in the world.

To pay or not to pay? That is the question.

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